

THE UNITED REPUBLIC OF TANZANIA



PRESIDENT'S OFFICE

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

LOCAL GOVERNMENT REFORM PROGRAMME

MEDIUM TERM PLAN AND BUDGET JULY 2005 – JUNE 2008

June 2005

Message from the President

Foreword by the Minister of State, PO-RALG

Preface by the Permanent Secretary, PO-RALG

Acronyms

| | |
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| ALAT | Association of Local Authorities of Tanzania |
| APB | Annual Programme and Budget (LGRP) |
| CAG | Controller and Auditor General |
| CBFSC | Common Basket Fund Steering Committee |
| CBO | Community Based Organisation |
| CRT | Council Reform Team |
| D-by-D | Decentralisation by Devolution |
| DPS | Deputy Permanent Secretary |
| FMS | Financial Management Specialist |
| FMM | Financial Management Manual |
| HOD | Head of Department (PO-RALG) |
| HR | Human Resource |
| HROD | Human Resource and Organisation Development Specialist (ZRT) |
| IEC | Information Education and Communication |
| IFMS | Integrated Financial Management System (Epicor) |
| LAPF | Local Authority Provident Fund |
| LGA | Local Government Authority |
| LGCDG | Local Government Capital Development Grant (system) |
| LGLB | Local Government Loans Board |
| LGRP | Local Government Reform Programme |
| LGRT | Local Government Reform Team |
| LGS | Local Government Specialist (ZRT) |
| LGSP | Local Government Support Project |
| LSRP | Legal Sector Reform Programme |
| MDA | Ministry, Department and Agency |
| M&E | Monitoring and Evaluation |
| MEO | Mitaa Executive Officer |
| MIS | Management Information System |
| MOEC | Ministry of Education and Culture |
| MOF | Ministry of Finance |
| MOH | Ministry of Health |
| MOV | Means of Verification |
| MKUKUTA | National Strategy for Growth and Reduction of Poverty (Kiswahili) |
| MMO | Manpower Management Officer |
| MTEF | Medium Term Expenditure Framework |
| MTP | Medium Term Plan and Budget (LGRP) |
| NACSAP | National Anti-Corruption Strategy and Action Plan |
| NAO | National Audit Office |
| NGO | Non-Governmental Organisation |
| NSGRP | National Strategy for Growth and Reduction of Poverty (English) |
| OVI | Objectively Verifiable Indicator |
| PER | Public Expenditure Review |
| PCB | Prevention of Corruption Bureau |
| PFMRP | Public Financial Management Reform Programme |
| PM | Programme Manager (of the LGRT) |

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| PMO | Prime Minister's Office |
| PO-RALG | President's Office, Regional Administration and Local Government |
| PO-PP | President's Office, Planning and Privatisation |
| PO-PSM | President's Office, Public Service Management |
| PRS | Poverty Reduction Strategy |
| PS | Permanent Secretary |
| PSRP | Public Service Reform Programme |
| RAS | Regional Administrative Secretary |
| RS | Regional Secretariat |
| TACAIDS | Tanzania Commission for AIDS |
| TOR | Terms of Reference |
| TOT | Training of Trainers |
| TZS | Tanzanian Shillings |
| VEO | Village Executive Officer |
| VPO | Vice-President's Office |
| ZRT | Zonal Reform Teams (LGRP) |

Equivalentents

US\$ 1 = TZS 1,100

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1 INTRODUCTION

1.1 Background

1.1.1 The Government of Tanzania set out to reform its public service in the early 1990s, and developed a Civil Service Reform Programme (CSRP) as the implementation vehicle. It soon became clear that local government, a sizable segment of the public service, needed separate attention to take forward reforms at that level. The GOT and its partners developed a *Local Government Reform Agenda 1996 – 2000*, which was endorsed by the then Steering Committee for the CSRP. Subsequently, in 1998, the GOT published its Policy Paper on Local Government Reform. These two documents constitute the policy framework on which the reform of local government in Tanzania mainland is based.

1.1.2 The Local Government Reform Programme (LGRP) was conceived in 1997, when the Government presented its *Local Government Reform Agenda* to a round-table meeting of interested development partners and other stakeholders. The *Agenda* was endorsed and pledges of support were made, subject to detailed action plans and budgets. A specialist programme management team was established to develop the LGRP. In October 1998 the Government published its *Policy Paper on Local Government Reform*. A detailed Action Plan and Budget, January 1999 – June 2002 was presented in December that year, following extensive stakeholder consultations. A Joint Government – Donor Appraisal of the APB was conducted in February 1999, and the APB was endorsed following the Appraisal Report in April 1999. The Government and Donors agreed a financing package through an innovative Common Basket Fund, and formal preparations for Phase 1 of the reforms began in July 1999.

1.1.3 Implementation of Phase 1 of the LGRP began in January of 2000. Over-ambitious targets, national and local elections, co-ordination issues with other reforms and delays in putting the necessary legislation in place, meant that progress was far slower than originally anticipated. By the end of the year it had become clear that adjustments would be necessary to the reform schedule, and possibly to the Programme itself.

1.1.4 Government and donor partners undertook a Joint Review of implementation of

the Programme in June 2001. The Review Report fully endorsed the policies and strategies of the Programme, and recognised and complimented the progress to date. It went on to identify the key reform issues and blockages to progress, which were found to be largely outside the control of the Local Government Reform Team, as well as lower level implementation issues. These were categorised as Systemic Reforms and Operational Issues. The former, fiscal decentralisation, HR autonomy for LGAs, and legal harmonisation were stated to be pre-requisites to effective local government reform. The latter constituted changes required to expedite the process of reform.

1.1.5 The 2001 Review Report was endorsed by government, donor partners and key stakeholders, and became the starting point for the planning process which culminated in the development of a Medium Term Plan and Budget, July 2002 to June 2005.

1.1.6 The Programme is financed jointly by government and donor partners. The bilateral partners are Denmark, Finland, Ireland, Germany, Netherlands, Norway, Sweden and the UK, and these, together with the EU and UNDP / UNCDF, primarily finance the Programme (see under Management).

1.2 Government Policy - Decentralisation by Devolution

1.2.1 The Government's *Policy Paper on Local Government Reform, 1998*, clearly sets out its policy of decentralisation by devolution (recently abbreviated to 'D-by-D'). The policy is expected to contribute to the national drive to reduce poverty by improving service delivery in key areas such as health and education. This improvement is to be achieved through the creation of effective, autonomous Local Government Authorities (LGAs). The reform process has four main dimensions:

- *Political decentralisation*, with a devolution of powers to locally elected councils and committees, and with an integration of the previously centralised or de-concentrated service sectors into a holistic LG system with local councils as the most important local political bodies.
- *Financial decentralisation*, based on a combination of discretionary powers of LGAs to levy taxes, to pass their own budgets based on local priorities within

- broad national policies; and the obligation of central government to provide adequate and equitable grants to attain national standards of service delivery.
- *Administrative decentralisation*, involving a de-linking of local authority staff from the respective line-ministries, making them accountable to the LGA who will be their employer, fully responsible for all human resource management matters.
 - *Changed central government – local government relations* whereby the role of central government and line-ministries is changed from a control role to that of policy making, regulating, supporting and monitoring to ensure quality of services in line with national policies and standards.
- 1.2.2 The government’s vision of a reformed, decentralised local government system is also clearly set out in the Policy Paper, and leaves no doubt as to the aspirations of government in this regard. Since the launching of policy, the lead agent for carrying forward the decentralisation process has been the ministry responsible for local government, now PO-RALG, assisted by the Local Government Reform Programme, (LGRP), and supported by development partners.

1.3 The Change Environment

- 1.3.1 Local government reform in Tanzania is a vast, complex programme of change. It involves fundamentally changing the way the business of government is carried out across the whole of mainland Tanzania. It is being implemented against a backdrop of great political, economic and social change in the country and is greatly affected by these changes, which are difficult and complex in themselves.
- 1.3.2 There are numerous national policies and strategies to be taken into account, within the overall framework of the government’s Vision 2025. Key among these is the National Strategy for Growth and Reduction of Poverty (MKUKUTA). The twin objectives of economic growth and poverty reduction are clearly national priorities, and it is important that the role of local government in achieving those objectives is properly understood and factored into all plans and programmes. There are clear conceptual linkages between the MKUKUTA and the MTP. The local government reforms are basically forming the foundation for implementation of the MKUKUTA through building the autonomy and capacity

of LGAs to fulfil their new role in a decentralised system (including the focus on collaboration with the privates sector and civil society) and overall to provide better services, especially to the poor. Examining the three clusters and the key actors responsible for implementing the operational targets, PO-RALG and LGAs are mentioned in probably 80% of the cluster strategies. Without the LGRP, decentralisation to, and capacity building of the LGAs would not be addressed in a systematic and comprehensive way and LGAs would not be able to effectively undertake the required tasks. Of course ongoing collaboration with the Vice President's Office on the implementation responsibilities of the MKUKUTA will be required.

- 1.3.3 There are also national cross-cutting policies, strategies and programmes on issues such as HIV and AIDS, gender, governance, including corruption, and the physical environment. In addition there are the other three 'core' reform programmes, (in the Public Service, the Legal and the Public Financial Management areas) to take into account, as well as the sector reforms in Health, Education, Agriculture, Roads and Water. Finally, there are major ongoing initiatives, such as the Public Expenditure Review process, to keep in mind, and coordination and harmonisation of approaches on all these, while obviously essential, is somewhat difficult and time-consuming for all the actors involved.
- 1.3.4 Another difficulty facing the reformers in Tanzania is the lack of relevant literature on the reform process itself on which to draw for the development of plans and internationally recognized good practice norms. There is a body of literature on decentralisation, including a number of valuable World Bank and other publications which look at comparative reforms, but the experiences of similar countries in sub-Saharan Africa with decentralisation by devolution are mixed, and, for the most part, Tanzania is to the forefront on decentralisation in the region. The experiences of the Ugandan local government reforms have been taken on board, and relevant concepts used, but these have provided only limited lessons on which to build. On the positive side, some formative research has been undertaken in Tanzania, and this is beginning to assist decision-makers and planners.
- 1.3.5 Analysis of the reform environment must be informed also by the history and baseline situation in LGAs, and it is worth re-stating it briefly here. Local

government failed to deliver services and was abolished in Tanzania during the 1970s, when sector ministries became the direct service providers at local level. This period of centralization also failed to deliver services and to provide local democracy and governance, especially in the areas of participation, transparency and accountability. Local government was re-established in the 1980s, but had lost many of its experienced staff and competences. In addition, the re-constituted LGAs were under-resourced in all areas, with central and sector ministries continuing to control finance, staff and other resources. LGAs are currently not delivering quality services appropriate to their mandate, and are facing problems in the areas of governance, and especially in the area of financial management. They have very low competence levels in key areas such as staff management and physical service delivery, long a preserve of central and sector ministries. It is against this scenario that the reforms must be viewed and progress charted.

- 1.3.6 Another environmental factor to consider is the sheer size, and often remoteness, of the territory covered by many local government authorities, accompanied by related difficulties in communications, transport etc. These factors, allied to the weakness of civil society organisations at local level, make local participation and local accountability even more difficult to achieve.
- 1.3.7 On a more positive note, the well-established structure of local government itself, with its sub-layers reaching down to ward and village level, is well suited to democratic, participatory local governance.

2 IMPLEMENTATION AND PROGRESSION

2.1 Experience since 2002

- 2.1.1 As stated in the Background above, the Joint Review of 2001 effectively set the priority agenda which was embodied in the Medium Term Plan and Budget July 2002 to June 2005. This MTP adjusted the aim of the Programme to poverty reduction, addressed all the issues raised in the Review Report, put the focus clearly on the systemic Reforms, and adjusted the timing and phasing of the reforms to reflect a more realistic timescale and a more politically acceptable

phasing scenario. A further Review was scheduled for late 2004.

- 2.1.2 Three detailed Annual Programmes and Budgets were developed and approved during the life of the MTP, and Progress Reports were prepared and discussed with stakeholders on a six-monthly basis. At the systemic level progress was mixed as a number of obstacles and set-backs were encountered. At the operational level progress was initially slow. However, as various systems and procedures were put in place; and as the difficult design phase of several programmes was completed, the implementation rate accelerated and progress improved (e.g. delivery of training programmes). This progress is documented in the above-mentioned Progress Reports.
- 2.1.3 Satisfactory progress was recorded in the area of fiscal decentralisation, the highest priority of the Programme. Government, with the strong support of its development partners, has now established the pillars of a harmonised fiscal transfer system, featuring equitable, formula-based allocation, and performance-based qualification criteria for capital development grants. The existing system of intergovernmental transfers, i.e. recurrent grants to LGAs, was substantially improved. The new, formula-based system provides for more equitable, predictable and transparent transfers. It also facilitates the move away from strict central control over budgets, delineated into PE (salaries) and OC (other charges), and towards more LGA autonomy over planning, budgeting and spending. Major, and unforeseen, progress was recorded in the setting up of a single government system of capital development grants. This means that a unified discretionary capital development grant system for local government is now in place, making substantial and much needed capital financing available for LGAs for the first time.
- 2.1.4 Satisfactory progress was initially recorded in the area of human resource autonomy for LGAs, under the existing legislation generally, and under the Local Government Service Regulations 2000 in particular. However, the Public Service Act No. 8 of 2002 represented a major setback for the decentralisation process, repealing important local government legislation, and specifically revoking and replacing LGS Regulations 2000. The PS Act, and subsequently the Public Service Regulations 2003 had the effect of returning local government staff management under central government control. The PS Act was amended in

November 2004, following sustained pressure from PO-RALG to bring the Act into line with the government's decentralisation by devolution policy. The Act as amended recognises the LGA as the employing authority for all staff other than Presidential or Ministerial appointees (i.e. senior management). However, amending the Act alone will not be sufficient, and consequent regulatory changes will be required before the matter can be said to be resolved.

- 2.1.5 Efforts to harmonise sector and central legislation continued, but little progress was made. Mid-way through the MTP Programme management developed a re-focused, three-pronged approach, and this was endorsed by government and partners. This approach, consisting of amending the Constitution, passing overarching local government legislation, and putting the onus on central government and sectors to harmonise their legislation with government policy of D-by-D, now constitutes a major part of decentralisation strategy.
- 2.1.6 Steady progress can also be recorded on the operational side, particularly in the areas of finance, human resources, restructuring and governance. This progress is also documented in the above-mentioned Progress Reports.
- 2.1.7 In general it can be said that the change process involved in implementation is difficult and complex. This was expected, and is the case internationally. However, it should also be noted that momentum for change is gathering, and, importantly, government support at the highest level for the process is unwavering.

2.2 Joint Government Donor Review 2004

- 2.2.1 The LGRP Common Basket Fund Steering Committee appointed a team of Tanzanian and international experts to carry out a Joint Review of the Programme in October 2004. Also in October 2004 first Public Service Conference, designed to coordinate the major reforms – Public Service Reform, Public Financial Management Reform, Legal Sector Reform and Local Government Reform - was held. At the Conference it was clearly stated by PO-RALG that, while some successes can be identified in implementing the Local Government Policy, (e.g. fiscal decentralisation), implementation in other areas of the policy, notably legal

harmonisation and human resource autonomy for LGAs, has been slow and difficult. It was stressed that the D-by-D policy cannot be regarded as a “sector” reform, rather it must be seen as a fundamental change in the way government carries out its business. Its implementation has implications for all central and sector ministries and requires full collaboration in harmonizing national policies and major reforms. The Conference endorsed the analysis and conclusions, and agreed that there is a need for better integration and coordination of government policies and reform processes. The Review Team attended the Conference and echoed these points in the Report.

2.2.2 The Review Team consulted widely among stakeholders and presented their draft final report at a major stakeholder conference, where it was thoroughly discussed and commented upon. The final Review Report was accepted by the Steering Committee with reservations regarding certain recommendations which were not acceptable to government and partners.

2.2.3 The Review Report found “significant progress over the past three years in the competence and service-delivery role of local government in Tanzania, and LGRP’s work has been pivotal in this.” However, in observing that progress at LGA level had not been matched at national level, the Report found “little progress on the fundamentals required to implement decentralisation policy”. The Review Team concluded that LGRP should continue its work with LGAs over the coming three years. It also concluded that the Programme should become more outward-looking and seek to develop ways of progressing D-by-D at national level. It went on to make a number of recommendations designed to re-energise implementation of D-by-D policy and embed it across government. However, while it listed a number of initiatives which might be taken, it did not convincingly set out a road map or critical path for guidance. Consequently, while most of the recommendations were accepted, the CBFSC decided to carry out further work on how best to implement D-by-D nationally (see D-by-D Outcome below).

2.3 Recent developments

2.3.1 In the period following the Review, the LGRP team have been engaged in developing new strategies to address the issues raised during the review process.

A new Outcome to address the national D-by-D issues was developed and included in this MTP, bringing explicit focus on how to better engage key central and sector ministries on the issues, with a view to their endorsing and implementing the decentralisation agenda. The intention under this outcome is that strategies for embedding D-by-D will be developed which oblige the ministries to adhere to the D-by-D principles and to revise their policies, legislation and sector programmes accordingly (see under section 5.2 below). The progressing of the outcome will be the key responsibility of Programme Management, strongly guided by a newly constituted reference group with broad representation from key central and sector ministries, development partners and individuals with a deep knowledge of the decentralisation process in Tanzania.

- 2.3.2 Concurrently with this process the legal outcome area has been re-adjusted to give priority to progress required constitutional amendments to enshrine D-by-D in the constitution. An amended constitution where the decentralisation process features as a key principle for the governance system will provide an overriding binding legal norm for the entire Government. This is a massive undertaking, which will require concerted efforts to be achieved in the lifespan of the MTP.

2.4 Coordination and inter-linkages

- 2.4.1 These strategies call for ever closer coordination with government ministries, and the inter-linkages with key reform programmes must be better established. PO-RALG leadership, supported by the LGRP Programme Management, will take a more pro-active role in influencing the central and sector ministries to improve coordination with the core and sector reforms. Participation in the various coordination fora (e.g. Public Sector Management PER Working Group, Legal Sector Reform Technical Committee and the Public Financial Management Working Group) will be pursued, which will provide opportunities to form stronger linkages and champion the decentralisation process across central government. Work in the various technical task forces (Fiscal Decentralisation, Human Resource and Legal Harmonisation) will continue to provide opportunities for in-depth discussion of technical issues and reaching consensus on their resolutions. The Sector Coordination Division established in PO-RALG under the new structure will take up the sector coordination responsibilities, supported by the assigned LGRP staff.

2.4.2 Finally, LGRP works in close collaboration with the development partners and has received tremendous support from the respective DP officers involved in the Local Government Reform area. This collaboration and support will be also be utilised to improve linkages with the sector programmes through the respective officers at the various agencies and Embassies. Programme management will be available to make general presentations on the decentralisation process and highlight the constraints experienced in the respective sectors. While such initiatives alone cannot lead to a binding commitment, the LGRP firmly believes that with improved information and knowledge of the potential conflicts with the sector programmes, the development partners will be very useful advocates for promoting adherence to the decentralisation process.

2.4.3 PO-RALG is convinced that through this multifaceted strategy for influencing and strengthening the linkages to the core and sector reforms, coordination will improve and the decentralisation process will be progressed as the national level over the next three years, just as progress was seen at the local level during the previous three years.

3 PLANNING METHODOLOGY

3.1 General Approach

3.1.1 A participatory approach to planning the Programme has been in place since the development of the first MTP in 2002. Because of regular ongoing meetings with stakeholders, and the participatory nature of the Joint Review, all the main issues had been well discussed and broadly agreed. Before, during and since the Review, PO-RALG has developed broad plans for the period 05 – 08. These plans were further developed and refined and presented to key stakeholders as a draft outline MTP. The draft outline was discussed and amended at that meeting, and stakeholders were then consulted on the first draft proper of this MTP, and their comments incorporated as far as possible in the final draft. Stakeholders involved in the process have included central and sector ministries, core reform programmes, development partners and civil society organisations. Once the MTP is considered and approved by the LGRP Common Basket Fund Steering

- Committee, it will be sent to the Inter-Ministerial Working Group on Public Sector Reforms for endorsement and then presented to the Steering Committee on Public Service Reforms (consisting of Permanent Secretaries, chaired by the Chief Secretary) for final approval. It will also be widely circulated among stakeholders.
- 3.1.2 The planning methodology employed was the Logical Framework Analysis (LFA), adapted to suit the needs and recent history of the LGRP. While the Review Report was critical of suitability of the logical framework approach, it did not suggest another, more appropriate planning approach. The LFA approach to planning has been criticised as being difficult to prepare and understand, as well as potentially placing projects and programmes in a ‘straightjacket’, which stifles innovation and initiative. This may well be the case if management sees the framework as a blueprint or checklist of activities to be implemented or ticked off. But it will not be the case if the framework is seen as a ‘living document’ to be managed. Given that the critics of LFA have to date not come up with a viable alternative, LGRP has maintained the approach for the MTP (2005-8), but it is all too aware that the frameworks will require constant review and periodic updating.
- 3.1.3 Traditional logical frameworks have four columns; a narrative summary which outlines the goal, purpose, outputs and activities, objectively verifiable indicators (OVIs), means of verification, and assumptions. A large programme is often summarised in a master logical framework with project components contained in interlocking frameworks. Ordinarily, the purpose in the master becomes the overall objective in the interlocking, and outcomes become the purpose.
- 3.1.4 LGRP has departed from the norm to some extent. The narrative summary remains as column one but in order to highlight the output to purpose relationship more graphically; outputs are contained in column two. Outcomes are also included in column one. Whilst outcomes will require agents and agencies beyond LGRP to play their role if they are to be realised, their inclusion provides a constant reminder to management as to the task in hand. It is intended that management will be more focussed and innovative as a result.
- 3.1.5 Assumptions and OVIs appear in column three, but only at the goal and purpose level. Assumptions should not really be included at the output level as, for the most part, the programme should be in control of its own destiny and not reliant

on the actions of others. Similarly, objectively verifiable indicators appear only at the goal and purpose level. Again, this is a device to keep management's eye on the big picture and impact and not to become bogged down in minutiae such as numbers of people trained - what is of interest is how performance improves following training. The traditional column three, OVI's has been removed altogether as it is often no more than a distraction. The section has not been dispensed with altogether though and is part of the monitoring matrices which contain a broader set of OVI's than the logical frameworks, which only provide a summary of the most important. Milestones appear at the foot of each framework. Risks are included in section 7.1 of the plan.

- 3.1.6 On the relationship between frameworks and the overall master, LGRP again departs from the norm. What are referred to as interlocking outcomes in the interlocking frameworks become outcomes in the master. These have been classified as systemic and operational. What are referred to as interlocking outputs in the interlocking frameworks are referred to as outputs in the master. In terms of presentation in all cases the more strategic outputs are presented first and appear in descending order in terms of significance, and operational outputs appear at the end.
- 3.1.7 As the process is managed assumptions will be tracked as well as risks and reported upon. As the operating environment changes new outputs will be developed for the annual and six-monthly plans as Programme Management continue to ensure that the approach does not act as a straightjacket on the reform process. Insofar as possible, this MTP takes account of the Review Team's other concerns on the MTP, e.g. the activities level is not included this time and will only be inserted in the Annual Programmes and Budgets.

3.2 Mainstreaming approach

- 3.2.1 The Local Government Reform Team was established in 1999 to spearhead the reforms on behalf of the Ministry responsible for local government, and to manage the programme. It was established as a semi-autonomous unit within the ministry. PO-RALG now carries responsibility for the reforms. Government and development partners are now agreed that all such 'external' programme management mechanisms should be phased out and the work mainstreamed in

government structures.

- 3.2.2 In fact over the past three years the LGRT has been working increasingly closely with, and through PO-RALG. It was broadly accepted in 2002 that PO-RALG lacked the capacity to take over the management of the Programme, and major steps to build that capacity have since been taken, with the support of the Programme. PO-RALG now has a strategic plan, has restructured its organisation to better carry out its mandate, and has developed a capacity building programme. The next three years will see dramatic changes in staffing and capacity as it effects a massive change programme. The success of this change / capacity building programme will be critical in ensuring that the remaining operational aspects of the LGRP implementation are handed over to a strong, effective ministry which is to champion D-by-D.
- 3.2.3 The strategy adopted in this MTP is to mainstream operational activities that can be dealt with by PO-RALG as capacity allows. Some activities have already been mainstreamed, e.g. participatory planning approaches. Others are currently being mainstreamed, e.g. Monitoring and Evaluation and Coordination which no longer appear as Outcomes of LGRP. Apart from some residual activities not completed during the life of the present MTP, Governance is now also being mainstreamed. The Restructuring process will be completed by 2007 in collaboration with PO-RALG staff, and so mainstreaming there is not an issue. The operational aspects of the three Systemic Outcomes will be mainstreamed as capacity is built in PO-RALG. The completion of the remaining work on the strategic level of these Outcomes will need to be re-examined towards the end of 2007, as again, there is unlikely to be ongoing operational work in these areas which can be easily assimilated in PO-RALG.
- 3.2.4 Over the next three years the LGRT will work closely with relevant PO-RALG staff at different levels to build capacity and effect an orderly hand over of activities. The organisational structure of the LGRT will be moulded into the new PO-RALG structure – see under Management below.
- 3.2.5 The following milestones have been developed to measure mainstreaming progress in specific areas and provide an early warning system if slippage occurs.

D-by-D

1.1.5 IEC Unit implementing communications strategy by July 2006

Finance

2.1.1 DPP/DLG prepares Budget Guidelines for Local Governments by December 2006

2.2.1 DLG allocates ceilings from the formula based system by June 2007

2.3.1 DLG directly recruits consultants for annual assessments and manages the assessment process by October 2007

2.3.2 DLG allocates ceilings from the formula based system by June 2007

2.4.1 DLG fully takes on secretariat role for LGCDG Steering and Technical Committees by July 2006

2.5.1 DLG responsible for liaison with Ministry of Finance in managing SSU support to councils with Epicor by July 2006

2.5.2 DLG directly responsible for management of introduction of Epicor and further modules into councils and further modules by July 2007

2.5.3 DLG effectively monitoring financial performance of councils by July 2007

HR

3.3.1. DLG and ODD systematically matching training strategies of LGAs to LG Service training policy and providing guidance by July 2007

3.4.1. Above operational units fully maintaining quality assurance of LGCDG CB initiatives via CB Consultative Group by July 2007

3.4.2. Above operational units directly managing full programme cycle of remaining 'reform' training initiatives by December 2007

3.5.1. Above operational units overseeing HRM best practice in LGAs and providing guidance by July 2007

3.6.1. Above operational units coordinating all campaign inputs and monitoring arrangements by December 2007

Legal

DLSD responsible for carrying forward all aspects of legal reforms by December 2007

Restructuring

5.1.1 ODD coordinating the restructuring process by July 2006.

Governance

6.1.1 DLG prepares national summary of annual reports and accounts disseminated to lower levels of government by December 2007

6.1.2 DLG oversees distribution of guidelines on decentralisation to lower LGA levels by December 2007

6.1.3 DLG and DRA monitoring effectiveness of framework for mainstreaming gender by December 2006

6.1.4 Assistant Director for Local Government (Governance) assumes delegated responsibility for all governance activities by June 2008

3.3 Basis and guiding principles

- 3.3.1 The basis for the MTP is to be found in GoT policies and strategies, mainly the Local Government Policy Paper of 1998. Most of the Outcomes and Outputs are carried forward from the MTP 02/05, and the other are giving effect to recommendations of the Joint Review Report 04. The work of the D-by-D Reference Group has been taken into account, and is expected to further shape the final plans over the coming months.
- 3.3.2 Given that the MTP effectively constitutes an exit strategy for the Programme, it was decided i) to include only those Outputs from the last MTP on which work had already begun on the basis that others were low priority, ii) to respond to and deal with the accepted Joint Review Report findings and recommendations, iii) to accommodate Reference Group recommendations on D-by-D, and iv) to avoid taking on any new work.

4 STRUCTURE AND CHARACTERISTICS OF THE MTP

4.1 Structure

- 4.1.1 The MTP is divided into four main sections, an overall introductory section, (Sections 1 to 4), and 3 main parts dealing with 1. the Local Government Reforms, 2. the PO-RALG and RS capacity building programmes, and 3. Management. It was decided to keep Part 2 separate to facilitate ownership and management by PO-RALG. In addition there is an appendix covering the Local Government Capital Development Grant system (LGCDG), aspects of which will be managed and supported by the LGRT – see under Fiscal Empowerment below.

4.2 Characteristics and timescale

- 4.2.1 The Master Logical Framework sets out the Goal, Purpose and Outcomes of the Programme. As a general rule the higher, strategic level outcomes and outputs come first, and the lower level, operational outcomes and outputs come later. This is a general plan and indicative budget. The detailed annual plans and budgets will of course be based on this, but will provide more details and more accurate budgets. They will also contain any changes necessitated by changing

circumstances.

- 4.2.2 It must be stressed that full implementation of the D-by-D policy will only be achieved over a much longer, and as yet undetermined timescale. In terms of the LGRP as now constituted, this MTP represents the final three years of its implementation. After that, it will be the responsibility of PO-RALG to spearhead and oversee the D-by-D process, and of the LGAs to complete the reform process at their level. It is also important to note that, while the duration of this MTP is three years, the full PO-RALG / RS capacity building programme is scheduled for five years. Reforms and capacity building at LGA level will take many more years.

5 PART 1 – LOCAL GOVERNMENT REFORM

5.1 Goal, Purpose and Outcomes

- 5.1.1 The Goal of the Programme places the focus on poverty, while the Purpose focuses on achieving better service delivery through decentralisation by devolution. The ongoing assumptions are listed, and indicators of progress are specified.
- 5.1.2 There are four Systemic Outcomes and two Operational Outcomes, with Outputs identified in each case which, taken together, are expected to achieve the Outcome. Collectively the Outcomes are expected to achieve the Purpose and contribute towards reaching the Goal.
- 5.1.3 Each Outcome listed in the Master LF becomes the Purpose in the Interlocking LFs, and the Master level Outputs become Interlocking Outcomes, with consequent Interlocking Outputs of their own. Milestones can be found at interlocking level.
- 5.1.4 As a general rule Outcomes and Outputs at all levels are listed in order of strategic importance.
- 5.1.5 The Master Logical Framework follows.

MASTER LOGICAL FRAMEWORK

| | | | | |
|--------------------------|---|---|--|---|
| Goal | Proportion of Tanzanians living in poverty reduced. | Assumptions 1. Macro-economic stability 2. Socio-political stability 3. Economic growth of 6 – 8% per annum 4. Inflation rate of less than 5% 5. Corruption contained | | OVI s 1. Proportion of rural population below the basic needs poverty line reduced from 38.6% in 2000/01 to 24% in 2010. 2. Proportion of urban population below the basic needs poverty line reduced from 25.8% in 2000/01 to 12.9% in 2010. (c.f. MKUKUTA) |
| Purpose | Political, administrative, and fiscal responsibilities devolved from central to local government, underpinned by good governance, so enabling LGAs to provide more appropriate, equitable, quality services to Tanzanians, especially the poor. | Assumptions 1. Local government policy remains unchanged 2. HIV AND AIDS pandemic contained | | OVI s 1. Average satisfaction rating with primary school education increased from 53% in 2000 to 60% in 2008. 2. Primary school pass rate (std7) increased from 27% in 2000 to 40% in 2008. 3. Average satisfaction rating with health care increased from 55% in 2000 to 65% in 2008. 4. Infant mortality decreased from 99 out of 1000 births in 2000 to 85 in 2008. |
| Systemic Outcomes | 1. Decentralisation by devolution policy articulated, understood and embedded across government | Outputs | 1.1 Proposals for embedding D-by-D across Government developed, accepted and operationalised 1.2 Effective coordination and oversight modalities in place and functioning | |
| | 2. Local government fiscally empowered and made accountable | Outputs | 2.1 Coherent intergovernmental financial framework in place 2.2 System of predictable intergovernmental recurrent transfers in place and functioning 2.3 System of predictable intergovernmental capital development transfers in place and functioning 2.4 Institutional co-ordination mechanism for LG finances in place and functioning 2.5 Coherent administrative and accountability framework and appropriate systems in place and functioning | |

MASTER LOGICAL FRAMEWORK

| | | | |
|-----------------------------|--|----------------|--|
| | 3. Human resource empowerment of local government | Outputs | <p>3.1 Devolution of powers and responsibilities to LGAs to manage their staff fully effected.</p> <p>3.2 Results-oriented staff pay and incentives approaches installed</p> <p>3.3 Systemised approach to development of staff and elected officials articulated in training policy and strategies</p> <p>3.4 Demand driven capacity building programmes for staff and elected officials consolidated</p> <p>3.5 Decentralised HRM procedures in place and applied</p> <p>3.6 HIV/AIDS in the Workplace campaign taken up across LGAs</p> |
| | 4. Legal framework for decentralisation by devolution in place | Outputs | <p>4.1 Constitutional amendment enshrining decentralisation by devolution passed.</p> <p>4.2 Unified and over-arching local government legislation passed.</p> <p>4.3 Central and sector legislation reviewed and amended in line with the Government Policy on decentralisation by devolution.</p> |
| Operational Outcomes | 5. LGAs restructured to more effectively and efficiently respond to identified local priorities of service delivery in a sustainable manner. | Outputs | <p>5.1 Restructuring process completed in 86 LGAs</p> <p>5.2 LGAs advised and supported on improving critical areas of service delivery</p> |
| | 6. Principles of good governance adhered to at all levels of local government | Outputs | <p>6.1 Increased accountability of politicians and public servants to service users</p> <p>6.2 Increased powers and responsibilities decentralised to lower level local government</p> <p>6.3 Gender issues mainstreamed in local government</p> <p>6.4 Increased civic awareness on local government</p> <p>6.5 Governance Section of DLG operationalised</p> |

5.2 Decentralisation by Devolution

PO-RALG has been concerned for some time about the lack of progress on the key systemic issues, in particular those of HR and Legal. The obstacles to this progress included resistance to decentralisation among the central and sector ministries at a number of levels. Even where resistance is low or non-existent, there is little enthusiasm for, or focus on the decentralisation process. Simply put, many central or sector ministry politicians and officials are either opposed to, uninformed or apathetic about decentralisation, and see it as merely the responsibility of PO-RALG. In response PO-RALG intensified advocacy on the issue and the discussions during the Public Service Conference and the Joint Review late in 2004 centred on this issue. When the Review Report correctly identified and reported on the issue, but failed to chart out an effective road map for taking D-by-D forward, it was decided to establish a high-level Reference Group with the objective of assisting in the development of a process of embedding the Government policy on D-by-D across central government institutions and all major reforms. The Reference Group, chaired by the President's Public Service Adviser, and including key individuals and representatives of central and sectoral stakeholders, is currently working on its tasks, and expects to complete its work by July 2005. Included among its tasks is to advise on the modalities for continuing oversight and coordination.

The results of this process will certainly affect the priority areas of the MTP, in particular the D-by-D Outcome, which will be revised to give effect to the agreed road map that will emerge.

5.2.1 Proposals for embedding D-by-D across government

The Reference Group is currently working on the following tasks

- Assess the Review's recommendations;
- Provide advice in terms of prioritisation, effect and realism of implementation of each of the recommendations;
- Facilitate access to key government officials who should be consulted as part of this process;
- Support the development of action plans;
- Assist in securing commitment at the relevant levels of Government, and among stakeholders, for adoption and implementation of the action plans.

At this stage a number of avenues are being explored for taking the process forward. Currently the focus is on how best to ensure the accountability of the central and sector ministries for implementing the D-by-D policy. The thinking is to embed the policy in

the strategic plans of all the key ministries, have it integrated in the MTEFs and establish D-by-D implementation as a trigger indicator for funding. If this can be achieved by the next financial year, it will establish D-by-D as a key priority for these ministries, and hold them accountable for policy implementation. LGRP will identify the specific operational areas and required actions, including mechanisms for D-by-D proofing.

Taking forward the D-by-D process will demand intensive, high-level lobbying and in order to gain acceptance of the process and commitment to implementation. PO-RALG will take the lead in this, supported by Programme Management.

5.2.2 D-by-D Coordination and Oversight

In addition to developing a road map for carrying D-by-D forward, the Reference Group will, as part of its proposals, set out the modalities for ongoing high-level coordination and oversight of the process. Again this section will be expanded as information becomes available.

5.2.3 Interlocking Logical Framework

The interlocking Logical Framework follows.

D-by-D INTERLOCKING FRAMEWORK

| | | | |
|------------------------------|--|-----------------------------|---|
| Purpose | Decentralisation by devolution policy articulated, understood and embedded across government | OVI s | <ol style="list-style-type: none"> 1. Zero counter-D-by-D legislation introduced after 2006 2. Proposals appear in relevant ministries' strategic plans from 1st July 2006 |
| Interlocking Outcomes | 1.1 Strategy for embedding D-by-D across Government developed, accepted and operationalised | Interlocking Outputs | <ol style="list-style-type: none"> 1.1.1 Ministers and Permanent Secretaries from key central and sector ministries endorse D-by-D agenda. 1.1.2 Strategy for embedding D by D across Government endorsed by stakeholders 1.1.3 Cabinet paper on embedding D-by-D strategy approved. 1.1.4 D-by-D strategy implemented 1.1.5 D-by-D communications strategy designed and implemented |
| | 1.2 Effective coordination and oversight modalities in place and functioning | | <ol style="list-style-type: none"> 1.2.1 .Modality for coordination and oversight of implementation of the action plans and strategy agreed by government and key stakeholders. 1.2.2 Reporting and monitoring system put in place. |

Milestones:

1. Cabinet paper approved by 31st July 2005
2. Action plans and oversight modality in place by 31st December 2005

5.3 Fiscal empowerment

This systemic outcome of the Programme will develop and operationalise systems and institutional and legal frameworks that will ensure that the objectives of fiscal decentralisation are attained as follows:

- Equitable and transparent sharing of resources between LGAs
- The provision of adequate resources to LGAs to allow the delivery of centrally defined levels of service according to local needs and priorities
- Local revenue sources are provided that are adequate and robust enough to allow all councils to deliver services that are not centrally funded and to encourage taxpayer participation and the demand for accountability
- Resources are provided at the appropriate levels of Government
- Management and accountability systems are in place and operationalised to ensure that resources are used efficiently and effectively and are fully accounted for to the community, the central government and other stakeholders

In order to meet this purpose, this MTP will build on the work already carried out in respect of fiscal decentralisation during the previous three years though the outcomes and outputs have been revised to more clearly bring the systemic issues of fiscal decentralisation to the fore rather than those relating to operational improvement, though these are covered. To this end the following outcomes have been identified as required to be achieved for the purpose to be met:

1. Coherent intergovernmental financial framework in place
2. System of predictable intergovernmental recurrent transfers in place and functioning
3. System of predictable intergovernmental capital development transfers in place and functioning
4. Institutional coordination mechanism for LG finances in place and functioning
5. Coherent administrative and accountability framework and appropriate systems in place and functioning

These are set out in the interlocking logical framework that follows and are discussed below.

This MTP also recognises that the systems developed need to be operationalised within the mainstream PO-RALG divisions during its life. The milestones set out in section 3.2

above chart the intended timetable for the complete operation by PO-RALG divisions of the various systems developed under the programme.

5.3.1 Intergovernmental financial framework

This first Interlocking Outcome will develop the systemic framework for the provision of recurrent and development resources to LGAs through transfers from Central Government and local revenue sources that will be operationalised in Outcomes 2 to 4 and will also influence the work in Outcome 5.

The Outcome will build on the work previously done, most recently with the assistance of the Georgia State University Study on the Strategic Framework for the Financing of Local Government, which will be carried forward and its recommendations developed to achieve Outputs 1.1 to 1.5 which culminate in the development of sound LG tax system and administration being in place and operationalised. This will include the development of an equalisation grant as well as an agreed system of revenue assignment between Central and Local Government. In Output 1.7 the assignment of expenditure responsibilities between Central and Local Government will provide the basis for a more transparent and predictable system for the allocation of the total amounts available for distribution to LGAs for each sectoral grant.

The completion of the process of finalisation and adoption of the financing framework will be an initial priority.

In Outputs 1.4 and 1.7 we will build on the framework referred to above and a previous study to define agreed expenditure responsibilities for Villages and *Mitaa*, as well as an agreed system of revenue sharing between them and District and Urban Councils to ensure that the expenditure responsibilities are appropriately funded.

The completion of this work will also be a priority with a view to its inclusion in the 2006/07 Budget Guidelines.

The Local Government Finances Act was amended through the Local Government Miscellaneous Amendments Act No. 6 of 1999. Since then the fiscal decentralisation process has developed further and it is recognised in that the Act will require further amendment to make it consistent with the agreed system for the financing of Local Government developed in the other outputs within this outcome.

This is scheduled in Output 1.6 to be completed towards the end of the planning period as the agreed financing framework becomes clear.

The MTP recognises that a financing system for Local Government would be incomplete without the inclusion of mechanisms for the provision of credit to LGAs for the development of assets. While LGAs will be provided with significant development grant funding through the Local Government Capital Development Grant system and sectoral programmes, there remains a need to have in place affordable credit facilities that LGAs can access to fund projects not covered by those facilities. In Output 1.8 we will support the Local Government Loans Board in building on the consultancy carried out by PACE International in 2004/05 to develop this facility and the recommendations in the GSU report.

It is likely that the establishment of the facility envisaged will take the whole of the planning period.

5.3.2 Intergovernmental recurrent transfers

In the period of the previous MTP major advances were made in the recurrent grant transfer system, mainly through the development of a transparent formula based system of allocation of conditional block grants to LGAs. During the period of this MTP the emphasis will be made on the extension of this process to the remaining non sectoral recurrent grants, the operationalisation of the financing framework and the institutionalisation of the process within the Ministry of Finance and PO-RALG mainstream divisions.

To this end an Intergovernmental Finance Analyst/Adviser is to be recruited in Ministry of Finance under funding from the LGCDG system (see Annex 1). This adviser will assist in building the capacity of the Ministry of Finance officers working on the transfer policies and systems, as well assisting in the development of procedures and systems

The formula based system has not yet been fully applied to the LG Administration and General Purpose Grants. It is anticipated that through Outputs 2.1 and 2.3 the system will be extended to cover these as well as the implementation of the Equalisation facility as defined in Outcome 1. We will continue to work with the MoF and other actors in the operationalisation of the system through the development of budget guidelines, the application of the formulae and assistance in addressing problems. Throughout the planning period, however, the responsibility for the operation of the recurrent grant transfer system will be increasingly embedded within the appropriate

division of PO-RALG, usually DLG, through increasing involvement of the mainstream staff working with LGRP team members, with the intention of meeting the milestones for transfer of responsibilities.

The completion of this process is expected to be an early priority and the grants for 2006/07 will all be allocated under the formula based system and include an equalisation facility.

It became clear during the implementation of the formula based system in the sectors that budgetary processes within MoF are not all consistent with fiscal decentralisation in general and the formula based system in particular. In Output 2.2 The discussions held with MoF and PO-PSM with regard to these inconsistencies will be carried forward to address issues such as the allocation of PE within a formula based system, the allocation of resources to sectors and the budget scrutiny process.

In order to ensure that unfounded mandates for LGAs do not arise because of inadequate allocation of funds to sectoral grants, it is essential that any formula for their definition should be based on affordable national standards of service rather than targets.

Where necessary these issues will be taken up in the Fiscal Decentralisation Task Force, the Co-ordinating Block Grant Implementation Team, and the PER working group.

In addition the formula based system will be harmonised with the needs of the NSGRP. The Vice President's Office, the Ministry of Finance, and PO-PP intend to commence training of LGAs in the NSGRP planning processes in 2005/06 with a view to bringing them into the NSGRP system and we will work with them so that the processes are consistent with the councils' responsibility to develop local solutions within national policies. As the bulk of councils' recurrent and development grant funding is utilised on social welfare, one of the NSGRP clusters, it is not anticipated that harmonisation with the formula based system will be problematic.

This again is a priority area in which we would expect to see some impact on the 2006/07 budget preparation process, though it is unlikely to be complete until the end of year 2.

The formula based allocation system has provided greater autonomy to all councils

with the ability to define the amount of funds to be budgeted for PE and OC. During this planning period we will continue through Output 2.4 to implement the policy of rewarding performance by identifying how further autonomy in the use of recurrent funds can be given to deserving councils.

The implementation of this output will be dependent on the full implementation of the formula based allocation system and the reform of the budgetary processes. It is therefore targeted to be completed in Year 2.

5.3.3 Intergovernmental capital development transfers

This Outcome will largely concentrate on the final implementation of the initial LGCDG system and its further application to other projects and programmes to become the main mechanism for the transfer of development funds to LGAs.

The core LGCDG system has now been fully designed and adopted by Government and the initial grants have been made. The Outcome will continue through Output 3.1 to support the DLG in the operation of the system though the responsibilities will be increasingly transferred to that division over the period of the MTP. The challenge now however is to engage the sectors with a view to merging or at least harmonising their district based programmes with the LGCDG system. The harmonisation of systems will mean not just the harmonisation of funding mechanisms but also accountability requirements and financial management procedures. This has started in a reactive way in the Agriculture and Forestry sectors but through Output 3.2 a more proactive process of engagement will be initiated.

Harmonisation of the LGCDG system and the TASAF 2 project also remains a challenge though some progress has been made in the areas of the formula used, the use of access criteria and common appraisal systems for projects. Through Output 3.4 proactive engagement with TASAF will be carried out with a view to establishing and implementing a road map for the harmonisation of systems.

It is anticipated that the harmonisation and merging of sector programmes and TASAF 2 will be essentially complete by the end of the planning period, though it will not commence in earnest until the LGCDG system is seen to be operating smoothly.

The initial stage of the LGCDG system is a development partner supported initiative, which, if it is to be sustainable, must be internalised into Government systems. The mechanisms for the transition of funding to the Government budget will be established

under Output 3.3 of this outcome and agreement reached as to their implementation. As the LGSP funding element comes to an end in 2006/07 and the other contributing donor commitments in 2007/08, it is important that agreement is reached by November 2006 as to the forward funding mechanisms and processes with a view to adequate provision being made in the Government budget.

Work in this area will commence in earnest in late 2005/06 with a view to completion in time to meet the November 2006 deadline.

5.3.4 Institutional coordination

Work undertaken with GSU assistance has defined the outlines of an institutional framework for LG Finances during the previous MTP. In this MTP, Outcome 5 will define and operationalise the proposals more clearly.

Currently the technical co-ordination of the Recurrent Grant system is being carried out by the Co-ordinating Block Grant Implementation Team, without a higher policy making forum being in place. During this planning period Outputs 4.1 and 4.2 will address this issue with the intention of putting in place technical and policy level structures for the co-ordination of local government finances. When these have been completed, LGRP will support PO-RALG and the MoF in managing these structures as well as the Steering and Technical Committees of the LGCDG system (Output 4.3), though responsibilities will be increasingly handed over to mainstream staff in DLG.

The design of the institutional Co-ordination Framework for the recurrent grant system should not be carried out in a vacuum and the work carried out will identify where common institutions can be developed to reduce duplication between the LGCDG system and the recurrent system, and between sectoral programmes and the LGCDG system. The system design will also need to take into account the need for the participation of LGAs in informing policy decisions.

The finalisation of this institutional framework is a high priority.

5.3.5 Administration and accountability framework and systems

Outcome 5 concentrates on the improvement of operational performance in the finance area in LGAs and in PO-RALG's ability to support them. Without LGAs demonstrating their capacity to manage funds, to comply with legal and procedural

requirements, and to be accountable, fiscal decentralisation will not succeed as LGAs will not be perceived as credible users of central resources or local revenues.

The following are the outputs to be carried out within this Outcome:

Engagement with PFMRP

The Public Financial Management Reform Programme is another core reform programme with which the relevant LGRP initiatives should be harmonised. We are already working with that programme through the provision of formal training to Local Government finance staff, the implementation of the IFMS system in collaboration with the Accountant General, and the strengthening of the internal audit cadres, all of which are activities in the PFMRP. The development of the budget guidelines for 2005/06 in close collaboration with MoF and PO-PP also exemplifies how LGRP is working together with MoF and the PFMRP towards a common aim of improved financial management and accountability.

It is important however that the relationships with the PFMRP are deepened and strengthened so that the work programmes are harmonised and mutually strengthening. To this end we will invite the Technical Adviser to the PFMRP to sit on the Fiscal Decentralisation Task Force as well as the LGRP Consultative Forum and share work plans with him/her. We will also look to participate in the technical level forum for PFMRP so as to develop harmonised strategies.

Activities under this output will cover the whole planning period, though there will be an early priority to set up the appropriate

IFMS

The major output in terms of change and funding needs here is the rolling out of the EPICOR based IFMS system to the remaining councils (Output 5.2). It is anticipated that it will be implemented in all the councils by the end of the planning period. Additional modules for budgetary and commitment control will also be implemented. Implementation will initially be carried out by the Epicor dealer, though it will be increasingly transferred to the zonal Systems Support Unit staff.

As part of this output it is intended that, over the next 3 years, all LGAs will be connected through a Wide Area Network to PO-RALG and the Accountant General's Department in the Ministry of Finance. This system will facilitate the monitoring and

consolidation of financial data at the centre, the provision of on-line support to EPICOR implementing Councils, and will also facilitate non-financial information flows through the PlanRep and the LGMD systems.

The Systems Support Unit staff will be taken onto the Government establishment from July 2006.

Activities under this output will cover the whole planning period.

External audit

Consultations will be carried out to identify the weaknesses in the NAO's audit of LGAs and the necessary support required to assist in their resolution. These consultations may require the employment of a consultant to provide an independent assessment. Informal discussions have indicated that the NAO would welcome such support, which may include support to the parliamentary Local Authority Accounts Committee (LAAC) if requested.

Previously the receipt of an adverse audit report had very few repercussions for the council staff or councillors as the capacity of PO-RALG to follow up such events and discipline officers was limited, as was the range of sanctions available. With the introduction of the LGCDG system, however, a very real stigma is now attached to the receipt of an adverse report because of the effect on qualification for the Capital Development Grant funds.

In addition to this the capacity of PO-RALG in this area is being developed through the inclusion in the new structure of an Inspectorate section, which will regulate council compliance with laid down procedures.

The Financial Management Specialists in the ZRTs and in the Regional Secretariats will continue to support councils in preparation for audits and responses to queries as well as attendance at the LAAC sessions.

Activities under this output will commence in earnest in 2006/07 though consultations will commence beforehand. The assistance is expected to continue for the rest of the planning period.

Financial information and accountability

The provision of financial information to taxpayers and other stakeholders is of critical

importance for the development of accountability and participation by the community. Under this output mechanisms to enhance downward financial accountability will be developed, following consultations with both LGAs and the users, and guidelines produced for their operationalisation. These are likely to include the design of standard reports for LLGs, their publication through village and service outlet notice boards.

These mechanisms will however be developed within the wider initiatives for information dissemination being developed through the Interlocking Outcome no 1. in the Governance Outcome in collaboration with the IEC Unit. These wider initiatives will encompass the development of mechanisms for public discussion of the various types of information disseminated.

Upward accountability will be improved by the standardisation of reporting formats (facilitated by the spread of the LGCDG system), and the use of the PlanRep system as the tool for the preparation of reports and the reporting of revenue and expenditure data, which will be increasingly derived from the Epicor based IFMS. This will allow the matching of expenditure to levels of service delivery, through the interface between PlanRep and the LGMD, which is being rolled out through the PO-RALG Outcome.

The PlanRep system will also provide downward accountability through Kiswahili reports specifically targeted at the Ward Development Committees and Villages and *Mitaa*.

Activities under this output will commence and be completed in 2006/07.

Regulations and Manuals

LGRP will continue to support PO-RALG in the updating of regulations as required though the responsibility for preparing these will be increasingly transferred to DLG as capacity increases.

Activities under this output will commence in 2005/06 with the revision of the Procurement Regulations and Manuals and will continue throughout the planning period as required.

Financial management, procurement and accountability

The Financial Management Specialists will continue to support the LGAs in the improvement of their performance throughout the planning period. They will continue to provide on the job training based on the weaknesses exposed by the six-monthly

benchmarking exercises and the results of the annual LGCDG system assessments. They will also carry out training on guidelines and manuals produced as well as assist in budget and final accounts preparation, and the continuing development of the internal audit and procurement functions.

The development of the internal audit function will continue to build on the start made in 2004/05 when an internal audit manual was prepared; internal auditors and senior staff were trained on the purpose and procedures of the function. The draft revised LAFM requires councils to put in place audit committees and the LGCDG system minimum conditions and performance measures will encourage internal audit best practice.

Activities under this output will continue throughout the planning period.

Revenue Collection and financing of O and M

The Programme will through the Financial Management Specialists continue to support the LGAs in improving their revenue collection performance through the current participatory approach. Following the agreement of the financing strategy the programme will develop national guidelines on local revenues setting out the available revenue sources and the standard tax administration and collection procedures to be followed. These will be disseminated to the councils through regional and district level training.

A key area for the sustainability of investments in Councils is the allocation of adequate funds for the operation and maintenance of those investments. These are expected to be funded from local own source revenues or the recurrent grants but in the past the importance of budgeting for O and M expenditure has not been sufficiently recognised, resulting in the under-utilisation of service delivery assets. Included in the revenue enhancement capacity building programme which has been proceeding through the Zonal Reform Teams since 2004/05, however, there are modules that relate revenue collection to expenditure needs specifically targeting the need to allocate tax funds to O and M. As stated above this programme will continue to be rolled out to further Councils during the period of the MTP.

In addition to this the LGSP funding component of the LGCDG system will develop best practices and guidance on budgeting for operations and maintenance costs. These will be taken up by the Programme and disseminated, when they become available.

Activities under this output will continue throughout the planning period, but the best practices from Component 3 of the LGSP are unlikely to be available for dissemination until 2006/07.

LLGs financial management

A financial management manual has been developed for villages and *mitaa* and this will be disseminated throughout the country through the ODD of PO-RALG as part of the VEO/WEO/MEO training being carried out with the support of the HRD Outcome. Performance will be monitored through the FMSs

Activities under this output will continue throughout the planning period.

PO-RALG monitoring and supporting LGAs' financial management

PO-RALG has shown itself to have little capacity for the sustained monitoring of LGAs' performance. Under this output the Finance Outcome will work with the PO-RALG Outcome to identify the capacity building requirements within the LG Finance and Inspection functions in the restructured PO-RALG to develop systems and capacity to ensure that PO-RALG plays its supervisory and supportive role with regard to LG Finance.

Activities under this output will commence in 2006/07 and continue throughout the planning period.

5.3.6 Interlocking Logical Framework

The interlocking Logical Framework follows.

FISCAL EMPOWERMENT INTERLOCKING FRAMEWORK

| | | | |
|------------------------------|---|---|---|
| Purpose | Local Government fiscally empowered and made accountable | OVI's By June 2008: <ol style="list-style-type: none"> 1. Average own source income increased by 30% in real terms 2. Own Source Receipts as % of total LGA income increased to 15% 3. Recurrent transfers per capita increased by 100% in real terms 4. More than 60% of councils have clean external audit reports 5. Less than 10% of Councils have adverse external audit reports 6. AG's report translated into Kiswahili as the norm 7. 90% of councils receive quarterly financial statements and internal audit reports 8. 75% of Councils receiving Capital Development Grant 9. LGCDG Steering Committee has met 4 times in previous 12 months 10. All councils receiving recurrent grants per the formulae. Phasing in and holding harmless complete in 75% of councils 11. 75% of councils producing accounts through Epicor based IFMS | |
| Interlocking Outcomes | 2.1 Coherent intergovernmental financial framework in place | Interlocking Outputs | <ol style="list-style-type: none"> 2.1.1 LG fiscal framework developed and recommendations adopted 2.1.2 Equalisation grant developed and agreed 2.1.3 Revenue assignment between CG and LG agreed 2.1.4 Revenue sharing between LGAs and LLGs agreed 2.1.5 Sound LG tax system and administration developed and operationalised 2.1.6 LG Finances Act revised to make it consistent with fiscal decentralisation 2.1.7 Appropriate assignment of expenditure responsibilities between CG and LG, and between District / Municipal Councils and LLG developed and operationalised 2.1.8 Framework for LG borrowing (incl. limits and procedures) agreed and operationalised |
| | 2.2. System of predictable intergovernmental recurrent transfers in place and functioning | | <ol style="list-style-type: none"> 2.2.1 Formulae based recurrent grants defined and fully implemented. 2.2.2 Budgetary processes in MoF and PO-PSM made consistent with formula based recurrent grant system 2.2.3 Equalisation grant implemented 2.2.4 Greater autonomy to qualifying councils provided and included in budget guidelines 2.2.5 PO-RALG effectively operating all aspects of recurrent grant system |

| | | | |
|--|---|--|---|
| | 2.3 System of predictable intergovernmental capital development transfers in place and functioning | | 2.3.1 Formula based LGCDG system operationalised 2.3.2 Sector development grants harmonised/merged with LGCDG system 2.3.3 LGCDG system financing merged into the GoT Budget 2.3.4 TASAF II harmonised with the LGCDG system 2.3.5 PO-RALG effectively operating all aspects of LGCDG system |
| | 2.4 Institutional coordination mechanism for LG finances in place and functioning | | 2.4.1 Local government finance consultative policy forum defined and established 2.4.2 LG financial analysis unit in MoF established as an effective focal point for policy co-ordination 2.4.3 LGCDG system Steering and Technical Committees operationalised 2.4.4 PO-RALG effectively supporting these institutions |
| | 2.5 Coherent administrative and accountability framework and appropriate systems in place and functioning | | 2.5.1 PFMRP actively engaged and programme activities harmonised 2.5.2 IFMS rolled out to all councils 2.5.3 Assistance provided to NAO in improving external audit of LGAs 2.5.4 Mechanisms defined for dissemination of financial information and operating 2.5.5 Regulations and manuals updated and disseminated 2.5.6 Performance of LGAs in financial management, procurement and accountability improved 2.5.7 Performance of LGAs in Revenue Collection and financing of O and M enhanced 2.5.8 Performance of LLGs in financial management improved (with HRD/ODD) 2.5.9 PO-RALG effectively monitoring and supporting LGAs' financial management activities |

Milestones

1. Cabinet Paper Submitted for revision of the Local Government Finances Act by December 2007
2. All recurrent grants allocated according to formula by June 2006
3. Proposals made to Finance for the funding of LGCDG system from GoT budget by November 2006
4. Terms of Reference for LG Fiscal Analysis Unit agreed with Ministry of Finance by June 2006
5. 75 councils producing annual accounts from EPICOR by September 2007

5.4 HR empowerment

Human Resource Empowerment is conceived as advancing along two essential dimensions; the devolution of powers and responsibilities to the locally elected and accountable authorities to employ and manage their own staff, and the continuous and consistent development of the stock of human capital, strategically deployed to deliver increasingly improved local services.

The realization of HR autonomy at LGA level is a fundamental objective of the D-by-D agenda. A determined effort is still required to fully secure the legal basis for devolution and also to guarantee that the individual LGAs can confidently plan and manage their increased responsibilities. The Programme will address these issues both systemically and operationally through the outcomes identified in the interlocking logical framework below.

In the prevailing circumstances where scarce national resources are in largest part concentrated on the wage bill of employees with tightly restricted allocation of other recurrent, as well as capital, expenditure, the maximization of available human resources features strongly as an organizational imperative. The continuing work of the Programme is reflected in the interlocking outcomes where attention is focused on training strategies, the delivery of remaining change orientation or change management interventions, the advancement of a new demand-led capacity building approach through the facility provided within the LGCDG system, as well as the promotion of pay enhancement in the LG service and a workplace-centred approach to combating the HR depletion by the HIV/AIDS pandemic.

5.4.1 Devolution of powers and responsibilities.

The amendment to the Public Service Act (No.8 of 2002) in November 2004, followed by presidential assent, represented fundamental redress of the situation whereby LGAs' employer status had been undermined. The original policy intention has now been re-installed in the primary legislation. Nevertheless that intention will only be fully substantiated when consequential adjustments are made to all other legal provisions still out of line. Securing this objective will be one of the major D-by-D tasks of the Programme at the systemic level.

In the first instance the Public Service Regulations 2003 will need to be fully screened for D-by-D consistency and the necessary amendments made (Output 1.1) in conformity with the recognition of the LGAs' employer status. Simultaneously any contradictory provision under other extant primary legislation (e.g. Education Act 25 of 1978; 2002 Public Service Act as regards powers of departments of the Public Service Commission) needs to be examined and action agreed for amendment. Attention should focus in particular on establishing clarity as concerns the appointment and transferring of sector personnel (output 1.2) and also their man-management especially in terms of disciplinary and appeal procedures (Output 1.3.)

Related also to impediments to effective manpower planning, improvements should be explored and introduced to the current permit system for Public Service post filling. Streamlining the existing system should allow for speeding up staff deployment in line with service delivery priorities as well as budgetary precision in yearly block grant allocation (Output 1.4)

5.4.2 Pay and incentives

Low and uncompetitive pay remains a chronic de-motivating feature of public service employment. Since the ready recognition of its corrosive effect on the realization of performance improvement in the 1998 Public Service Management and Employment Policy, remedial efforts were made in the shape of the introduction of the Selective Accelerated Salary Enhancement scheme and keener attempts to adhere to the targets of Medium Term Pay Policy. However, the former remains a contentious instrument and confined to four MDAs only, while on the latter implementation discipline has been seen to falter. Furthermore, counter productive allowance growth has been re-detected as real pay increases have not been secured. Actively promoting and lobbying for pay enhancement in the local government service rightfully features as a strategic Programme objective for the MTP (Output 2.1.) in ensuring that competent and committed personnel can be attracted to and retained at LGAs. Linked to this also is the maximization of human capital potential through the institution and maintenance of merit-based career progression. This again requires strategic co-ordination with the relevant authorities, notably PO-PSM. (Output 2.2).

The Public Service Management and Employment Policy additionally recognizes the

negative effects of a general absence of incentive and reward schemes. The local government service doesn't generally differ from other services in this regard but at least LGAs, as employers, are legally enabled to establish locally-based schemes. Evidence already exists around the country of imaginative approaches in this regard. Best practice needs to be distilled and increasing numbers of LGAs – using the opportunity of increased budgetary latitude provided by the move to formula based block grants – encouraged to introduce locally designed schemes. (Output 2.3). A group of LGAs with particular concerns in this sphere are those which are geographically peripheral or otherwise disadvantaged. Arising from a consultancy already underway to examine this question, tractable recommendations should be identified and pursued with PO-PSM and Treasury (Output 2.4)

A long-standing disparity in conditions of service for local government staff has been the absence of a vocational pension scheme. Conscious of the need to address this structural shortcoming efforts have been afoot for some three years by PO-RALG to transform the existing Local Authorities Provident Fund into such a fully fledged scheme. Progress has advanced to the stage of final statutory and structural proposals being prepared for Cabinet. In effecting the transformation supplementary capacity building support has been sought by the Fund to avoid a drain on assets generated by members' contributions (Output 2.5)

5.4.3 Training policy and strategies

The 2004 LGRP Joint Review noted that the earlier intention of the Programme to assist the development of a LG training policy for Po-RALG had been overtaken somewhat by the promotion of a demand led approach amongst LGAs as discretionary consumers (through the LG Capital Development Grant system) and by the upstream work on the identification of an overall Public Service training policy. Within the context of the new MTP however, it is timely for PO-RALG to reposition the policy and programme issues related to embedding a consistent system of manpower development for the LG service over time.

From the broad policy perspective of setting down a durable and practical framework for the appropriate induction and in-service development of staff in local government, more work requires to be done on the underpinning principles of an approach to professional and vocational formation as well as matching this with capacity building

needs assessments. This work should pave the way for the elaboration of a policy on the part of PO-RALG interlinked with that for the Public Service generally. (Outputs 3.1 & 3.2).

Meanwhile from the LGA demand driven perspective, strategies at the local level - in terms of the effective usage of the new annual capacity building grants - need to be guided by the identification of the likely best return on investments. This should similarly be the case for any supplementary resources deployed at national level in support of training activities or training institutions. (Output 3.3)

As the newly restructured PO-RALG Divisions/Units overseeing HR assume responsibility for mediating between local demand for capacity building and the broader policy framework and strategies, relevant staff should be practically assisted in being able to discharge this role within their routine tasks. (Output 3.4).

5.4.4 Capacity building programmes

This outcome straddles the systemic and purely operational domains. At the upper end it is concerned with assuring the effective take up of the capacity building facility of the overall LGCDG system and securing lasting benefits in terms of the HR stock. In turn this is expected to translate into real service delivery improvements. The installation of the new demand led system of CB rests on certain pre-designed foundations. Firstly ten standard courses are in the process of design and will be placed in the market for delivery under different trainer arrangements, either through institutions/firms or local resource teams, both to be mobilized for the task. (Output 4.1). Training organizations will have to be pre-qualified to provide any of the standard courses on the basis of a capacity assessment. Also, in the case of either delivery mechanism, quality maintenance will have to be guaranteed by the application of agreed quality checking procedures. (Output 4.2). The discussion forum for such matters and the robust development of the system generally will be the concern of the Capacity Building Consultative Group the work of which has to be backstopped. (Output 4.5)

The remainder of the Outcome area deals with the unfinished business of the Programme in 'broad-fronted' training for the Reform Agenda. As regards leadership and change management training, the pre-identified training groups of Heads of Department and Manpower Management Officers remain to be reached. The

VEOs/MEOs are in large part covered while the October 2005 elections will bring in a partial new group of Councillors as was the case of grass roots leaders at the end of 2004. These residual training target groups will be addressed. (Output 4.4). With regard to certain 'critical skills' development the records management and accounts staff upgrading will continue, with additional attention to potential other target groups e.g. legal officers (Output 4.5). Ex-post evaluations of large programmes will be completed. (Output 4.6). Lastly, relevant PO-RALG staff will be the focus of skills upgrading for all aspects of training cycle management. (Output 4.7)

5.4.5 Decentralised HRM procedures

This essentially operational Outcome area largely concerns coaching inputs from the HR & OD specialists of the zonal reform teams supported from the centre. The practical application of the procedures is the responsibility of the Manpower Management Officers in each LGA but they remain in need of the HRODS backstopping support for the forthcoming period (as well as the skills upgrading to be supplied) while the authorities are growing fully into the employer mode.

The new procedures will need to be operationalised effectively and consistently starting with recruitment and selection (Output 5.1) and ranging through promotions and grievance/discipline. (Output 5.2). The introduction of a culture of performance management and the attendant individualized monitoring must be closely assisted and tracked. (Output 5.3 and Output 5.4). In addition, staff and organization development must be more systematically and professionally addressed. (Output 5.5). In intervening in any of these procedural areas there must be the closest co-ordination with the relevant components of the Public Service Reform Programme. This will be ensured by establishing regular dialogue with the PSRP. (Output 5.6)

Furthermore, with regard to all HR management standard-raising across the LGAs, the relevant PO-RALG units must be kept abreast and attuned to the future support roles they will be required to fulfil. (Output 5.7)

5.4.6 HIV/AIDS in the Workplace

LGAs are regarded as a key channel for reaching local populations with the essential messages of the National Strategy to combat HIV/AIDS and hence key players in securing the Strategy's success. Hitherto, however, issues pertaining to the spread of

the disease amongst and on the part of the LG workforce as such did not receive attention. In the mid to end portion of the 2002-5 MTP, the Programme has been giving attention to this specific dimension of the containment of the pandemic with particular focus on HIV/AIDS as a social as well as a medical phenomenon. Before proceeding with the initiative, the Programme consulted with TACAIDS and plans at each stage of development to continue co-ordination. In addition the HR Outcome was invited to contribute to the discussion on finalizing ToRs for a HIV/AIDS study by PSRP and in its comments and re-drafts influenced a more workplace-centred approach for the study. Similar close communication will be maintained with other public bodies involved in workplace oriented interventions. In this connection PO-RALG's own HIV/AIDS policy is awaited.

The introduction of the pilot discussion-leading materials that were developed and then live tested by the HRODS starting with all Phase 1 councils, will have firstly to be extended and the cumulative experience fully assimilated and cross checked with other official public initiatives. (Output 6.1). Expansion of the pilot phase as regards methodology, utilization of peer educators and adaptation of materials then needs to be decided upon (Output 6.2 and Output 6.3). Finally the new approach will be operationalised progressively in the LGAs with monitoring procedures put in place (Output 6.4). PO-RALG staff should be integrated in the process as early as possible and capacitated to oversee the campaign in a learning-by-doing manner. (Output 6.5)

5.4.7 Interlocking Logical Framework

The interlocking Logical Framework follows.

HR EMPOWERMENT INTERLOCKING FRAMEWORK

| | | | |
|------------------------------|---|--|---|
| Purpose | Human resource empowerment of local government | OVI s By June 2008: 1. Total PS wage bill- to-GDP ratio increased from 4.4% to 5.2% 2. 50 % of LGAs providing local incentive schemes for employees 3. 100 % of LGAs qualified for LGCDG capacity building grants 4. Minimum of 90% of CBG allocation expended by all LGAs each year 5. 20% of employees moved up at least one category on OPRAS performance measures 6. 15% average improvement in Council HR benchmarking in all LGAs 7. Minimum of 70% of LGAs pursuing the HIV/AIDS in the Workplace Campaign | |
| Interlocking Outcomes | 3.1 Devolution of powers and responsibilities to LGAs to manage their staff fully effected | Interlocking Outputs | 3.1.1 Employing authority status of LGAs clearly detailed under Public Service Regulations 3.1.2 Responsibilities in filling of sector specific posts/transfers clearly delineated and newly operationalised 3.1.3 Disciplining//appeal responsibilities for sector staff clearly delineated and newly operationalised. 3.1.4 Permit system for vacancy filling streamlined |
| | 3.2 Results-oriented staff pay and incentives approaches installed | | 3.2.1 Local Government pay enhancement strategically promoted with relevant central bodies 3.2.2 Merit based career progression pursued 3.2.3 Best practice on application of incentives at LGAs established and replicated 3.2.4 Recommendations on inducement package for employment in disadvantaged districts adopted and enacted 3.2.5 LAPF capacity built in support of establishing sound and attractive pensions scheme |
| | 3.3 Systemised approach to development of staff and elected officials articulated in training policy and strategies | | 3.3.1 HRD requirements for overall LG service (induction and in-service) identified 3.3.2 Framework policy for long-term system of training elaborated 3.3.3 National and local level strategies for HRD put in place and pursued in context of experiences in demand led training 3.3.4 PO-RALG capacitated to mediate local strategies and national policy |

HR EMPOWERMENT INTERLOCKING FRAMEWORK

| | | | |
|--|---|--|--|
| | 3.4 Demand driven capacity building programmes for staff and elected officials consolidated | | <p>3.4.1 Core courses and alternative delivery mechanisms designed and updated to match demand</p> <p>3.4.2 Accreditation mechanism and quality assurance system established</p> <p>3.4.3 LGCDG Capacity Building Consultative Group backed up in operations</p> <p>3.4.4 Residual 'reform' training target groups reached.</p> <p>3.4.5 Further "critical skills" upgrading undertaken</p> <p>3.4.6 Ex-post training evaluations completed</p> <p>3.4.7 PO-RALG capacitated to manage respective training cycles assuredly</p> |
| | 3.5 Decentralised HRM procedures in place and applied | | <p>3.5.1 Local recruitment and selection processes operated effectively</p> <p>3.5.2 Promotions and grievance/discipline matters administered consistently and transparently</p> <p>3.5.3 Performance Management System applied (with support sought from the Performance Improvement Fund as necessary)</p> <p>3.5.4 OPRAS embedded at all levels</p> <p>3.5.5 Staff development plans annually updated and CB initiatives evaluated</p> <p>3.5.6 All procedural approaches co-ordinated with relevant PSRP components</p> <p>3.5.7 PO-RALG capacity built to effectively guide LGAs on all HRM matters</p> |
| | 3.6 HIV/AIDS in the Workplace campaign taken up across LGAs | | <p>3.6.1 Experience with dissemination of pilot discussion materials assimilated</p> <p>3.6.2 Model approach to workforce consciousness-raising elaborated</p> <p>3.6.3 Appropriate materials design, and orientation of facilitators concluded</p> <p>3.6.4 New approach rolled out with attendant monitoring arrangements in place</p> <p>3.6.5 Management of campaign inputs and monitoring integrated into PO-RALG</p> |

Milestones

- 1 a. Public Service Regulations amended by June 2006
b. Amendments to relevant primary legislation by June 2007
- 2 a. LAPF established as pension fund by June 2006
b. Inducement package for staffing in disadvantaged areas adopted by December 2006
- 3 National framework training policy agreed by June 2007
- 4 Training of all Heads of Department completed by June 2008
- 5 OPRAS applied across LGAs by June 2007
- 6 HIV/AIDS in the Workplace materials disseminated to identified LGA peer educators by December 2006

5.5 Legal framework

Legal reform to provide a framework for implementation of the D-by-D policy is a core of all institutional and structural reforms for devolved local government system in Tanzania. During this MTP legal harmonisation to achieve D-by-D adherence is a central and overriding priority of the programme, which is addressed in the legal outcome area. Three strategic outcomes have been identified to ensure sustained momentum on the progress achieved so far in legal harmonisation process (constitutional amendment to enshrine D-by-D, unified overarching local government legislation and harmonization of sector legislation). Greatest emphasis has been placed in progressing constitutional amendment as an essential prerequisite to give D-by-D an overriding binding legal norm for the whole Government as a strategy to hasten sector legal harmonization across sectors as well as providing a framework for D-by-D consistency checks. A new overarching local government legislation and harmonization of sector laws will also be progressed as a natural logical step followed from the constitutional amendments.

Reforming the legal framework to implement the Government policy on D by D is a massive exercise and thus requires high level mobilization and support. The existing collaboration with relevant components of the Legal Sector Reform Programme (e.g. Attorney General Chambers and Law Reform Commission) will be strengthened as the LSRP is now progressing and will be taking up responsibility for reforming central and sector legislation.

Achievements of progress in the legal outcome area are closely interlinked with D by D outcome in terms of mobilisation of high level support. It is should be expected that strategies and plans for achieving legal harmonisation could change depending on the results of the ongoing work to shape the D by D outcome. Elaboration of each of the interlocking outcomes is provided on the paragraphs below.

5.5.1 Constitutional Amendment

The Joint Government-Donor Review Report 2004 reiterated the necessity to give D-by-D status of a national policy binding to the Government, across sectors, their policies and programmes. While awaiting the recommendations of the Reference Group established to guide PO-RALG and LGRP on further progress in this area it is anticipated that the Task force will agree that Constitutional amendment is a prerequisite for an over-arching

framework for embedding D-by-D to ensure systemic legal reform. It is further anticipated that the Reference Group will develop a proposal for the way forward that can guide and speed up the process. The stakeholder consultations normally required before a Constitutional amendment is time consuming, but is an important element of ensuring wider popular agreement and understanding. A Presidential Commission/Task Force will be appointed to coordinate the process. The subsequent required steps involves preparing a Cabinet Paper and obtaining Government decision, drafting a bill to amend the constitution, lobbying among the Parliamentarians for support, presentation of amendment to the Parliament and publicise the amended Constitution. It also planned that necessary legal instruments to give effect to the legislation will be issued.

5.5.2 Unified and Over-arching Local Government Legislation

Following the Constitutional amendments steps will be taken to propose a new unified and overarching local government legislation which will consolidate the achievements made in reforming the local government system. The new legislation will create a system of local government which gives fully effect to the principles of D-by-D as provided for in the amended Constitution. While the overarching Local Government Legislation will only have expected impact if combined with the Constitutional amendments, the preparation of the comprehensive law will take place concurrently with the process of Constitutional amendments. The steps involved include the preparation of a comprehensive Act to be discussed, drafted and submitted to the Government. A national wider stakeholder consultations will also be carried similar to the one planned for Constitutions Amendments. Regulations necessary for its implementation must be prepared, approved and issued and finally the necessary legal instruments to give effect to the legislation must be put in place.

5.5.3 Central and Sector Legislation

The need for reviewing and amending Central Government and sector legislation in order to bring them in line with Government Policy on Decentralisation by Devolution has been a priority for LGRP for a number of years. Public Service Act was amended by Act No.19 of 2004 to provide model framework to other priority sectors targeted by the ongoing legal harmonization process. Education and Health laws were reviewed and proposals for amendment submitted to the Government for consideration. Similarly interventions were made by the Legal Harmonisation Task Force to ensure the Draft Bills

for new Road and Water Sector Legislation are in line with Government Policy on D-by-D.

The momentum that has been gained so far in reviewing the laws of these key pro-poor sectors, as well as amending the Public Service Act, is expected to get new impetus from the increased focus on D-by-D, and discussions on the envisaged constitutional amendments. It is expected that these energizing elements will support resolving major policy and legal conflicts by providing a framework and mechanism for authoritative decision entailed to harmonize the relevant laws. Active involvement and coordination with the Attorney General Chamber and the Law Reform Commission is a necessity for this process to succeed. The legal outcome manager will engage the AGC and the LRC in the harmonisation process. Under this collaborative framework priority will be given to amending the Public Service Act and attendant regulations and related legislation. Subsequently necessary changes to relevant sector laws will be identified and sectors ministries will be encourage to take a lead role in reviewing their laws to ensure D-by-D consistency. Further, the development of mechanisms for consistency checks so that new policies and legislation will be in line with D-by-D will be supported, based on recommendations by the Reference Group and agreement with the relevant government institutions. Finally, the necessary legal instruments will be put in place.

5.5.4 Interlocking Logical Framework

The interlocking Logical Framework follows.

LEGAL INTERLOCKING FRAMEWORK

| | | |
|------------------------------|---|--|
| Purpose | Legal framework for decentralisation by devolution in place | OVis 1. Constitution amended by 31 December 2007 2. Proposal for a comprehensive LG Act passed by June 2008. 3. Public Service Regulations amended by June 2006. 4. Amendments to sector laws passed in 3 sectors by December 2007. |
| Interlocking Outcomes | 4.1 Constitutional amendment enshrining decentralisation by devolution passed. | Interlocking Outputs 4.1.1 The basis for introduction of principles of decentralisation by devolution in the URT Constitution agreed. 4.1.2 A Commission/Task Force to conduct wider consultation on constitutional changes appointed and its TOR approved. 4.1.3 Draft Bill to amend the URT Constitution to enshrine principles of devolution and autonomy prepared. 4.1.4 Cabinet paper on the Amendment of the URT Constitution prepared and presented to the Government. 4.1.5 Amendments to the URT Constitution published and disseminated to the relevant stakeholders. 4.1.6 Necessary legal instruments in place. |
| | 4.2 Unified and over-arching local government legislation passed. | 4.2.1 Proposal for a comprehensive LG Act discussed, drafted, agreed, and submitted to Government. 4.2.2 Regulations necessary to implement the new legal framework on the new system of LG prepared, approved and issued. 4.2.3 Necessary legal instruments in place. |
| | 4.3 Central and sector legislation reviewed and amended in line with the Government Policy on Decentralisation by Devolution. | 4.3.1 Review and amendment of central and key sector legislation coordinated with relevant LSRP component 4.3.2 Consequential Amendments to the Public Service Act and attendant Regulations addressed. 4.3.3 Relevant sector laws and recommended changes that are necessary to bring them in line with the Government Policy on Decentralisation by Devolution identified. 4.3.4 Sector Ministries advocated and facilitated to take a lead role in reviewing their laws in order to embed the principles of Decentralisation by Devolution. 4.3.5 Mechanisms for Decentralisation by Devolution consistency check and proofing in law making developed and made operational. 4.3.6 Necessary legal instruments in place. |

- Milestones:**
1. Commission to conduct consultations for Constitutional amendment in place by June 2006.
 2. Draft Bill for Constitutional amendment prepared by June 2007.
 3. Proposal for a comprehensive LG Act submitted by January 2007.
 4. Proposal for amending laws of 3 sectors prepared by December 2006
 5. Mechanisms for D-by-D consistency check agreed by December 2006.

5.6 Restructuring LGAs

Restructuring of the LGAs is aimed at the consistent application of strategic management approaches throughout the operating and support units of the individual authorities. It therefore has the character of a set of planned organization development interventions rather than representing an end point in itself. Nonetheless the exercise continues to be an indispensable starting point for reforming Councils through the provision of the deliverables of strategic and implementation plans, organization reviews and new HR systems.

5.6.1 The restructuring process - completion

The sequential and participatory restructuring process as applied in all reforming Councils to date has proved to be a durable approach to the upgrading of strategic planning and the redeployment and management of personnel for improved service delivery. Its specifically employed instrument – the Restructuring Manual – underwent review during the period of the 2002-5 MTP, and, although all fundamental components remain in place, it is now considered to be more user-friendly. The process which was completed in the 38 Phase 1 Councils is now extended to the next group of 52, which have already completed the Second Stakeholders Workshops. There then remain the 24 Councils of the original total (already through with service delivery reports) plus the 10 newly designated LGAs which will effectively start to function after the October '05 countrywide elections.

Experience in the last period has proven that Councils can move in accelerated fashion through restructuring both because of lessons learnt with the first phase and also because many Directors had already taken the cue from the launch of the overall Reform to line up their Authorities for the change process generally. Such 'institutional memory' under the Reform (including through the vehicle of exchange visits) will serve to maintain this accelerated momentum, allowing for the restructuring process to be completed in all Councils by June 2007.

Although the increase in numbers of Councils to be serviced has stretched the resources of the zonal reform teams severely, the back up support provided is still critical to advise on, encourage and monitor the overall process. The ZRTs will continue their work but will increasingly be buttressed by staff from the relevant, newly-structured

PO-RALG Divisions (where capacity will first have to be built) and supplementary consultancy support from an already identified resource pool. (Output 1.1 and Output 1.4). Financial support will also be extended to individual Councils following existing procedures including those for audit. (Output 1.2).

It has frequently been noted, including in the 2004 Programme Review, that following completion of LGA restructuring, more attention and effort should be devoted to the principles and modalities for lower local government decentralisation and re-organisation. To assist this process restructuring guidelines will be provided and disseminated. (Output 1.3).

5.6.2 Service delivery

Service delivery improvement is the driving reason for embarking on the restructuring process linking in with the overall LGRP purpose. Already LGAs are recording successes in this regard both with ‘quick win’ and more structured changes in approach. More remains to be done however in identifying best practice and providing guidance to LGAs on its implementation. As the newly restructured PO-RALG units take up their responsibility in this regard, they will receive every assistance from the Programme. (Output 2.1.). Similarly, the entirely new Sector Co-ordination Division will require the closest assistance in ensuring that sector policies and sector wide approaches (including the setting of national standards) are fully internalized in LGA service delivery operations (Output 2.2)

5.6.3 Interlocking Logical Framework

The interlocking Logical Framework follows.

RESTRUCTURING INTERLOCKING FRAMEWORK

| | | | |
|------------------------------|---|---|---|
| Purpose | LGAs restructured to more effectively and efficiently respond to identified local priorities of service delivery in a sustainable manner. | OVI 1. Strategic plans, organisational reviews, attendant HR systems and implementation plans in place in 100% of LGAs by June 2007. 2. Strategic plans incorporating service delivery targets implemented in all LGAs in line with sector standards by June 2008 3. Service delivery targets met by 38 Phase 1 LGAs by June 2008 | |
| Interlocking Outcomes | 5.1 . Restructuring process completed in 86 LGAs | Interlocking Outputs | 5.1.1 Technical support and backstopping provided for the implementation of the LGAs restructuring process [Through a combination of PO-RALG staff, ongoing ZRT specialist support and additional consultancy inputs]. 5.1.2 Financial support provided for implementation of LGAs restructuring. 5.1.3 Restructuring guidelines for lower council level designed and disseminated 5.1.4 Capacity built in PO-RALG to deal with follow-up activities |
| | 5.2. LGAs advised and supported on improving critical areas of service delivery | | 5.2.1 Assist PO-RALG in supporting LGAs on methods and procedures to improve critical areas of service delivery. 5.2.2 Assist PO-RALG in compiling sector policies, guidelines, service and staffing standards for transmission to LGAs. |

Milestone

1. Restructuring exercise undertaken in all Tanzania mainland LGAs by June 2007

5.7 Governance

Good governance is defined in the MTP (2005-8) as incorporating the following:

- ❑ Democratically elected leaders
- ❑ Rule of law
- ❑ Equity
- ❑ Public participation
- ❑ Accountability
- ❑ Integrity
- ❑ Transparency

As part of the new organisation structure for PO-RALG, a new governance section will be set up under the Division for Local Government. This presents LGRP with the opportunity of simultaneously winding down its purely governance function and handing over what has already been started (once completed) to PO-RALG, as well as building the capacity of the new section. The Governance Outcome Manager will act as TA to the section. A separate body of work will be undertaken by PO-RALG, that which is contained in its strategic plan (2004-9) and featured in section two of this MTP. This is why governance is contained in both section one and section two.

The pursuit of good governance underpins the entire approach of the LGRP. As with the central tier, sub-national government requires to be increasingly brought in line with the expectations and aspirations of the population.

5.7.1 Accountability

Increased accountability of politicians and public servants to service users is necessary if excesses are to be held in check. A framework for downward accountability will be developed. It will build on work currently underway, such as the reporting facility of PlanRep, which routinely produces reports for lower levels of government and service users written in Kiswahili, client-service charters for LGAs and service delivery agreements. Public expenditure tracking surveys will be extended beyond the current piloting zone. Leaflets will be prepared which outline the rights of service users in relation to service delivery and distributed nationally. Two NGOs have already begun piloting approaches and their findings will inform PO-RALG. The demand side of the information equation is where NGOs in particular have a comparative advantage. PO-

RALG, will be seeking advice and suggestions as to how best service users can use information, organise around key issues, and influence government. The Policy Forum will also have a role to play here.

5.7.2 Decentralisation to lower LG level

Decentralisation by devolution does not stop at the district council or urban authority level. Increased powers, functional responsibilities, and resources will be further decentralised to villages/mitaa through the co-ordination level of the ward. Recent implementation experience through programmes such as PEDP indicate that when given responsibility and resources within a framework of monetary control ordinary Tanzanians can achieve a great deal in a short space of time. Analytical work will precede the drafting of a cabinet paper. Once approved laws will be amended and guidelines prepared and disseminated.

5.7.3 Gender mainstreaming

The issue of gender, the power relationship between men and women, is often viewed as a cross-cutting issue. Under-representation in government by women is something the Government has tried to address with an increased quota system for women councillors and representatives. Similar initiatives are being taken to increase the number of women in management positions of local government. Little to date has been achieved. Only 24 women Directors out of 117 are currently employed by LGAs. Lessons from area-based programmes will be collated and thereafter a framework developed designed to mainstream gender into local government plans and operations.

5.7.4 Civic education

Civic education remains a priority if a vibrant civil society is to be created. Radio and television programmes will continue to educate on local government matters. These will be complemented by education programmes which will take place at village level, as well as the design and distribution of materials outlining people's legal rights as well as responsibilities.

5.7.5 Mainstreaming governance in PO-RALG

The new organisational structure for PO-RALG has a dedicated governance section under the Division for Local Government. During the plan period the Outcome Manager for Governance will provide technical support to the Assistant Director. Outputs contained in the MTP (2005-8) will be concluded and new elements covered under PO-RALG/RS Capacity Building begun. The five outcomes contained in this section represent a bridging period between the LGRP and PO-RALG where the latter will be supported as it prepares to take over the critically important governance agenda.

The pursuit of good governance underpins the entire approach of the LGRP. As with the central tier, sub-national government requires to be increasingly brought in line with the expectations and aspirations of the population.

5.7.6 Interlocking Logical Framework

The interlocking Logical Framework follows.

GOVERNANCE INTERLOCKING FRAMEWORK

| | | | |
|------------------------------|---|---|---|
| Purpose | Principles of good governance ¹ adhered to at all levels of Local Government | OVI 90% of LGAs routinely disseminating financial reports to service users by June 2008 Number of female LGA Directors increased from 24 to 40 % of respondents surveyed aware of basic civic issues LGR Governance Outcome mainstreamed into PO-RALG by June 2008 | |
| Interlocking Outcomes | 6.1 Increased accountability of politicians and public servants to service users | Interlocking Outputs | 6.1.1 Framework for downward accountability designed and disseminated 6.1.2 Public Expenditure Tracking Surveys conducted in collaboration with Civil Society Organisations 6.1.3 Service User rights leaflets designed and disseminated 6.1.4 Mechanism for two-way information flows introduced |
| | 6.2 Increased powers and responsibilities decentralised to lower level local government | | 6.2.1 Analytical work conducted 6.2.2 Cabinet paper drafted 6.2.3 Relevant laws amended 6.2.4 Guidelines on decentralisation to lower LGA levels prepared and disseminated to all LGAs |
| | 6.3 Gender issues mainstreamed in local government | | 6.3.1 Lessons from area-based programmes collated 6.3.2 Framework for mainstreaming gender issues developed and operationalised |
| | 6.4 Increased civic awareness and involvement in local government processes | | 6.4.1 Civic education programmes designed and training conducted 6.4.2 Weekly radio programmes broadcasted 6.4.3 Television programmes aired 6.4.4 Legal rights and responsibilities leaflets designed and disseminated 6.4.5 Guidelines on involvement of private sector, NGOs and CBOs in the local development process designed and disseminated |
| | 6.5 Governance Section of DLG operationalised | | 5.1.1 TA support provided to the governance section of DLG - ethical behaviour programme - anti-corruption strategies implemented - improved system of answering Parliamentary questions set up - complaints procedure operationalised - co-operation agreements with civil society organisations established - poverty audits conducted |

Milestones: Governance milestones are set out in section 3.2

¹ Democratically elected, rule of law, equity, public participation, accountability, integrity and transparency.

6 PART 2 – PO-RALG AND RS CAPACITY BUILDING

6.1 Background and justification

- 6.1.1 This section should be read in conjunction with the, ‘Institutional Strengthening Programme (ISP) for Regional Secretariats’ (Nöst, January 2003), an ‘Appraisal for the Proposed Institutional Strengthening Programme (ISP) for Regional Secretariats’ (PEMCONSULT, March 2005), the ‘Strategic Plan for PO-RALG (2004-9), (LGRP/PO-RALG, June 2004), the ‘Functions and Organisation Structure of the President’s Office-Regional Administration and Local Government’ (PO-RALG/PO-PSM, February 2005), and a ‘Consultancy to design a Capacity Building Programme for PO-RALG’ (Matrix Development Consultants, May 2005).
- 6.1.2 It is presented as a section within the Medium Term Plan (2005-8), rather than an outcome within the Master Logical Framework. During the preparation of the MTP (2002-5), PO-RALG capacity emerged as a ‘killer assumption’. The LGRP was therefore obliged to redesign its’ programme of work. PO-RALG, has always sat uncomfortably within the Master Logical Framework and this has led to criticisms of LGRP, becoming a ‘Ministry within a Ministry’ or the ‘tail wagging the dog’. For these reasons, it is now treated in a different way, with the Deputy Permanent Secretary assuming responsibility for what is now being referred to as the PO-RALG/RS Capacity Building Programme. This also has the advantage of setting the framework for integration. In other words when capable, PO-RALG will absorb LGRP. This will happen at different stages and rates for different outcomes given the relative difference in capabilities within Divisions of PO-RALG. In this way PO-RALG capacity building will proceed without being unduly burdened from day one with LGRP. Rather, it will take on more responsibility when the time is right.
- 6.1.3 It is worth noting briefly the relationships between the MTP (2005-8) and PO-RALG’s Strategic Plan (2004-9) and its MTEF (2005/6). The capacity building programme contained in the MTP (2005-8) represents a significant component of the MTEF (2005/6) and draws heavily on the Strategic Plan (2004-9). Funds will be sought beyond those available through Government and those available through the CBF though for the implementation of PO-RALG’s MTEF (2005/6). One example is the roll-out of PMS to Regional Secretariats and LGAs, a process which is well underway. Money is available from the Performance Improvement Fund (PIF) and a request will

be made. Given the move by most bilateral agencies towards budgetary support and the fact that Government, faced with a hard budget constraint and multiple priorities, is unlikely in the short to medium term to prioritise reforms, dependency on a single source of funding is considered high risk. Only priorities that are unlikely to be funded from other sources are contained in the MTP (2005-8) therefore. PO-RALG, will seek to influence Development Partners, as well as lobby MoF for funds beyond the MTP horizon so that it will be able to see through its reform agenda.

- 6.1.4 The role of PO-RALG as a central government Ministry within a decentralised framework is that of policy development, supervising the regulatory framework and monitoring performance. As long as the bulk of LGA expenditure is derived from central transfers then the level of supervisory control maintained by the centre will remain high.
- 6.1.5 PO-RALG provides the critical interface between sector ministries such as Health, Education and Agriculture, at the national level and Local Government institutions, focussing on good governance and improved service delivery at the local level. At the regional level, through the Regional Secretariats, PO-RALG is responsible for functions related to maintenance of law and order, as well as for monitoring, ensuring compliance to national policies and standards, as well as providing backstopping support and an enabling environment to Local Government Authorities and other development agencies at the local level.
- 6.1.6 The Local Government Reform Programme is central to PO-RALG, seeking to strengthen the capacity of Local Government Authorities, to improve quality and access of their services to the client base, as well as clarifying lines of authority with the PO-PSM and Local Government Authorities.
- 6.1.7 PO-RALG's vision is to *facilitate the empowerment of Tanzanians through autonomous local government institutions geared to reducing poverty*. At the same time, its mission is defined as being to:
- champion decentralisation by devolution and create the requisite conditions for Local Government Authorities to deliver quality services efficiently and equitably;
 - effectively manage the critical interfaces between it and other Ministries as well as development partners and Regional Secretariats and Local Government Authorities;
 - and

- demonstrate commitment to continuous performance improvement, organisational learning and empowerment of all employees to fulfil their maximum potential.

6.1.8 The existing structure and organisation of the PO-RALG HQ, under its Minister, is headed by the Permanent Secretary and is made up of:

- Administration and Personnel Division
- Regional Administration and Co-ordination Division
- Institutional Development Division
- Local Authorities Co-ordination Division
- Policy and Planning Unit
- Finance and Accounts Unit
- Internal Audit Unit
- Legal Service Unit

6.1.9 The total establishment of PO-RALG HQ is 214 of which 104 are senior and middle level officers. In 2004 it was thought that some 80% of all positions had been filled but that the proportion of senior and middle level staff in post was a little higher with 14 positions out of 104 being vacant.

6.1.10 Effective July 1st 2005 a new more appropriate structure will be operationalised which includes a dedicated Division of Sector Co-ordination, more focussed roles for DLG and DRC (now DRA) as well as a new MIS Division and elevated status for DPP, ODD and Legal Services.

6.1.11 Each of the 21 Regional Secretariats is composed of:

- A Regional Commissioner, appointed by the President but reporting to the Minister PO-RALG;
- A Regional Administrative Secretary responsible for all staff in the RS – reporting to the Regional Commissioner and the Permanent Secretary;
- An establishment of 29 technical staff organised into four ‘clusters’ each headed by an Assistant Administrative Secretary. This is the structure charged with responsibility for providing technical assistance and guidance to LGAs;
- An establishment of 50 support staff, including internal audit;

At the District level within each Region there is a structure of District Commissioner, District Administrative Secretaries, and Divisional Secretaries with their support staff.

- 6.1.12 PO-RALG, is unique in the sense that it has a co-ordinating role with other ministries as well as a facilitation role with LGAs. It also extends to the regions through Regional Secretariats. Under a devolved system of government if PO-RALG fails to deliver then so in turn will local government in general. This would have serious consequences for bilateral and multilateral investments currently being made in key sectors. Similarly, gains made by LGRP would be lost if the capacity of PO-RALG is not significantly improved so that it can carry forward reforms in future years.
- 6.1.13 Section Two of the LGRP MTP (2005-8) outlines a programme of work that aims to build the capacity of PO-RALG and Regional Secretariats. Whilst designed as a five-year programme, only years one to three are presented in line with the MTP planning timeframe. Further funding will be required between 2008 and 2010.
- 6.1.14 The capacity building programme draws substantially on PO-RALG's own strategic plan (2004 - 09), as well as the Institutional Strengthening Programme (ISP) for Regional Secretariats. In addition elements of the operationalisation plan for the new organisational structure have been included. There are some notable omissions, such as the roll-out of OPRAS. Where funds may be sought elsewhere (PIF for OPRAS) PO-RALG will still go ahead with implementation but it will be outside of the MTP 05-08.
- 6.1.15 Seven outcomes have been identified which if realised will place PO-RALG in the position of decentralisation by devolution champion as well as at the forefront of poverty reduction achieved by significant service delivery gains. Priorities are sequenced below.

Year on Year Priorities

| YR 1 | YR 2 | YR 3 |
|---|---------------------------------------|--|
| 1. Recruitment of staff. | 1. D by D championing (IEC) | 1. D by D championing (IEC) |
| 2. Securing office space | 2. Staff training | 2. Absorption of LGRP |
| 3. Induction training for new staff | 3. Preparation for absorption of LGRP | 3. Lobbying government / development partners for further LGR investment |
| 4. Design of training modules and systems | 4. MIS | 4. Staff training |
| 5. Restructuring of RSs | 5. Sector co-ordination | |

6.2 Improved performance of PO-RALG staff

PO-RALG, is committed to facilitating a process where quality services are delivered to Tanzanians. It is the belief of the Government that healthy, educated people will be better placed to take advantage of productive opportunities. Basic infrastructure is also a prerequisite to economic development. These responsibilities have been devolved to Local Government Authorities. For this reason it is very important to remember the crucial role PO-RALG has in relation to poverty reduction. In order to play its role the performance of PO-RALG staff requires significant improvement.

6.2.1 Vacant Posts

The exercise to fill existing vacant posts and additional new posts in accordance with the approved restructuring plan is already underway. Subject to 2005/06 budgetary approval, PO-RALG plans to appoint 178 new staff (123 Professional, Managerial and Technical (PM&T) posts) before the end of the calendar year 2005 with the balance (85) spread over the following two years. A recruitment agency will be contracted to oversee recruitment thereby relieving the Director of Administration and Personnel (DAP) of a considerable burden. All salaries for new staff will be provided within the government budget.

6.2.2 New Office Space

PO-RALG, is located in Dodoma but the vast majority of central, administrative, and sector ministries with which PO-RALG must interact remain in Dar-es-Salaam along with diplomatic missions and aid agencies. This represents a major constraint to performance. PO-RALG officers, particularly senior management staff, are forced to make frequent, and often extended, visits to Dar-es-Salaam in order to attend meetings. Not only is this expensive and involves time wasting travel, it means that senior staff are frequently absent from their desks in Dodoma with consequent disruption of productivity and decision-making. Existing office space in Dar es Salaam (Magogoni) is insufficient under the existing Establishment. It will be even more of a constraint once significant numbers of new staff are employed. Additional office space will therefore be sought in Dar es Salaam.

The next three Outputs will be designed in close collaboration with PO-PSM. Training materials will be made available to other MDAs thereby spreading the impact of the investment throughout Government.

6.2.3 Change Management Teams

The new Division for Organisational Development (ODD) is responsible for advising PO-RALG on change management. A Change Management Task Force chaired by the Deputy PS will be appointed with representation from each Division and Unit to oversee the change management programme which will be designed through consultancy. The Task Force will be supported with technical inputs from the LGRP Outcome Manager and Adviser.

6.2.4 In-service Training Programme

The in-service training programme has a critical role to play in making the new structure operational and enhancing PO-RALG effectiveness. Over the first three years the focus will be upon providing new and existing staff with an understanding of the workings of the ministry, decentralisation, service delivery and poverty reduction, team building, strengthening awareness of the Local Government Reform Programme (LGRP) and instilling new, more appropriate management approaches. Design work will be carried out through consultancy. Technical support during implementation will be provided through LGRP.

6.2.5 Staff Coaching Programme

During the preparation of PO-RALG's Strategic Plan (2004-9), as well as being documented in analytical work concerning the existing organisational structure, a recurrent theme was that many PO-RALG staff have to date appeared ill-equipped to champion decentralisation by devolution and more generally to represent PO-RALG at a senior level. This may be attributed in part to inherent structural weaknesses which have impinged on staff time thereby reducing opportunities for briefing sessions prior to meetings. It is also due to the fact that the majority of staff have never received training in inter-personal skills, presenting, negotiating, and influencing. A coaching programme will be designed and implemented. It will be targeted not only at senior public servants working in PO-RALG but also at Ministerial level. Design work will be carried out through consultancy. Technical support during implementation will be provided through LGRP.

6.2.6 Staff Incentive Scheme(s)

One of the most serious risks to the successful implementation of the Capacity Building Programme, and to the operationalisation of the new organisational structure is the issue of pay and incentives. It has to be acknowledged that in the short-term substantial improvements in

pay and conditions are unlikely to happen. For this reason an innovative system of incentives will be designed which will focus mostly but not exclusively on non-monetary rewards.

6.2.7 Hombolo LGTI

Act Number 26 of 1994 establishes Hombolo as the Local Government Training Institute (LGTI). It is mandated to ‘promote social and economic development by providing opportunities for the study of and training in, the principles, techniques, and the practical application in various aspects of local government administration and management.’ PO-RALG, is of the view that the best use of existing facilities will be made by undertaking rehabilitation works in order to improve the physical environment, and specialising in providing training for grassroots leaders such as WEOs and VEOs. In order to achieve this, modest funds will be required for physical rehabilitation as well as the design of training materials.

6.3 Improved performance of Regional Secretariat staff

There is growing acceptance that in a country the size of Tanzania, with limited communications technology, there is a crucial role to play for Regional Secretariats as the extended arm of PO-RALG. The Nöst Report of January 2003 sets out a programme of work that aims to build the capacity of Regional Secretariats over a five-year period. It was appraised in November 2004. The positively appraised components are outlined below.

6.3.1 New Structure

Act 19 of 1997 will be updated in line with the spirit of decentralisation and the Institutional Strengthening Programme (ISP) for Regional Secretariats. The new structure will reflect the important role the Regions have in terms of managing information through the meso-level.

6.3.2 ISP Human Resources Component

A qualification appraisal will be conducted for all staff. Salaries for critical staff will be covered by the ISP for the first year. Thereafter this arrangement will be reassessed in light of decisions which will have to be taken on the modalities and practicalities of integrating Zonal Reform Team personnel into Regional Secretariats.

6.3.3 Working Tools

Vehicles will be provided to the Management Support Cluster of each RS as well as basic computer and other equipment for the general resource centre. This level of upgrading will at a minimum ensure the Management support Cluster has adequate facilities in order to support LGAs for improving planning, financial management and HR organisational support.

6.3.4 ISP Interrelationships Component

Work will be completed to strengthen the interrelationships between sectors, RS and LGAs through support to key analytical work and related dissemination and training. The purpose of these studies will be to better define the role of the RS in sector programmes and sectors generally. This component will be contracted out.

6.3.5 ISP Performance Management Component

The Performance Management System (PMS) has already been introduced to Regional Secretariats through the Local Government Reform Programme (LGRP). This component is designed to build on achievements to date and further embed the concept of performance management across all Regional Secretariats.

6.3.6 ISP Knowledge and Skills Development Component

The ISP will upgrade RS staff skills levels by the provision of basic capacity building grants and associated guidelines to RS for management of training. The overall objective will be to address the knowledge, skills and attitudinal weaknesses identified. It will provide leadership training, planning and financial management, computing, mainstreaming gender issues and sector specific courses as appropriate

6.3.7 System for RS Support to HR/OD in Local Government

This component will specifically target the TA, Local Government Administration. A review of the functionality will be carried out, guidelines will be prepared as well as manuals which will be disseminated during training sessions. This will improve the way HR functions at LGA level are undertaken and also improve RS oversight capabilities.

6.4 Improved management of the critical interfaces

There has been confusion as well as resistance to the role of PO-RALG as the manager of interfaces between other Ministries and local government authorities. As a result, there have been mixed messages and PO-RALG has often been sidelined as for example, sector policy is communicated directly to LGAs. In order to improve the situation a new Division has been established charged with the task of formulating policies in close collaboration with other Ministries as well as representing LGA level experiences. The following outputs have been designed to complement this new initiative.

6.4.1 Co-ordination Strategy

A strategy to provide the framework for the development of sector policies and their dissemination to LGAs is required to clarify PO-RALG and sector ministry relationships and roles and their linkages to LGAs. The strategy will provide the foundation for the effective operation of the new Sector Coordination Division and is fundamental to building its capacity. A consultant will be contracted to work with DSC and sector ministries.

6.4.2 Co-ordination Forum

Representatives from sector ministries as well as administrative and central ministries will come together quarterly in a newly established PO-RALG co-ordination forum. The forum will provide an opportunity for PO-RALG staff to influence government colleagues from other ministries on decentralisation as well as providing a structured environment in which to formulate policies and set standards having been informed by the reality of local government operations.

6.4.3 Service Delivery Standards

One of the first outputs of the Co-ordination Forum will be to agree standards between PO-RALG and other ministries. PO-RALG, in collaboration with RSs will thereafter agree standards and targets with LGAs, which are realistic and affordable. Standards will be more than simple indicators and will include the behaviour of public servants as well as other employees working in service delivery outlets.

6.4.4 Service Delivery Standards Monitoring System

Once standards and targets have been set they have to be monitored. A simple system will be developed based on existing components (PlanRep and LGMD) of PO-RALG's MIS. Information will then be disseminated to other ministries. There exists the potential in the future to incorporate this information into the Local Government Capital Development Grant (LGCDG) system thereby incentivising good performance and penalising bad.

6.4.5 Reporting Formats

Standard and customised reporting formats for LGAs have already been designed. They will be revisited in order to satisfy the needs of sectors as well as PO-RALG. They will place minimal demands on staff and will take advantage of modern computer technology. By so doing, unproductive duplication can be eradicated and better reporting formats will be better utilised by LGAs, RSs, PO-RALG and other ministries. The Co-ordination Forum will take up the issue of harmonising reporting requirements.

6.5 Improved support to LGAs by PO-RALG and Regional Secretariats

Tanzania, is a unitary state. Whilst the Government's commitment to decentralisation by devolution is unwavering, LGAs cannot assume greater responsibilities without behaving responsibly. The capacity of some LGAs is very weak. Without compromising the autonomy of LGAs, PO-RALG will provide a clear policy framework, capacity building opportunities, as well as reserve the right to closely monitor legal obligations and policy adherence. This will require better support to be provided by PO-RALG and Regional Secretariats.

6.5.1 The Inspectorate

Under the new organisational structure for PO-RALG there is a dedicated section responsible for undertaking inspections. These will be carried out in collaboration with RSs and representatives from MoF and sector ministries. Policy adherence, legal compliance, fit for purpose, and value for money will be the main criteria for inspection. Simple systems and procedures need to be designed and put in place. Thereafter, staff need to be trained. The setting up of the Inspectorate is an important priority for PO-RALG. Its work will also inform the operations of LGSP as well as the wider LGCDG.

6.5.2 Harmonised Systems, Methodologies, and Approaches

A plethora of different policies, approaches, methodologies and systems have been introduced in recent years. This has negative consequences for Government efficiency and has implications for ownership and commitment. One example is the number of planning, budgeting and reporting formats annually despatched to LGA's. Their number currently exceeds ten. In order to address the situation a systematic process of harmonisation will be embarked upon. The seriousness PO-RALG attaches to harmonisation is demonstrated by the recent move to establish a section under the Division of Organisational Development, which will be charged with the task of taking this agenda forward.

6.5.3 Critical Skills for LGA Service Delivery Training

Critical skills for service delivery, remains an issue for some LGAs. Skills gaps will be identified and training provided. While the identification of skill gaps will be undertaken in-house, the Capacity Building Programme will enable PO-RALG and the RSs to oversee the implementation of the training programme.

6.5.4 Planning and Management Guidelines (PMG) in RSs

Following restructuring of RSs their operations will be guided by the already developed Planning and Management Guideline (PMG). The guidelines will need to be reviewed and updated, together with RS job descriptions, in order to accommodate the new structure. DRA will be provided with funds to undertake the exercise collaboratively with RSs. It will screen proposals and oversee training.

6.5.5 Client Service Charters in LGAs

The Public Service Reform Programme in 2000 introduced client/service charters for all Ministries, Departments and Agencies (MDAs) as a component of the Performance Improvement Model (PIM). The charter formalises a contract between service providers and clients. PO-RALG, plans to extend this approach to all LGAs where agreements will be reached with service users. The client/service charter will then be disseminated and performance monitored by service users themselves.

6.5.6 Disaster Management Plans in LGAs

Whilst guidelines for the formulation of Disaster Plans have already been prepared by the Office of the Prime Minister, they are intended for central government not local. The guidelines will be modified for local government use. Thereafter, under the Division for Local Government, disaster management plans will be prepared nationwide. LGA plans will in turn be consolidated into regional. The training of a ToT team and improving the guidelines will be contracted out.

6.6 Comprehensive information flows

Broader improvements in the performance of PO-RALG are dependent on significant progress being made in the area of information management. Rational decision-making cannot take place in an information void or under circumstances where information is unreliable. The new management information system being developed places PO-RALG at the very heart of the Government's information network. Systems have been developed where physical implementation and financial expenditures by LGA's can be closely tracked. PO-RALG, is responsible for collating routine data as part of the national poverty monitoring system. Further investments need to be made in people, equipment and systems.

6.6.1 MIS in PO-RALG, RSs and LGAs

A Management Information System has already been designed and is partly operational. There are three elements to the system; PlanRep, LGMD, and a Legal Database. A micro version has been designed for LGAs. Regional Secretariats will be able to drill-down into individual LGA systems as well as consolidating LGA data into regional through the process of aggregation. The PO-RALG version of the system is capable of further aggregation to the national level. A second wave of training will take place aimed at poor performing LGAs. Software improvements will be made and further components added as capacity is built.

6.6.2 IT Infrastructure

Ultimately, all LGAs will be connected to PO-RALG through each Regional Secretariat. This is a daunting task. Essentially it will mean that all LGAs will be connected to the Internet and will be able to communicate with PO-RALG through the MISs and the private section of the Website. Service providers will be accessed through wireless systems or leased lines.

6.6.3 Software Packages

The main components of the MIS have been designed primarily for LGAs in order to assist planning, budgeting, reporting and monitoring. It is anticipated that once the MIS is up and running and as capacity is built that demand for new components will increase. This is already the case with some more progressive LGAs where requests have been made already for appropriate software to be developed to enable accurate records of, for example, property tax to be kept.

6.6.4 IT Training Programme for PO-RALG staff

Staff in PO-RALG, with an initial focus on DLG and DRA, will be trained in computer-based IT systems and data management. They in turn will become trainers as they share their expertise with Regional Secretariats and LGA's. Once MISD has assessed the training needs a specialist training institution will be contracted to design courses and undertake the training itself.

Two types of courses will be designed;

1. Training on 'mainstream' computer applications at an introductory and intermediate level
 - a. Introduction to word processing and spreadsheets
 - b. Intermediate on word processing/desk top publishing, spreadsheets, database, and project management.
2. Training on specific information systems introduced into PO-RALG, for example the M&E systems covering both data entry and management and analysis.

6.6.5 Technical Support Facility for PO-RALG, RSs and LGAs

MISD will establish a technical support capacity in order to respond to problems and issues from users in PO-RALG, RSs and LGAs. For year's one and two this service will be contracted out. During that period PO-RALG staff will be trained so that from year three onwards it will take control. Backstopping support will still be available through consultancy until the conclusion of the programme. Communications with LGAs will be by telephone and fax as well as radio-call. For those LGAs with web-based connections (currently around 20%) it will take place electronically. Most Regional Secretariats (80%) already have this facility.

6.6.6 PO-RALG Internal Monitoring System

A consolidated monitoring system will be developed to track PO-RALG's own performance against service delivery agreements with clients and stakeholders. This will be undertaken by MISD in-house, however, any funding requirements additional to regular budget provision can be financed under the Programme.

6.7 Improved communication, education and advocacy

Resistance to change processes does not always stem from fear that ones own position may be undermined or power eroded. It may also result from misunderstandings. In order educate and advocate on the subjects of PO-RALG and broader decentralisation issues, a comprehensive approach will be developed. This will target schoolchildren and students, as well as the general public, and public servants. The approach, which will adopt modern communication methods, such as the Internet, will be supplemented by more traditional interventions such as library and information centre services. In Year One, LGRP will develop an IEC strategy through the D by D Reference Group and in collaboration with LGSP. A full-time TA will be seconded through LGSP to the IEC Unit, charged with the task of building capacity in advance of the integration of the IEC strategy. The TA will also support additional design work contained in the MTP.

6.7.1 IEC Strategy

The new IEC Unit will be responsible for launching a concerted and sustained campaign to build awareness and understanding of the Government's Decentralisation by Devolution policy among the public. The first step will be to develop a framework IEC strategy that identifies the different audiences to be reached and different IEC approaches, and methodologies to be adopted. The Local Government Reform Programme (D-by-D Reference Group) will initially take the lead, supported by the LGSP TA. Thereafter, in year two the IEC Unit will take over with backstopping support provided through consultancy.

6.7.2 Media Strategy

A media strategy will be designed so that the best use will be made of opportunities to transmit PO-RALG's messages. This will build on existing work currently being undertaken by LGRP, such as weekly radio broadcasts. Funds will be required to contract specialist expertise to design and launch this initiative.

6.7.3 Library

The existing library facility is small and under-resourced. With the expansion of PO-RALG in terms of staff and activities, there will be a growing demand for library services. Funds will be provided to conduct a needs survey to determine the size of demand, to procure a stock of books and reference materials. Technical assistance will be provided to install a computerised classification / loaning system.

6.8 Good Governance

One of the most effective ways to strengthen the capacities of the state is through the construction of an honest, efficient and effective, in other words accountable, bureaucratic apparatus. If PO-RALG could oversee the creation of meaningful dialogue and relationships between LGAs and their client base, this would represent a potent, and potentially sustainable governance approach to capacity building. As co-ordinator of local government, PO-RALG's capacity needs to be built first. Two strategies will be employed by PO-RALG. The first is broadly top-down and includes inspectorate functions covered elsewhere in this strategic plan. The second is broadly 'bottom up'. This will include elements of training as well as activities aimed at constructing healthy relationships between local government and civil society. Citizens will be empowered to oblige local government to uphold the rule of law and fulfil its promises, particularly in relation to service delivery and the use of public funds

6.8.1 Ethical Behaviour Programme

A programme that aims to construct healthy relationships between elected local government, their staff and civil society will be put in place. One early initiative will be to run sensitisation programmes on ethical behaviour for elected leaders and public servants. A consultant will be hired to work with DRA, DLG and ODD to design suitable training materials and to train PO-RALG and RS officers as trainers who can take the training to LGAs.

6.8.2 Anti-Corruption Strategies

Staff from PO-RALG and RSs will be trained as ToTs. Thereafter they will facilitate the preparation of anti-corruption strategies in LGAs. These will not be toothless plans that never see the light of day. Strategies will be broad-based and will involve appropriate civil society groups and organisations.

6.8.3 Improved System for Answering Parliamentary Questions

The Division for Policy and Planning is responsible for preparing answers to Parliamentary questions relating to local government. Poor record keeping, communications difficulties coupled with an imperative to provide responses quickly makes this an onerous task. In order to improve the situation a database will be developed as well as internal linkages made to existing components of the MIS. This will permit access to detailed LGA records without having to go through the exercise of repeated phone calling to people who often do not provide quality information.

6.8.4 Complaints Procedure

Complaints originating far away from Dodoma often result in delegations making camp outside the office of the Director for Policy and Planning for days on end. This is clearly unsatisfactory for all. A simple but effective system will be developed building on what is there already. PO-RALG, will only become involved where an issue is very serious or where it cannot be resolved locally. The resolution of issues locally will be encouraged and simple guidelines produced for both LGA staff and service users. In addition handouts explaining how the system works and who is responsible at each level will be prepared and disseminated.

6.8.5 Co-operation Agreements with Civil Society Organisations

Areas for collaboration, such as public expenditure tracking surveys (PETS) where service users are encouraged to monitor the use of public finances, will be identified. An inventory of civil society organisations will be prepared and co-operation agreements entered into with those organisations identified as having sufficient competence in PO-RALG areas of interest.

6.8.6 Poverty Audits

An approach to poverty auditing has already been developed by PO-RALG. It has been rolled-out to all Regional Secretariats. With the advent of MKUKUTA the approach will be refined. Thereafter, annual audits will take place in order to establish whether the reality matches the rhetoric of poverty reduction at local government level.

6.9 Logical Framework

The Logical Framework follows.

PO-RALG / RS CAPACITY BUILDING LOGICAL FRAMEWORK

| | | | |
|-----------------|--|---|---|
| Goal | To champion decentralisation by devolution and to create the requisite conditions for LGAs to deliver quality services efficiently and equitably | Assumptions 1. Government policy and strategy on D-by-D remains unchanged | OVI 1) 50% of capital development grants disbursed below LGA level by 2008 2) Satisfaction Ratings (CWIQ) from sample increased |
| Purpose | Increased capacity of PO-RALG and Regional Secretariats to perform mandated functions | 1. Adequate financing available 2. Public Service pay reforms implemented | 3) % of PO-RALG officer grade and above staff meeting performance targets (OPRAS) increased from 0 to 95% by 2010 4) % of RS staff meeting performance targets (OPRAS) increased from 0 to 95% by 2010 5) 75% of service delivery agreements achieved between PO-RALG and Ministries by 2008 6) 75% of LGAs passing LGCDG Annual Assessments by 2008 7) 100% of LGAs with functioning MIS by 2010 |
| Outcomes | 1. Improved performance of PO-RALG staff | Outputs | 1.1 Vacant posts filled by qualified people 1.2 New office space secured 1.3 Change management teams trained and functioning 1.4 In-service training programme designed and implemented 1.5 Staff coaching programme designed and implemented 1.6 Staff incentive scheme introduced 1.7 Hombolo LGTI operationalised |
| | 2. Improved performance of Regional Secretariat staff | | 2.1 New structure for Regional Secretariats operationalised 2.2 ISP Human Resources component implemented 2.3 Appropriate working tools provided 2.4 ISP Interrelationships component implemented 2.5 ISP Performance Management component implemented 2.6 ISP Knowledge and Skills Development Component implemented 2.7 System for RS support to HR/OD in LG in place |
| | 3. Improved management of the critical interfaces between Sector, Central, and Administrative Ministries as well as Development Partners and PO-RALG, RSs and LGAs | | 3.1 Co-ordination strategy designed and implemented 3.2 Co-ordination forum established 3.3 Service delivery standards between Sectors and PO-RALG and PO-RALG and LGAs agreed and operationalised 3.4 Service delivery standards monitoring system introduced 3.5 Reporting formats agreed with sectors and introduced |

PO-RALG / RS CAPACITY BUILDING LOGICAL FRAMEWORK

| | | |
|--|--|--|
| 4. Improved support provided to LGAs by PO-RALG and Regional Secretariats | | <ul style="list-style-type: none"> 4.1 Inspectorate trained and functioning 4.2 Systems, methodologies and approaches harmonised 4.3 Critical skills for service delivery training programme implemented 4.4 PMG operationalised 4.5 Client service charters introduced in LGAs 4.6 Disaster management plans introduced in LGAs |
| 5. Improved information flows developed and sustained between LGAs and Regional Secretariats, through PO-RALG to Sector, Central, and Administrative Ministries and other stakeholders | | <ul style="list-style-type: none"> 5.1 MIS operationalised in RSs and LGAs 5.2 Appropriate infrastructure installed at all levels 5.3 IT training programme for PO-RALG staff designed and implemented 5.4 Technical Support Facility established for PO-RALG, RSs and LGAs 5.5 PO-RALG internal monitoring system designed and introduced 5.6 Appropriate software packages to be deployed by PO-RALG, RSs and LGAs designed and introduced |
| 6. Improved communication, education and advocacy of PO-RALG and decentralisation | | <ul style="list-style-type: none"> 6.1 IEC strategy designed and implemented 6.2 Media strategy implemented 6.3 Library upgraded |
| 7. Principles of good governance adhered to at all levels of local government | | <ul style="list-style-type: none"> 7.1 Ethical behaviour programme (elected and public servant) implemented 7.2 Anti-corruption strategies implemented 7.3 Improved system of answering Parliamentary questions set up 7.4 Complaints procedure operationalised 7.5 Co-operation agreements with civil society organisations established 7.6 Poverty audits conducted |

Milestones

- 1 178 vacant posts filled by June 2006
- 2 New structure operational by June 2006
- 3 Co-ordination Forum operational by December 2005
- 4 Inspectorate functioning by December 2005
- 5 Technical Support Facility functioning by December 2005
- 6 Strategy in place by December 2005
- 7 System for answering Parliamentary Questions in place by June 2006

7 PART 3 – MANAGEMENT

7.1 Risks and Risk-reducing Strategies

- 7.1.1 Large complex reforms are by their nature risky. The justification to invest is that returns are likely to be very high if the programmes are successful. This is the case with the Local Government Reform Programme. Risks are numerous, but the potential returns in terms of improved service delivery and poverty reduction are very high. They are outlined in the table below, which also includes the risk reducing strategies, an assessment of the likely impact of the risk (low/medium/high) as well as a best guess as to whether they are likely to happen during the life of the programme is also highlighted. Following the risk reducing strategies (second column from the right) the final column makes cross-reference within this MTP to sections where further details are provided on the risk reducing strategies.
- 7.1.2 The most significant risks centre around the decentralisation by devolution agenda, the systemic issues and PO-RALG capacity building. If D-by-D is not embedded in broader Government then reforms at best will be delayed and derailed and at worst will fail. The D-by-D Reference Group will be charged in the short term with taking the agenda forward. Several other avenues will be embarked upon by PO-RALG, supported by Programme Management, to pursue linkages and consistency with the core reform programmes, as well as endorsement by the key central and sector ministries of the D-by-D agenda (see section 2.3 above). The constitutional amendments will further ensure that there is a national binding policy framework, which will warrant mandatory review and harmonisation of central and sector laws.
- 7.1.3 Under fiscal decentralisation, if significant capital development investment is made in the future to local government outside the LGCDG system, it will become compromised. The World Bank is planning to finance programmes in Tanzania which are large scale and contradictory in terms of their policy approach. Water and sanitation grants are soon to be disbursed to LGAs without reference to qualification or the LGCDG system. The World Bank will feature strongly on the list of Agencies to be influenced. Much work also needs to be done within government. The Ministry of Finance and PO-PSM have to bring budgetary procedures in line with formula based systems.

- 7.1.4 If human resource autonomy fails to be enshrined in both law and practice then one of the three pillars of decentralisation will have crumbled. The present confusion suits nobody. If LGAs are prevented from 'hiring and firing' then anticipated service delivery gains are unlikely to happen in the medium term. Performance management systems that are currently being rolled-out in Regional Secretariats and LGAs at the moment will also fail if the employer administering the system is unable to penalise poor performance or reward good performance.
- 7.1.5 The HIV and AIDS pandemic is already undermining HR investments in training. There is little LGRP can do to change the overall situation, but it can tackle specific, related issues in the workplace. A campaign programme has been designed and will be implemented.
- 7.1.6 If sector ministries prove unwilling to amend laws in line with decentralisation then the reforms will fail. This is closely linked to the success of the D-by-D outcome area. As a part of championing D-by-D nationally the Reference Group and the interventions outlined under its responsibility also include getting endorsement for the D-by-D agenda from the highest levels within the key sector ministries. The continued work of the legal harmonisation task force, including awareness creation as well as the provision of technical support, are essential complimentary interventions for effecting legal harmonisation. Further, the new Sector Co-ordination Division in PO-RALG, charged with the task of influencing other MDAs, will also contribute positively to harmonisation.
- 7.1.7 Financial mismanagement in LGAs remains a risk. New systems have been designed and will be operationalised. Anti-corruption strategies will be designed and implemented and the new PO-RALG Inspectorate will make routine and spot-checks.
- 7.1.8 Enabling civil society to hold the LGA leadership accountable is a very important element of the local government reform. Mechanisms for accountability will be developed, important decisions and information will be publicly displayed and awareness creation will continue.
- 7.1.9 The location of PO-RALG in Dodoma has been cited as one of the reasons why recruitment and retention remains a problem. Perhaps more significant is the issue of pay. If improvements in pay are not seen in the short to medium term then this is likely

to be a significant disincentive for qualified people to either join or stay in PO-RALG. In order to reduce the risk an incentive scheme (both financial and non-financial) will be designed. A further incentive for joining or staying in PO-RALG is the major capacity building programmes.

7.1.10 Significant capacity building will take place within PO-RALG to take over from the LGRP. If the capacity building programme fails, the whole local government reform process is at risk. The programme is paying full attention and giving high importance to the capacity building linked to a gradual mainstreaming of LGRP responsibilities within PO-RALG. A full time advisor and outcome manager are dedicated to taking the capacity building programme forward and the job-descriptions of remaining advisers and outcome managers will be adjusted to include support to PO-RALG for mainstreaming.

7.1.11 Risks will be reviewed annually and strategies re-developed as required. The matrix is presented overleaf.

RISKS AND RISK REDUCING STRATEGIES

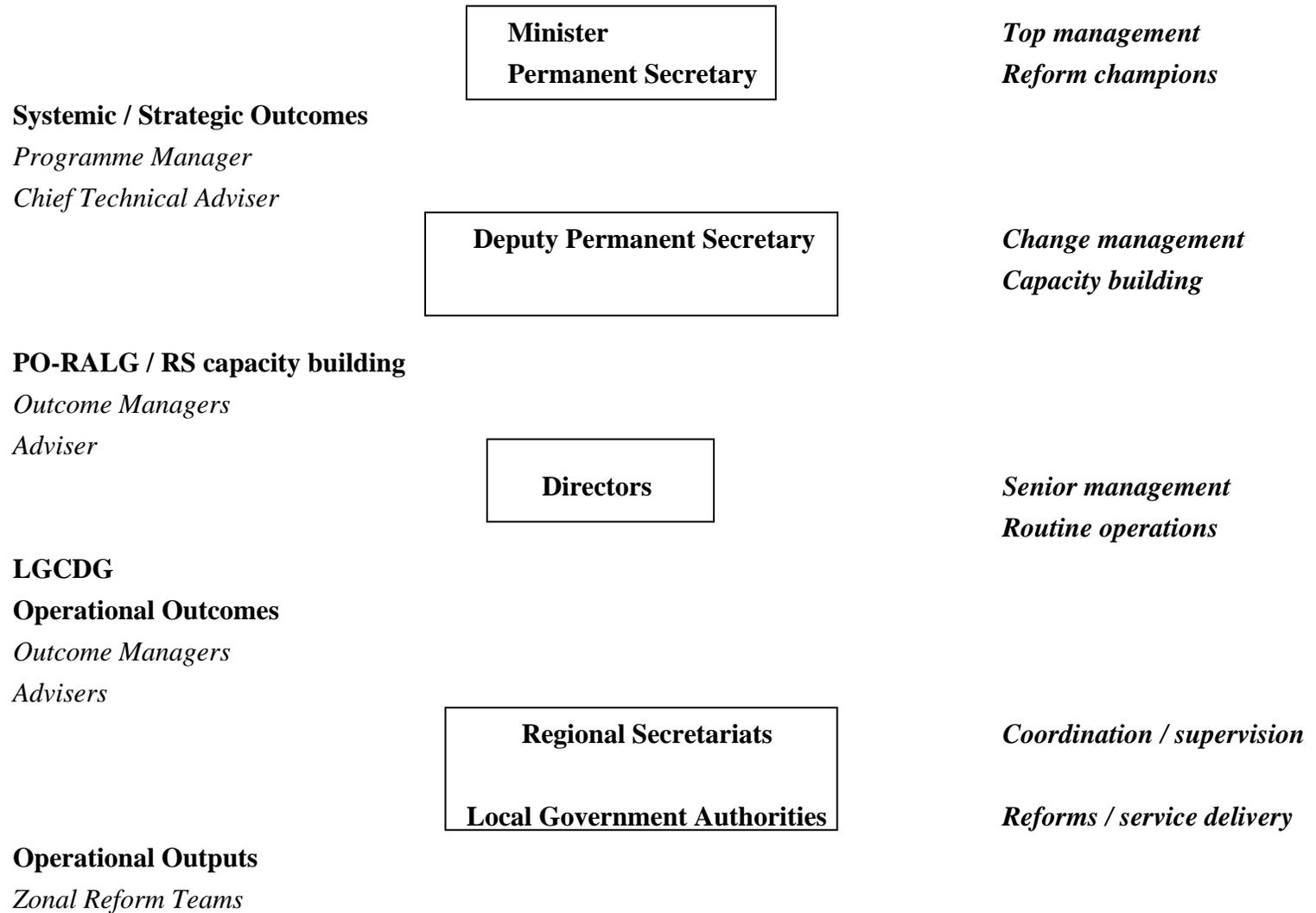
| Outcome | Risk | Classification (low/medium/high) | | Risk Reducing Strategies / interventions | MTP reference |
|---------------------------------------|---|----------------------------------|-------------|--|--|
| | | LIKELY IMPACT | PROBABILITY | | |
| Decentralisation by Devolution | 1. Some central and sector ministries resist embedding of D-by-D | High | High | Harness high-level government support for D-by-D to overcome resistance Develop advocacy and information strategies Amend the constitution to embed D by D as a binding national policy framework | See Section 2.3 and section 5.2 D by D Outcome area, all outcomes and all outputs. (Development of this area will continue) See section 5.5 Outcome 4.1 |
| Fiscal decentralisation | 2. Investments by bilateral and multilaterals made outside LGCDG to LGAs | High | Medium | Influence both bilaterals and multilaterals directly through the members of the CBFSC | See section 5.3.3. Outcome 2.3 |
| | 3. MoF and PO-PSM fail to bring budgetary procedures in line with formulae based systems | High | Medium | Influence both MoF and PO-PSM directly through the Fiscal decentralisation Taskforce and the PER | See section 5.2.2 and 5.2.3 Outcome 2.2, |
| | 4. Fiscal arrangements commensurate with responsibilities are not agreed and implemented | Medium | Medium | This is likely to result in unfounded mandates and therefore reduction in accountability. Make this clear in work on allocation of funds to sectors that they must be linked to affordable service standards, not targets. | See section 5.2.2 Outcome 2.2, |
| Human resources | 5. The HIV/AIDS pandemic significantly reduces the stock of trained human resources | High | High | Collaborate with TACAIDS and PO-PSM Introduce the institutional component of HIV transfer training programme in full consultation with TACAIDS | See section 5.4.6 Outcome 3.6 |
| | 6. Qualified staff leave for better employment | Medium | High | Influence PO-PSM and Treasury to effect pay reform Design incentives to make employment in LGAs attractive Improve welfare provisions | See section 2.3 (Programme management participating in PSM PER working Group) Outcome 3.2, |
| | 7. HR autonomy fails to be enshrined in both law and practice | High | Medium | Collaborate with and influence PO-PSM to amend the PSA regulations | See section 5.4.2 Outcome 3.1, See Section 5.5.3 Outcome 4.3, |
| | 8. Nepotism, tribalism and cronyism influences recruitment | High | Low | Promote full transparency and strict adherence to the recruitment procedures in the PS Staff Regulations 2003 | See section 5.4.5 Outcome 3.5 |
| Legal | 9. Unwillingness of sector Ministries to amend laws in line with decentralisation by devolution | High | Medium | See D by D above Continue consultations through the Legal Harmonisation Task force Sensitise and create awareness among the ministries Provide technical support to the ministries | See section 5.5 Outcome 4.3, |

| | | | | | |
|---------------------------------------|---|------|--------|--|--|
| Governance | 10. Corruption in local government is not significantly curbed | High | Medium | Introduce anti-corruption strategies Roll-out new financial control systems Activate the PO-RALG Inspectorate | Part 2, Outcome 7, Outcome 5, Incl. Finance Outcome 2.5, Part 2, Outcome 4, (also supported by Finance outcome area) |
| | 11. Civil society don't receive information on decisions taken by the council (no opportunity for accountability) | High | Medium | Continued involvement of the NGO policy form and other national level for a in LGR key events Develop appropriate reporting formats as part of LGAs MIS Publicise LGCDG Annual Assessment results Continue awareness creation | See section 5.7 Outcome 6.1, all outputs Outcome 2.3, Outcome 6.4, |
| PO-RALG / RS Capacity building | 12. Public service pay reforms are not effected | High | High | Influence PO-PSM and Treasury to effect pay reform Design both monetary and non-monetary incentive schemes (the PO-RALG capacity building programme and targeted recruitment with promotions) | See section 2.3 (Programme management participating in PSM PER working Group) Part 2 of the MTP Section 6.2.6 Outcome 1, |
| | 13. Inability of PO-RALG to absorb elements of LGRP and champion reforms | High | Medium | Implement the PO-RALG capacity building programme Agree milestones for integration Change advisers and outcome managers job-description | Part 2 of the MTP See section 3.2.5 See section 7.2 |
| | 14. Budgetary support processes lead to a drying-up of CB investment | High | High | Present the argument to bilaterals that developing governments do not prioritise reforms and additional funds and facilitation is required Negotiate early with MoF on increased allocation of the national budget for PO-RALG and LGR | See section 6.1 |
| | 15. Key staff shortages in PO-RALG and RSs | High | Medium | Engage in an active recruitment campaign Design both monetary and non-monetary incentive schemes (as previously mentioned) | See Part 2 Outcome 1, Part 2 of the MTP Section 6.2.6 Outcome 1, |
| | 16. Once capacitated RSs become overbearing in relation to LGAs | High | Medium | Implement the positively appraised components of the ISP.(interrelationships component) Change Act 19 of 1979 | Part 2 Outcome 2 |

7.2 Management structures and responsibilities

- 7.2.1 The management unit of LGRP was designed as a small, flexible organisation, with a non-hierarchical / flat structure, responsive to the changing demands of the Programme. Although working within PO-RALG, this structure enabled certain flexibility of operations normally not available to a government bureaucracy. It proved suitable for implementing the Programme during the initial phases of the reforms, but at the beginning of this stage of consolidation, ownership and long-term implementation will become more important considerations than flexibility. During this MTP period then, the mainstreaming of LGRP into PO-RALG will be effected. As noted above, effective mainstreaming will require capacity building of PO-RALG and Regional Secretariats.
- 7.2.2 The challenge then for the LGRT in the coming three years is to continue to manage the implementation of the Programme while at the same time assisting PO-RALG to build capacity to take over the reform implementation. In order to do this, LGRT will closely align itself and work with PO-RALG at different levels, and gradually hand over responsibility for implementation to counterpart PO-RALG staff. The mainstreaming process is quantified to some degree in the milestones in section 3.2 above. The new structure of PO-RALG is well designed to take on board its new responsibilities, including D-by-D, as set out in its strategic plan (see Part 3 above). The following outline schematic representation chart shows roughly the responsibilities and linkages involved. The Review Report made a number of recommendations on responsibilities within LGRT, and these were accepted and are reflected in the chart.
- 7.2.3 Programme Management will review current work practices within the LGRT in light of the new situation. Appropriate Outcome Managers and Advisers will be posted to PO-RALG headquarters in Dodoma.
- 7.2.4 All LGRT job descriptions will be reviewed and amended to take account of the new, outward-looking D-by-D approach and the above mainstreaming requirements.

PO-RALG and local government reforms – outline schematic representation



- 7.2.5 LGRT senior management must become more outward looking in concentrating on the higher level systemic issues. Therefore its focus will be on supporting PO-RALG senior management in taking forward D-by-D and the identified systemic issues. In addition the relevant Outcome Managers and Advisers in the systemic areas will provide support through their higher level Outputs.
- 7.2.6 Responsibility for mainstreaming will be shared between PO-RALG and LGRT. PO-RALG, while building its capacity, will begin to take on the additional responsibilities and tasks. LGRT will provide ongoing support through its existing managers and advisers. In addition, LGRT will provide specific support to PO-RALG / RS for the capacity building programmes, and it is anticipated that this support will be managed by the Deputy Permanent Secretary, who will have direct responsibility for managing the major change process and the capacity building programmes. The LGRT will initially provide the secretariat for the change management / capacity building programmes under the direction of the DPS. As this process moves forward, PO-RALG will decide on the level and duration of ongoing support it requires from LGRT personnel. It will have flexibility in this regard as all LGRT staff are employed on short-term, renewable contracts.
- 7.2.7 Further work is required, and scheduled, to inform decisions about how best to integrate the Zonal Reform Teams into the Regional Secretariats. While the Review Report recommended the recruitment of additional Zonal staff, it is felt that it is now more prudent to consider such staffing in the context of the Regional Secretariats' Institutional Strengthening Programme.

7.3 Monitoring and Reporting

The monitoring and reporting system of the programme is based on the MTP logical frameworks and the identified objectively verifiable indicators. The prime objective of the monitoring system is to measure progress with implementation of the programme itself and measure impact of the reforms at the various levels. The system will further provide information to support the decision-making processes of programme management. It should be kept in mind that the monitoring system described here is for the LGR *Programme* although selected performance indicators for councils are included. The LGRP monitoring system will be supplemented with information from

both the Poverty Monitoring system as well as the Local Government Monitoring Database. These latter two systems have a broader scope and focus also on improvements in service delivery in the various sectors. In addition a modified version of PLANREP, similar to the M&E database in use by PSRP, will be developed and considered for use in reports and accounts.

7.3.1 Monitoring

In terms of LGRP the programme will monitor progress with implementation of workplans, expenditure of allocated funds, passing of pre-set milestones and the improvements with regard to the objectively verifiable performance and process indicators. This will be combined with Programme management's overall assessment of progress with the broader embedding of decentralisation by devolution, linkages and collaboration with the other core reform programmes on progress with systemic reforms as well as consideration of the context and environment in which the local government reforms take place. More specifically the system include the following:

- Progress monitoring of the programme and achievement of the outputs (reporting on completed activities against planned).
- Provision of financial expenditure reports (reporting on actual expenditures against budgets).
- Provision of information on technical support at the district level as well as on performance of LGAs and how they respond to the ongoing reform initiatives (qualitative analysis).
- Collection of data for the agreed indicators for the goal, purpose and outcome levels of the Master logical framework (see below).
- Reporting on process indicators for collaboration with other key reform programmes on progressing essential steps for talking forward systemic reforms (please note that these indicators will be developed).
- Assessment of risks and the risk reducing strategies (are these successful) and tracking of assumption.
- Provision of information on the context and environments in which the local government reforms take place. This includes systematic collection of information about central government political and administrative follow-up of the local government reform.

The Objectively verifiable indicators that are included at goal, purpose and for each of

the interlocking logical frameworks will be compiled into a simple monitoring matrix. These indicators are partly repeated from the previous MTP, which ensures consistency in the monitoring of progress and partly new indicators that have been added. The principle for selecting these indicators remain as for the previous MTP, that they supplement other monitoring systems and that data must be accurate and easily collectable from existing sources. The baseline for this MTP progress monitoring will be 2005 and the indicators will be collected on a yearly basis. The respective outcome managers will be responsible for ensuring timely data collection, which will be organised through the ZRTs and through other sources as relevant.

Additional information on the general situation at the local level will be received through periodic debriefing sessions with ZRT staff to enlighten the LGRT on the effectiveness of the reform on the ground. These sessions will be used to refine the operational interventions of the programme as being implemented at the LGA level. The experiences of the field practitioners are important and ultimately will enhance realization of the reform efforts.

The monitoring system is small and manageable and should be seen as a supplementary element to the larger monitoring systems. There is also room for additional surveys and studies should certain issues require deeper examination.

7.3.2 Reporting

A system for reporting is in place and operational. The existing reporting format was developed in consultation with the funding partners and approved by the CBFSC. The reporting format is based on the logical frameworks and the derived annual programme and budgets. Six-monthly progress reports will be produced and presented to the CBFSC. An annual report will also be prepared which contains the two six-monthly reports for the particular year.

The six-monthly progress reports will include a management commentary prepared by the LGRP senior management, which provides the broad picture and progress of the local government reform. The management commentary will pay particular attention to the systemic outcomes and the overriding progress with the D-by-D process. This analytical section will be based upon management's involvement at the strategic level as well as on factual reports prepared by the Outcome Managers. The section will be

structured around the six outcome areas and will highlight progress with mainstreaming and the milestones set for this process. In this context it will also comment on progress in building the capacity of PO-RALG and the Regional Secretariats.

For each outcome the Outcome Manager will prepare a summary, which focuses on general achievements of the outcome, constraints experienced, action take to address constraints and milestones for the period passed or not. The summary will be supported by an actual outline of progress against planned activities based on the annual plan and budget. The Outcome Managers' sections will further be based on the monitoring reports from the ZRTs, hence reporting both on progress at council level as well as progress of the outputs. Reports from relevant taskforces will be fed into the summary.

The six-monthly report will also include reporting on the risks and determine whether they are emerging and being reduced by the programme's and risk reducing strategies. If required, suggestions for changes will be made for approval by the CBFSC. The assumptions will be assessed and conclusion made to whether they are still holding.

Finally, the report will have a separate chapter reporting on the PO-RALG and Regional Secretariat capacity building. This chapter will follow the same reporting format as outline above. The responsibility for this part of the report will rest with PO-RALG.

In addition to the established six-monthly report, Programme Management will prepare a short, issues-based report mid way through each six-month period for submission to the Joint Consultative Forum. This effectively means that stakeholders receive four reports annually, two detailed and two general.

It should be noted that national and local elections will be held in October 2005, and that this will adversely affect implementation capacity in a number of areas right into early 2006 as new national and local governments are installed. This, and the two holiday periods of July and December have been taken into account in the following indicative programmes. However, given that a number of key issues must be addressed during the period, and that new governments will be in place, it is planned to conduct a 'stock-taking' exercise in these areas, (e.g. D-by-D), towards the end of the six months. Programme management will carry out this exercise and present a report to a meeting of key stakeholders in December 2005. The outcome of this exercise will inform plans

for the following six months, and also feed into the planning of the APB July 2006 – June 2007.

7.4 Indicative Programme

7.4.1 The following work programmes are indicative only. They will be further elaborated and finalised under the annual programmes.

7.5 Indicative Budget

7.5.1 The budgets on the following pages are indicative only, and are derived from past experience with similar activities rather than accurate costings of identified activities and sub-activities. These will be identified and costed in the annual budgets.

7.5.2 The total indicative 3-year budget stands at TZS 65 billion, almost double the size of the MTP 2002 - 05. There are a number of reasons for this, and the main ones are as follows:

- The capacity building programmes for PO-RALG and Regional Secretariats have been anticipated from the beginning of the reforms, but have been in preparatory phase since 2002. Now the restructuring of PO-RALG has been completed and the two programmes are ready for implementation. Between them they account for over TZS 12 billion, more than 33% of the MTP 02 – 05 budget. They are seen as high priority and LGRP stakeholders have indicated that they should be funded through the Common Basket Fund mechanism (it was originally foreseen that they would be funded outside of the basket). Excluding this amount (12b.), the increase from one MTP to the next is in the region of 47%, which is explained largely by the reasons below.
- The reforms were initially implemented in 38 Phase 1 LGAs. During the past 3 years they have been extended gradually to cover more. This MTP sees the full roll out of the reforms to all 114 LGAs nationwide. So, for example, the roll out of the Epicor system, currently installed in 32 LGAs, is estimated at around TZS 6 billion, representing a substantial increase in the scale of funding.
- At the beginning of 2002 most training programmes were at the development stage, and some were targeted at relatively small groups, e.g. Council Directors. The costs of providing nationwide training programmes to larger groups are high, and spending has been increasing as more programmes have been developed and standardised. As we move ahead to train targeted groups nationwide, we see attendant large budgets, totalling over TZS 8 billion over the period of this MTP.
- During the 2002 – 05 period the restructuring process was completed in the 38 Phase 1 LGAs, and begun in the others. The major costs of completing the process in the remaining 76 (and 10 new) LGAs will be incurred during the first two years of this MTP, a total in excess of TZS 5 billion.

The above areas combined account for more than TZS 21 billion. All are areas that are agreed for implementation by stakeholders. The following notes give more details on the main individual high-cost outputs in this MTP.

7.5.3 Outputs that have significant (>5% of total budget estimate of TZS 60 billion) budgetary implications are analysed in the following paragraphs. These 6 outputs represent some 60% of total envisaged expenditure over the period of this MTP.

7.5.4 *Finance Output 2.5 – TZS 10.0 billion*

The following are the major elements within this indicative budget:

| Item | TZS billions | Comments |
|---|---------------------|--|
| Completion of Implementation of Epicor | 3.5 | 122 councils less 32 already implemented, less 20 from LGSP/DP funding = 70 @ \$50,000. Tailing off in 2007/08 |
| New Epicor Modules | 1.0 | Initially only commitments and budgetary control in 2005/06 but increasing towards end of period as Fixed Assets, Billing and Inventory brought in. |
| Design and install WAN linking all LGAs to the centre | 1.1 | Design of systems and procurement of equipment and training will be carried out during 2005/06. |
| Systems Support Unit Expenses | 0.4 | Only for 2005/06. After that time to be funded by MoF, though LGRP will still meet expenses for implementation in new councils. |
| ZRT training in financial management | 1.8 | Amount reducing in 2007/08 as ZRT FMS mainstreamed into RSs. Continuing activities will however be required. |
| Training in revenue enhancement | 1.4 | Amount reducing in 2007/08 as the existing programme runs down, but roll out of LGSP driven O and M best practices will require continuing activities. |
| Other | 0.8 | |
| Total | 10.0 | |

7.5.5 HRD Output 3.4 – TZS 8.2 billion

The following are the major elements within this indicative budget:

| Item | TZS billions | Comments |
|---|-------------------------|--|
| Preparatory LGCDG 'project cycle' courses | 0.2 | Course costs for 66 non-LGSP Councils. Only in 05/06 |
| VEOs/MEOs Training | 2.0 | 4,500 officers still to be reached by standard training programme. To conclude in 05/06 |
| 'Grass Roots' Training | 0.6 | Estimated 25,000 newly elected members of target group to be reached by standard training programme. To conclude in 05/06 |
| Heads of Department Change Management Programme | 1.9 | Design followed by delivery to 400 HoDs in 05/06. Remaining delivery to 800 HoDs in 06/07 |
| Manpower Management Officers Training | 0.6 | Delivery to Senior MMOs in 05/06. Extension to other MMOs in other 2 years |
| National Councillors' Training Programme | 1.5 | Estimated group of 1,200 to-be-elected Councillors to be reached by standard course. Preparations only in 05/06. Delivery 06/07 |
| 'Critical Skills' Training | 1.0 | Continuation of Records Management Training for 3 years. Also funding of professional accreditation review courses for LGA accounts staff. Legal officers course to be designed in 05/06 and rolled out in 2 following years. |
| Other | 0.4 | Ex-post evaluations of training courses. Support to capacity building aspect of LGCDG |
| Total | 8.2 | |

7.5.6 Restructuring Output 5.1 – TZS 5.3 billion

The following are the major elements within this indicative budget:

| Item | TZS billions | Comments |
|--|--------------|---|
| 'Restructuring Grants' to reforming Councils | 5.3 | Extension of full grants to remaining 86 LGAs @ TZS 80 million per LGA = 6.88 billion. Less sums already advanced. Significantly complete in 06/07. |
| Total | 5.3 | |

7.5.7 PO-RALG Output 7.1 – TZS 3.1 billion

The following are the major elements within this indicative budget:

| Item | TZS billions | Comments |
|--|--------------|---|
| New office space secured | 0.5 | Provision has been made acquire a building in Dar es Salaam in FY 2005/06 and conduct some rehabilitation/extension at the estimated cost of TZS 500m. |
| Change Management teams trained and functioning | 0.5 | A change management programme will be designed in 2005/06 estimated to cost about TZS 40.m and then on an annual basis about 30 people will be trained at an estimated cost of 4.8m per person. |
| In-service training programme designed and implemented | 1.2 | The programme will be designed in 2005/06 at the cost of Tshs.40m and the training will cost TZS 643.5 in 2005/06 and the figure declining to TZS 300m in 06/07 and Tsh.200m in 2007/8 |
| Staff coaching programme designed and implemented | 0.7 | In 2005/06, the programme will be designed at the estimated cost of TZS 40m and then in 2005/6 training estimated to cost TZS 321.5m will be conducted and in the next two years costing Tsh.150m annually. |
| Others | 0.2 | |
| Total | 3.1 | |

7.5.8 PO-RALG Output 7.2 – TZS 4.6 billion

The following are the major elements within this indicative budget:

| Item | TZS billions | Comments |
|--|---------------------|---|
| New structure for Regional Secretariats designed and operational | 0.9 | A consultant will be hired to work for a maximum of 80 working days @ TZS 500,000/= per day. A task force shall work with the consultant for 20 person days and a stakeholder workshop held during 2005/06. |
| ZRTs integrated into RSs and contract staff at RS level hired. | 1.5 | Provision has been made of hiring at least two contract staff per RS at the rate of TZS 2.4m @ 21 secretariats for all the 3 years. |
| Provision of appropriate working tools | 1.5 | A retooling plan will be developed during 2005/06 and provision has made to provide office equipment and vehicles at the average of TZS 72.0m per RS to cover all 21 over the 3 years period. |
| ISP inter-relationships implemented | 0.5 | A consultant will be hired to conduct analytical work for a maximum of 80 person days at the rate of TZS 500,000/= per day in 2005/06 and a stakeholders' workshop will be conducted. Then annually RS training sessions will be conducted at an estimated cost of TZS 6.0m per RS. |
| Others | 0.2 | |
| Total | 4.6 | |

7.5.9 Programme Management Output 8.1 – TZS 6.4 billion

The following are the major elements within this indicative budget:

| Item | TZS billions | Comments |
|--|-------------------------|--|
| Operation and maintenance costs for LGRP HQ and the 6 Zonal offices (etc.) | 4.4 | This figure includes utilities, rental, transport, communications, travel, equipment and materials for all LGRP staff. |
| Personal emoluments | 2.0 | Includes salaries and other staff costs for senior management and all accounting and support staff at HQ and in the zones, as per contracts. |
| Total | 6.4 | |

7.5.10 Indicative budget

The indicative budget follows.

7.6 Financing

- 7.6.1 At this stage Government and a sufficient number of development partners have indicated that they are willing to finance the MTP once they have approved it. At that stage a financing profile will be prepared and agreed.
- 7.6.2 Programme Management will work with the DPP in PO-RALG to earmark increasing contributions to LGRP financing from the Government budget over the period of the MTP. This will build on the significant increase in government contribution for 2005/06 and will be achieved through the PER/MTEF processes and engagement with Ministry of Finance and PO-PP.

7.7 Conclusion

- 7.7.1 This MTP has been prepared in a participatory manner. Like all such plans, it makes assumptions about the future. However, the assumptions and risks contained herein are specified, and the experience of developing and managing the previous MTP should result in a realistic, practical plan which will make a substantial contribution towards achieving our nation's goal of poverty reduction.