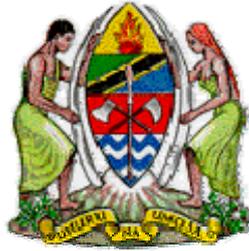


THE UNITED REPUBLIC OF TANZANIA



PRESIDENT'S OFFICE  
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

**Institutional Strengthening Programme (ISP)  
for Regional Secretariats  
Implementation and Management Guide**

FINAL DRAFT

Release 1  
October 2005

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## Abbreviations and Acronyms

AWP	Annual Work Plan
CAG	Controller and Auditor General
CB	Capacity Building
CBF	Common Basket Fund
CBFSC	Common Basket Fund Steering Committee
CBG	Capacity Building Grant
CDG	Capital Development Grant
CG	Central Government
DLG	Director of Local Government
DP	Development Partner
DPS	Deputy Permanent Secretary
FY	Financial Year (July-June)
GoT	Government of Tanzania
HR	Human Resources
HRCIS	Human Resources Compliance Inspection System
HRD	Human Resources Development
IA	Internal Audit
ID	Institutional Development
IFMS	Integrated Financial Management System (Epicor)
JAS	Joint Assistance Strategy
KPI	Key Performance Indicators
LG	Local Government
LGA	Local Government Authority
LGCDG	Local Government Capital Development Grant
LGRP	Local Government Reform Programme
LGSP	Local Government Support Project
LoA	Letter of Agreement
M&E	Monitoring & Evaluation
MKUKUTA	Mkakati wa Kukuza na Kupunguza Umasikini Tanzania (Swahili acronym for NSGRP)
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan (of LGRP)
NSGRP	National Strategy for Growth and Reduction of Poverty
O&OD	Opportunities and Obstacles for Development
OD	Organisational Development
PIF	Performance Improvement Fund
PO-PSM	President's Office – Public Service Management
PO-RALG	President's Office – Regional Administration and Local Government
PRS	Poverty Reduction Strategy
PS	Permanent Secretary
PSRP	Public Service Reform Programme
QWP	Quarterly Work Plan
RAS	Regional Administrative Secretary
RS	Regional Secretariat
SC	Steering Committee
TA	Technical Assistance
TAS	Tanzania Assistance Strategy

## **Preface**

[to be inserted by PO-RALG]

# Part 1 Introduction

# 1 Introduction to the Guide

## 1.1 Introduction

The vision<sup>1</sup> of the Regional Secretariat (RS) is “to strengthen its capability to offer a multi-skilled technical resource for (a) supporting local development initiatives to exploit community-identified opportunities and (b) linking central and local government”. A RS has two roles: administration and development. Administration refers to ensuring peace and tranquillity, representing central government and facilitating and assisting local government authorities. Development centres on building capacity within and supporting LGAs to deliver services. “There is growing acceptance that in a country the size of Tanzania, with limited communications technology, there is a crucial role for Regional Secretariats as the extended arm of President’s Office – Regional Administration and Local Government”<sup>2</sup>. There are twenty one (21) Regional Secretariats on mainland Tanzania, located in the Region headquarters.

The Institutional Strengthening Programme (ISP) for Regional Secretariats (RSs) has been developed to build capacity at the regional level of government to contribute to the efficiency and effectiveness of service delivery by government in a decentralised system. The overall objective of the ISP is to **improve the performance of the RSs and their staff**. The ISP is part of the overall Capacity Building Programme of the President’s Office – Regional Administration and Local Government (PO-RALG). The ISP is a five-year programme. The Government of Tanzania (GoT) and Development Partners have approved funding for the overall PO-RALG Capacity Building Programme from the Local Government Reform Programme (LGRP) Medium Term Plan (MTP) for 2005 - 2008. Thus, the ISP has funding for the first three of its five years, and features clearly in the MTP.

There has been considerable design and appraisal work behind the ISP as it appears in the LGRP MTP. The ISP has seven Outputs:

- 1. New Structure for Regional Secretariats Operationalised**
- 2. Human Resources Component Implemented**
- 3. Retooling for Regional Secretariats Provided**
- 4. Interrelationships between Sectors, RS and LGAs Strengthened**
- 5. Strategic Planning and Performance Management Implemented**
- 6. RS Knowledge and Skills Upgraded**
- 7. RS Support to HR/OD at LGA Levels Strengthened.**

The ISP/

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<sup>1</sup> PO-RALG *Restructuring Regional Administration Volume I – Planning and Management Guide*, July 2003.

<sup>2</sup> PO-RALG *Medium Term Plan and Budget 2005-2008*, June 2008.

The ISP will be implemented at two levels:

- at the RS level where every RS will develop and manage their own ISP Operational Plans and Budgets; and
- at the PO-RALG level where selected common activities need to be managed, and overall ISP management and reporting will be handled.

PO-RALG has prepared this Guide to outline the framework for implementation and management. This Guide should assist the RSs in particular. Implementation and management will follow the principles of project cycle management (PCM)<sup>3</sup>. PCM is usually described in terms of: identification (of project activities or interventions); planning and budgeting; implementation; monitoring and reporting (including audit); and evaluation and impact assessment. This Guide elaborates on all of this.

A number of documents have been used in preparing this Guide, including:

- specific ISP reports and appraisals, and strategic plans and budgets of PO-RALG and LGRP;
- standard Government of Tanzania (including PO-RALG) procedures, guides and manuals;

Appendix A lists all documents used in preparing this Guide as well as others that are specifically relevant to RS functions and institutional strengthening. Copies of these should be available in all RSs.

RSs<sup>4</sup> are part of PO-RALG. However, for the purposes of this ISP Guide, when 'PO-RALG' is mentioned it refers to the central parts of PO-RALG<sup>5</sup>. The RSs are mentioned separately.

## 1.2 Objective of the Guide

This document, the **Institutional Strengthening Programme for Regional Secretariats: Implementation and Management Guide** has been developed to **provide** a comprehensive guide for implementation of the ISP. The Guide brings together details of the ISP, from design and appraisal, and brings it up to date in line with the LGRP MTP and GoT standards and procedures that apply for implementing such a programme.

In doing so the Guide **presents** information on:

- ISP Outputs and how they are to be organised among PO-RALG and RSs; and
- Project cycle management for RSs to develop and implement their own ISP Operational Plans efficiently and effectively.

This Guide explains the ISP and all steps of the project cycle for the ISP. In doing so it describes roles and responsibilities, functionality of plans, budgets, reports, tools and timeframes. If any aspect changes during the life of the ISP, e.g. change in government systems for reporting, then this Guide can be readily updated.

This Guide is to be distributed within PO-RALG and to all RSs and they can immediately start to mobilise internally to prepare their own ISP plans.

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<sup>3</sup> Project Cycle Management (PCM) applies equally to programmes. Here project and programme are used interchangeably. The terminology and approach in Part 3 is consistent with the PO-RALG *Implementation and Operations Guide for the Local Government Capital Development Grants (LGCDG) System* (June 2005).

<sup>4</sup> The ISP does not cover Regional Administration (which would be the Regional Commissioner and staff).

<sup>5</sup> Permanent Secretary, Deputy Permanent Secretary, Divisions, Departments, Units, and the Local Government Reform Team.

The expected **result** of this Guide is that:

- (a) all RSs have their own ISP Operational Plans and Budgets that meet LGA and internal needs, are consistent with GoT standards, are approved and implemented, and
- (b) that PO-RALG and RSs are working jointly to deliver all the Outputs.

This Guide therefore provides an operational framework for planning, implementing and monitoring the ISP at the RS level. The Guide makes reference to procedures and manuals, where these exist, deemed to be adequate and appropriate for ISP. This Guide should therefore be used in conjunction with those mentioned. This ISP Guide does not seek to duplicate existing procedures or re-invent already established procedures. Instead the Guide reviews and makes reference to existing manuals relevant to implementation of the ISP.

The main **users** of this Guide will be PO-RALG and the RSs. The ISP for RSs will be of interest to stakeholders beyond PO-RALG and the RSs. This Guide will be freely available (in hard copy and on PO-RALG website for all Central Government (CG) and Local Government (LG) staff with an interest in the ISP, as well as Development Partners (DPs) and others. Local Government Authorities (LGAs) will be interested in the ISP because they rely on RS support for development and service delivery, and so will be interested in the specific ISP Operational Plan for their respective RS. Finally, this Guide may also be helpful for third parties contracted to deliver services under the ISP.

### 1.3 Structure of the Guide

The Guide is divided into three parts:

- Part 1 is the Introduction
- Part 2 describes the ISP, covering the Outputs, milestones, risks, budget, principles, institutional arrangements and responsibilities
- Part 3 describes how the ISP is to be implemented and managed, at RS level.

The Appendices contain reference materials and templates that are part of the ISP.

It must be acknowledged that some readers will have prior knowledge of the ISP and be familiar with it. In such cases:

- PO-RALG staff with ISP responsibility should focus on the responsibilities sub-sections of Part 2- Chapter 2, and Chapters 3- 6;
- RASs and RS staff should look at the same, plus Part 3.

#### Part 1 - The Introduction

Part 1 sets out the objective, scope and structure of the Guide, explains the policy context and background to the ISP and this Guide.

1. The *Introduction to the Guide* (this Chapter) outlines the rationale and objective of the Guide. The Chapter also defines the target group and presents the Guide's overall structure and logic.
2. The *Policy Context* presents the strategic context and decentralisation policies and programmes relevant to understanding the origins of the ISP.
3. Finally, the Chapter on *the ISP* introduces the ISP to equip readers (especially those new to the ISP) with sufficient background information on the ISP before moving onto Part 2.

## Part 2 – The Institutional Strengthening Programme

Part 2 describes the ISP using the original design, the appraisal, the MTP and the PO-RALG Capacity Building Programme to provide the detail.

1. The first Chapter is a brief introduction with the ISP *Objectives and Outputs*.
2. Chapter 2 covers all seven *Outputs of the ISP*, and identifies the main *responsibilities* of PO-RALG and RSs in respect of each ISP Output and activities. For each Output information is given on:
  - The **Output** along with explanation of the rationale for main activities and approach;
  - The main **Responsibilities** of PO-RALG and RSs for implementing each Output. RSs will use this to develop their own ISP operational plans;
  - The **Timeframe** for implementation;
  - The **Budget**, and how it is allocated to PO-RALG and RSs for each Output.
  - Suggested **Milestones** to be taken forward into RS ISP Operational Plans and Budgets.

The *milestones* for the Outputs are then summarised with those of the MTP/PO-RALG, and the same is done for the ISP *risks*. Additional risks for RS-specific ISP Operational Plans and Budgets are suggested.

3. Chapter 3 summarises the overall *ISP Budget* and some *key principles* for the implementation and management of the ISP at PO-RALG and RS levels.
4. Chapter 4 sets out the *institutional arrangements* at national level for the ISP operation and management. It covers the different bodies or institutions for the ISP and their organisation.
5. In Chapter 5 the *financial management* arrangements are described. The respective responsibilities of PO-RALG and RSs in respect of the budget, and access and reporting issues are highlighted.
6. The final Chapter, Chapter 6, covers the *monitoring and reporting* requirements and framework for the ISP, and introduces ISP *indicators*.

## Part 3 – ISP Implementation and Management Guide

Part 3 has been written for RSs to develop and implement their own ISP Operational Plans and Budgets. The Chapters in Part 3 are structured according to the main phases of a project (or programme) cycle. They are, in broadly chronological order:

- Identification (of activities or interventions);
- Planning and Budgeting;
- Implementation;
- Monitoring and Reporting;
- Audit;
- Evaluation and Impact Assessment.

The necessary processes and / or procedures for each step in the cycle are described in the individual Chapters. Each Chapter covers:

- i) the expected deliverables (or *outputs*) of each step in the project cycle;
- ii) how RSs should go about their *organisation* for that part of the project cycle, in terms of systems to use, tools available, and timeframes to be noted;

- iii) the main *responsibilities* that RSs (and PO-RALG<sup>6</sup>) have and how these relate to the Outputs (in Part 2 of the Guide);

Part 3 ends with a *summary* of key implementation and management requirements of the ISP for RSs. This is a checklist for reference.

## The Appendices

The Appendices form an integral part of the Guide and contain information or formats relevant to implementation and management of RS ISP Operational Plans and Budgets. The Appendices are:

**Appendix A. The List of Key Reference Materials and Documents** is a check-list of the main documents (policies, legislation, guidelines, etc) that are relevant to the ISP, and to RS business in administration and development, in providing support to LGAs.

**Appendix B. The ISP Template for RSs** is a template for the RSs' to use when developing and implementing their own operational plan - for approval, and for management and reporting thereafter. It is based on the PO-RALG Logical Framework.

**Appendix C. The Budget Detail** is a breakdown of the ISP budget for each Outputs, and shows how it is (nominally) allocated to PO-RALG and RS activities for the ISP. Specific budget provisions and responsibilities are also highlighted.

**Appendix D. The Template for Capacity Building** is a useful format for RSs when defining and planning their capacity building needs. This is consistent with the template used in LGAs. Using the same format builds RS capacity to provide support to LGAs.

**Appendix E.** Summarises the **Risks** identified for the ISP thus far, and risk reducing strategies. RSs should reflect these in their own Plans, as well as their own specific risks identified, and risk reducing strategies.

**Appendix F.** Describes the **ISP Committee** and its broad functions and responsibilities, and *modus operandi*.

**Appendix G. The ISP Agreement** is the agreement between PO-RALG and RSs, as the basis for granting the ISP funds to RSs, and for implementation.

**Appendix H. The ISP Implementation Questionnaire** is to be completed with the first RS ISP Operational Plan and every new Plan (per financial year).

**Appendix I. The Formats for Financial and Physical Progress Reporting** are standard Government reporting formats for Government development expenditure.

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<sup>6</sup> PO-RALG responsibilities are included again here to show what counterpart they have responsibilities for ISP, where technical and process areas overlap between Parts 2 and 3.

## 2 Policy Context

### 2.1 Vision and Strategic Framework

The design and establishment of the ISP for Regional Secretariats is part of a long-term effort by the Government of Tanzania (GoT) to strengthen government organisations as a means for improving services and infrastructure throughout the country and thereby improving the general welfare of the population. The development of the ISP also reflects the commitment of the GoT and its development partners to strengthen all levels of government to operate effectively and efficiently in a system where political, administrative and financial decision making powers are decentralised, by devolution.

The objectives and strategies of the ISP are in line with the overall strategic documents setting out Tanzania's development vision and path. The main ones are:

- The Tanzania Development Vision 2025;
- The National Strategy for Growth and Poverty Reduction (NSGRP, also known by its Swahili acronym MKUKUTA), published in 2005; which in turn builds on
- The Poverty Reduction Strategy (PRS) of 2000; and the related
- National Poverty Monitoring Master Plan (2001);
- The Tanzania Assistance Strategy (TAS), currently being developed into the
- Joint Assistance Strategy (JAS).

The goals, objectives and principles of the above are translated into a number of concrete reform and policy programmes. There are programmes across the public sector that strive to change the public sector and stimulate civil society and private sector development. The public sector programmes are far reaching. There are umbrella reforms that seek to change the role of Government and Government systems, and there are specific reforms within sectors. The main policies and reform programmes that are particularly relevant to RSs are:

- The policy of decentralisation by devolution as articulated in the Local Government Reform Agenda (1996) and the 1998 Policy Paper on Local Government Reform;
- The Public Service Reform Programme (PSRP);
- The Public Financial Management Reform Programme (PFMPR);
- The Legal Sector Reform Programme (LSRP);
- The National Framework on Good Governance (NFGG);
- The National Anti-Corruption Strategy and Action Plan (NACSAP);
- The Education Sector Development Programme, and the Primary Education Development Programme (PEDP);

- The Health Sector Reform Programme;
- The Agricultural Sector Reform Programme;
- The Rural Development Strategy;
- The National Environmental Policy.

The list of key documents in Appendix A includes the above, along with the main legal and administrative documents that are central to RS work. All of the above have components on cross-cutting issues, which are equally important at RS level, i.e.:

- HIV/AIDS
- Gender and Diversity
- Environment
- Anti-Corruption.

Appendix A should be treated as a checklist for RSs. **These documents should be held in every RS and be available to all staff.**

## 2.2 Decentralisation

The Government's decentralisation policy was outlined in the 1998 *Policy Paper on Local Government Reform*. The paper introduced four main policy areas for reform:

- *Political decentralisation*: Creation of real, multifunctional local governments;
- *Financial decentralisation*: Increased financial discretionary powers to local governments and institutionalisation of adequate, unconditional central government (CG) grant mechanisms;
- *Administrative decentralisation*: Delinking Local Government Authority (LGA) staff from line ministries with a view to have LGAs take ownership and responsibility for staff and human resources; and
- *Changed central-local relations*: Moving towards a system where the CG sets the overall policy framework and supports the implementing LGAs as appropriate.

The above had profound implications for the roles, responsibilities, structures and functions of RSs.

### The Local Government Reform Programme

The Local Government Reform Programme (LGRP), launched in 1999, is the main vehicle for operationalising the Government's decentralisation policy. The Programme started to be implemented in the LGAs in 2000, initially under the Ministry of Regional Administration and Local Government, which was then elevated to the President's Office – Regional Administration and Local Government (PO-RALG). The LGRP is funded by a group of Development Partners under the Common Basket Fund (CBF) Steering Committee (CBFSC).

A Joint Government-Donor Review Team reviewed the LGRP implementation in 2001. Thereafter PO-RALG and Development Partners produced the 2002 –2005 *Medium Term Plan and Budget* (MTP) as the basis for implementing the decentralisation policy. This timing brought the decentralisation reforms into the same planning and implementation cycles within the related Public Service Reform Programme (PSRP). The LGRP was structured around the following Outcome Areas:

- Good governance;
- LGA restructuring;
- Finance;
- Human resources development;
- Legal harmonisation;
- PO-RALG and Regional Secretariat capacity building; and
- Improved coordination.

Fiscal decentralisation, human resource management, and legal reform have been singled out as **systemic** issues lying at the heart of the programme. These systemic issues, with considerable attention towards embedded decentralisation by devolution, form the basis for the MTP 2002-2005. Adherence to the principles of good governance and capacity building of PO-RALG and Regional Secretariats were also important parts of the Medium Term Plan.

A second Joint Review was carried out in October 2004. A new *Medium Term Plan and Budget for 2005 – 2008* was presented to the Common Basket Fund Steering Committee in July 2005 and approved. The new MTP carries forward the core of the previous MTP but is more explicit about decentralisation by devolution and what that requires. The MTP continues the key systemic reform areas of fiscal decentralisation; human resources management and legal harmonisation, and the outcome areas mentioned above. Furthermore, an outcome on embedding decentralisation by devolution has been added. The new MTP has three parts: the Local Government Reforms; PO-RALG and RS Capacity Building Programmes, and Programme Management.

### **Area Based / Regional Programmes**

Concurrently and previous to the LGRP, a number of Area Based Programmes have been implemented with LGAs throughout Tanzania with significant external support. Examples include: the District Rural Development Programme (DRDP) funded by the Dutch Government; the Urban Authorities Partnership Programme (UAPP) funded by the Department for International Development (DFID) of UK; and the Development Cooperation Ireland (DCI) district development programmes. In addition, Regional Secretariats have had direct support programmes from donors (e.g. SNV in Dodoma and UNCDF in Mwanza).

ABPs are no longer the main *modus operandi* for support to LGAs. The GoT and the Development Partners are taking a strong interest in harmonising aid flows. Still, the experiences and lessons learnt from these programmes have proven valuable and have informed the design of new arrangements, notably the Local Government Capital Development Grant (LGCDG) System.

### **The Local Government Capital Development Grant (LGCDG) System**

The LGCDG System and the Local Government Support Programme (LGSP) are new instruments that provide capital development grants and capacity building grants to LGAs. They began with the design and appraisal of the LGSP that would fund around 30 LGAs. This work was funded by the LGRP CBF for a programme to be financed by the World Bank. Subsequently, with the progress on harmonisation, the Letter of Sector Policy<sup>7</sup> between GoT and Development Partners was signed, and the LGCDG System was developed, as a common stream for grants available to ALL

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<sup>7</sup> Draft 'Letter of Sector Policy on Fiscal Devolution of the Budget and Local Government Capacity Building, LGSP' 14 September 2004.

LGAs. Development Partners agreed to make the funds available for this, initially via the LGRP CBF, but in three years this will be via entirely GoT systems<sup>8</sup>.

This is the most recent significant change in inter-government relations. The LGCDG Implementation and Operations Guide details the system and roles and responsibilities within the GoT (including for RSSs).

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<sup>8</sup> 'Letter of Agreement between PO-RALG and development partners regarding harmonization of ABP support and convergence towards a unified discretionary capital development grant system for Local Governments', Final (13<sup>th</sup>) draft, October 2004

### **3 The Institutional Strengthening Programme**

The ISP will be delivered by PO-RALG and the RSs under seven interlinked Outputs, or programme components. The ISP Outputs are:

- 1 New Structure for Regional Secretariats Operationalised**
- 2 Human Resources Component Implemented**
- 3 Retooling for Regional Secretariats Provided**
- 4 Interrelationships between sectors, RS and LGAs Strengthened**
- 5 Strategic Planning and Performance Management Implemented**
- 6 RS Knowledge and Skills Upgraded**
- 7 RS Support to HR/OD at LGA levels Strengthened.**

#### **3.1 Background<sup>9</sup>**

Regional Administration underwent significant restructuring pursuant to the provisions of Act. No.19 of 1997. As a result the established staff of each Regional Secretariat was slimmed to a total of 83 with professionals clustered around four “support” departments - Management; Economic Development; Physical Planning and Engineering; and Social Sector - in addition to the traditional internal service areas. Each of these departments reported to the Regional Administrative Secretary (RAS) who in turn provided advice and support to the Regional Commissioner. Henceforth the combined efforts of those within the structure were to be directed towards providing a multi-skilled technical resource for supporting a) local development opportunities and b) ministerial services between central and local government. Therefore the emphasis was to be increasingly on capacity strengthening for Local Government Authorities and monitoring and evaluation activities.

There followed an integrated set of initiatives to embed the new orientations at the core of the day-to-day functioning of the Regional Secretariats. Most importantly in this regard the former Operations Manual was refined by way of a thorough consultative process into a new Planning and Management Guide (PMG) detailing the intended developmental and administrative roles. This was notably hinged on the institutionalisation of the comprehensive participatory planning and implementation tool, the Opportunities and Obstacles to Development (O&OD) Report.

While the legislative intent behind the 1997 Act and that of the above administrative and managerial instruments were clear, the actual working through of the new arrangements proved to be problematic.

In the first instance many of the newly established posts remained unoccupied. Secondly, the deployment of personnel around the structure has not been seen in practice as optimal and likely to be formally re-visited by government. And thirdly, the internal capacity of the Secretariats them-

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<sup>9</sup> From the Terms of Reference for ‘Consultancy to Formulate an Institutional Strengthening Programme for Regional Secretariats’

selves has been seen as wanting, affecting in particular their ability to institutionalise the practices and procedures ordained by the new policy.

In an attempt to address this last point, PO-RALG through the LGRP commissioned a consultancy to look at the Organisation Development (OD) needs of the Regional Secretariats and to provide recommendations on capacity building approaches. The consultancy provided its final report in October 2001 and this was assessed by an extended meeting of the focus group that had been established to confer with the consultancy team throughout the process of their work.

The report proposed a number of possible interventions in the direction of capacity building which centred largely on external technical advisors, a large scale training programme and the mobilization of material support. Such a package would ultimately be provided in each of the twenty mainland regional administrations.

The Report of the Joint Review of the LGRP (October 2001) highlighted a number of systemic and institutional reforms that were required for decentralisation to proceed and be effective. As a result GoT and development partners revisited the LGRP Plan and Budget. The result was a new Medium Term Plan (2002-2005). Two Outcome Areas<sup>10</sup> were added to the LGRP: PO-RALG and Coordination. Regional Secretariats were included as part of the PO-RALG Outcome Area. A Task Force on Human Resources and Organisational Development was also created as part of the new MTP.

In the meantime, between the OD Consultancy of 2001 and the new MTP, the Dutch development co-operation organization, SNV, had expressed an interest in providing direct support to two Regions where their own efforts were (and still are) heavily centred: Dodoma and Arusha. Ireland Aid also provisionally earmarked supplementary resources for similar effort.

Such support was conceived as providing “reference sites” for any planned future activity under the LGRP aegis which could act in parallel with that activity as well as informing its future development. A similar opportunity was also available through the existing support to decentralization in the Mwanza region through the UNDP/UNCDF. This programme provided a live example of the administrative articulation between sub-district, district and region in planning and operating its district development funds.

### 3.1.1 Design

The HROD Task Force commissioned a consultancy to “prepare the way for an institutional strengthening programme in the Regions, covering both nationally spread activities as well as those in the designated ‘reference sites’ with the specific intention of assisting Regional Secretariats to practically discharge their newly designated core functions”. The consultancy was to “formulate a workable programme of capacity building activities to be implemented over a period of years in all twenty regional administrations primarily aimed at augmenting their development role in backstopping and mentoring the Local Government Authorities”.

The output of this consultancy was “**The Institutional Strengthening Programme for Regional Secretariats**”<sup>11</sup>. This, the original ISP, was a programme for **five years**, with **five Outputs** and a **budget of \$21 million**.

The design proposed slightly different interventions for ‘reference sites’ and non-reference sites. Implementation arrangements involved recruiting additional staff to manage the programme under a project-type structure

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<sup>10</sup> Original ones: Governance; Finance; Human Resources and Organisational Development; Restructuring, of LGAs; Monitoring and Evaluation; and Programme Management.

<sup>11</sup> Final Report, January 2003, also referred to as the “Nost Report”, after the team leader.

A thorough process of consideration of the ISP Report followed, led by the HROD Task Force and involving a broad range of stakeholders convened in an 'extended focus group'. Development partners were kept informed of analyses. The Output was a "**Proposal on an Implementation Framework and a Schedule for Capacity Building**". This was submitted to the LGRP Common Basket Fund Steering Committee (CBFSC) in July 2003. The CBFSC did not approve the Proposal but asked for an appraisal of the modalities for implementation.

### 3.1.2 Appraisal

The objective<sup>12</sup> of the Appraisal was "to carry out an appraisal of the operational arrangements and content of the suggested ISP for Regional Secretariats, assessing their efficacy in terms of performance improvements in their administrative and developmental roles identified under their new legal mandates. In particular, to focus on the mobilisation of support to improve the delivery of services to the public through Local Government Authorities".

The Appraisal was undertaken in September 2004 – March 2005. The Appraisal was undertaken concurrently with the second Joint Government-Donor Review of the LGRP (October 2005). Therefore the Appraisal recommendations took the findings of the Review into account.

The Appraisal largely confirmed the capacity problems that the ISP Report described, but went on to make some key observations with specific implications for the design of an ISP for RSs. These were recorded in "**Appraisal of the Proposed Institutional Strengthening Programme (ISP) for Regional Secretariats**"<sup>13</sup>.

The Appraisal also concluded a **five-year** period for the ISP, but with **six Outputs**, significantly updated management arrangements, and a **budget of \$6.5 million** (minimum).

### 3.1.3 PO-RALG Capacity Building Programme

PO-RALG was created in 2000 and took over the role and functions of what had been the Ministry of Regional Administration and Local Government. In 2004, with the introduction of Performance Management Systems (under the PSRP), and improved strategic planning, it was clear that the structure of PO-RALG had to be changed if it was going to perform more efficiently and effectively in support of decentralisation by devolution. Thus a new structure was designed and approved<sup>14</sup>. PO-RALG commissioned a consultancy to develop and draft a capacity building programme to develop the institution and the staff. It was concluded that as RSs are part of PO-RALG that they too should be part of the capacity building programme to be designed. Thus, the original ISP Design and Appraisal were captured in the resultant report called: "**Consultancy to Design a Capacity Building Programme for PO-RALG**"<sup>15</sup>.

This Report has the ISP as one of the Outputs of the **five year** Programme. The Output comprises **five Activities** (akin to the previous Outputs) and a **budget of \$7.031 million**.

Development Partners had already indicated willingness to fund a PO-RALG Capacity Building Plan. The modality agreed is the LGRP CBF for the duration of the MTP (2005-2008). Therefore the LGRP has incorporated the majority of the PO-RALG Capacity Building Programme (as Part 2 of the MTP). In doing so, PO-RALG made some changes in how the activities/outputs were arranged, where it was realised that it would facilitate management and implementation. Thus

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<sup>12</sup> From the Terms of Reference.

<sup>13</sup> Final Report, 30 March 2005, PEM Consult.

<sup>14</sup> PO-RALG *Proposed Structures and Functions*, April 2004, approved by the Presidential Implementation Committee.

<sup>15</sup> Final Report, 31 May 2005, Matrix Development Consultants.

some further changes were made to the ISP outputs and activities and these are seen in the LGRP MTP.

### 3.1.4 LGRP Medium Term Plan

Following the Review of LGRP (October 2004), PO-RALG and development partners produced the next **Medium Term Plan (MTP) and Budget, for July 2005- June 2008** (mentioned on page 8). Part 2 of the MTP is dedicated to PO-RALG and RS Capacity Building, and contains a specific PO-RALG/RS Capacity Building Logical Framework (LF). Outcome number 2 of that LF is the ISP for RSs. The Outcome is: **Improved Performance of Regional Secretariat Staff**. This covers **three years**, for **seven Outputs** (developed from the PO-RALG Capacity Building Programme), with a budget of **Tshs 4.6 billion** (approx \$4.2 million).

### 3.1.5 ISP Guide

This **Guide** is the next, sub-product of the MTP, to operationalise Outcome Number 2 of the PO-RALG/LGRP MTP. Following publication of the MTP, LGR Team organised a Workshop<sup>16</sup> on the ISP with all RASs (hereafter referred to as the 'RASs Workshop'). At the RASs Workshop all parties agreed the urgency of implementing an ISP, and identified several modalities and principles for the implementation and management of the ISP. The need for a written Guide for the ISP was agreed.

## 3.2 Timeframe and Resources

The ISP as per the original design, and as reflected in the PO-RALG Capacity Building Programme, has a five-year period of implementation. The LGRP MTP runs from July 2005 to June 2008. Hence the ISP has a longer horizon than its current funding source. PO-RALG and RSs will have to take this into account and identify and secure funding for the future/remainder of the ISP.

The ISP timeframe is set within:

- The LGRP Medium Term Plan 2005-2008 (this is the first three years of the ISP);
- The PO-RALG Capacity Building Plan;
- The Public Sector Reform Programme (PSRP), 2000-2011, which is now in its second phase covering 2005-2008.

The original ISP design suggested a new dedicated ISP team in PO-RALG, on contract terms. This idea is now redundant. Harmonisation, capacity building, and mainstreaming reform and routine functions in PO-RALG take precedence. Hence staff resources for implementing the ISP are the permanent posts in PO-RALG and RSs. The LGR Team staff will provide support to mobilise and implement the ISP. This will be as part of the PO-RALG Capacity Building Secretariat.

## 3.3 Approach

The approach to implement and manage the ISP has to be consistent with the objective of mainstreaming such programmes into routine functions and structures. The approach also must take account of capacity within PO-RALG, the RSs, and also the LGRT. At the RAS's Workshop there was a clear understanding that PO-RALG has to lead a number of the ISP Outputs/Activities, where there are national implications or economies of scale. However, it was also

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<sup>16</sup> held at Kunduchi Hotel, September 2005.

clear that the RSs need to be in the driving seat of their own ISPs and so their ISP Operational Plans.

Act No. 19 of 1997 created virtually identical structures for all of the Regional Secretariats. However, clearly there are differences between RSs: they support different LGAs (with their different mix of services); their actual staff numbers and job-holder qualifications and competences differ; some may have support from development partners; and so on. Therefore, for the ISP to be meaningful and relevant, every RS must devise and manage its own ISP (via an ISP Operational Plan) within the parameters of Outcome 2 of the MTP.

The priority articulated for the ISP is to focus support to core development functions of a non-sectoral character, viz a viz LGAs and their support and capacity needs. This is consistent with other studies for LGA<sup>17</sup> and PO-RALG Capacity Building. These core areas are explained later in the Guide under Output 6 of the ISP (Part 2 - Chapter 2.6). The Management Support Cluster within the RS is a priority target for capacity building.

The institutional arrangements for the ISP are to be mainstreamed into RSs and PO-RALG, be adaptable to further changes in GoT systems, and thus be sustainable after the MTP period ends, and the ISP carries on.

### 3.4 Success Factors

The ISP Appraisal explicitly noted that the “policy environment cannot be taken for given, but that PO-RALG should engage itself constructively in further defining and clarifying the RS”. PO-RALG is addressing this, with RSs.

A number of unresolved human resource management issues are also relevant to the medium to long term success and effectiveness of the ISP. These<sup>18</sup> are, inter alia:

- following the approval of the post of Assistant Administrative Secretary (AAS), there needs to be a further decision about what is to be done about the vacancies of technical posts left by AAS appointment;
- harmonizing Act No 19 of 1997 with the Public Service Act and Public Service Regulations (2003), specifically on who is the appointing authority at RS level;
- lack of clear scheme of service for RS staff, within the Public Service Scheme (2003);
- resolving differences in salary levels of staff in cadres within RSs and compared to other cadres (e.g. in LGAs);
- progress on pay reform to recruit, retain and motivate RS staff;
- reviewing and clarifying the role of Divisional Secretaries.

The new MTP and the ISP contain activities to deal with much of the above. For example, Output 1 of the ISP (Reviewing the Act and Structure of RSs) will lead onto schemes of service, job evaluations, grading exercises, which will lead onto pay reviews.

RSs will have to constantly monitor policy, legal and administrative developments within PO-RALG and across the public service, for their ISPs and ISP Operational Plans.

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<sup>17</sup> Such as the ‘PriceWaterhouse Coopers, “*Design of Capital Grant Programme and Capacity Building Programme for LGSP, Volume I: Final Analytical Report*”, November 2003

<sup>18</sup> Appraisal Report, PEM Consult

## **Part 2 The Institutional Strengthening Programme**

# 1 Introduction

Part 2 of this Guide describes the ISP as it stands as an Outcome of the PO-RALG/RS Capacity Building Logical Framework<sup>19</sup>. Part 2 is the main reference for those in PO-RALG and RSs that are to take the ISP forward under their own plans and budgets. It contains the key information for developing implementation strategies, plans and budgets.

The next chapter, Chapter 2, begins with setting the *Objectives and Outputs* of the ISP, before the more detailed explanation of each of the seven *Outputs of the ISP*. The descriptions of the ISP and Outputs are based on the original ISP design, the appraisal, the MTP and the PO-RALG Capacity Building Programme. For each Output the respective *roles and responsibilities* of PO-RALG and RSs and any *pre-requisites* are outlined. The *milestones* and *risks* are also presented.

Chapter 3 is a brief overview of the ISP budget and covers some *key principles* for the implementation and management of the ISP.

Chapter 4 explains the overall *institutional arrangements* at national level for operation and management of the ISP.

Chapter 5 describes the *financial management* arrangements. It highlights the respective responsibilities of PO-RALG and RSs in respect of the budget, and access and reporting issues. Finally, Chapter 6 covers the *monitoring* requirements, the monitoring framework for the ISP, including introducing the *indicators*, and the *reporting* requirements and systems.

Appendix B contains a template for RSs to develop their own ISP Plans for each of the Outputs, using the information from Part 2. These will be sub-sets of the PO-RALG/RS Capacity Building Logical Framework of the MTP.

There are no qualification criteria for the RSs to access the ISP. RSs will be given budgets to implement their ISP Plans, based on:

- the RS ISP Plans and Budgets they submit (Appendix B).
- completion of the Implementation Questionnaires (Appendix H)
- signing the ISP Agreement with PO-RALG (Appendix G)
- collection and submission of RS ISP baseline data (Chapter 6)
- submission of reports and plans and budgets on time (Chapter 6).

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<sup>19</sup> Local Government Reform Programme *Medium Term Plan and Budget, July 2005 – June 2008* (June 2005), pp70-71).

## 2 ISP Objectives and Outputs

The ultimate objective of the ISP is to contribute to the goals and objectives laid down in the 2025 Development Vision, the MKUKUTA and the decentralisation policy. It is expected that the introduction and implementation of the ISP will **improve the performance of RS staff** to carry out their mandated functions in a professional effective and efficient manner. This is, in turn, to champion decentralisation by devolution and **assist LGAs** in delivering improved quality services to their citizens, efficiently and equitably<sup>20</sup>. Hence much of the analytical work for designing the ISP has and will draw on needs assessments of LGAs.

The ISP is to be delivered by PO-RALG and RSs under seven interlinked Outputs, or programme components. The ISP Outputs are:

- 1. New Structure for Regional Secretariats Operationalised**
- 2. Human Resources Component Implemented**
- 3. Retooling for Regional Secretariats Provided**
- 4. Interrelationships between Sectors, RS and LGAs Strengthened**
- 5. Strategic Planning and Performance Management Implemented**
- 6. RS Knowledge and Skills Upgraded**
- 7. RS Support to HR/OD at LGA Levels Strengthened.**

This section explains the ISP Outputs as per Outcome 2 of the PORALG /RS Capacity Building Logical Framework in the MTP (pp70-71). In each case the headlines of the Outputs are presented as per the original design, the appraisal, the PO-RALG Capacity Building Programme and the MTP, before details for implementing the ISP are outlined. The background is not covered as it has been written in the other, root documents of the ISP (See Part 1 – Chapter 3). These documents should be used for reference if more details are needed for a specific Output.

PO-RALG and RSs have different responsibilities for taking forward Outputs and related activities. This is elaborated for each Output. The milestones for RSs are suggestions. Chapters 2.8 and 2.9 cover milestones and risks respectively.

The ISP Template for RSs (Appendix B) has the ISP objectives and Outputs. For each ISP Output the RS Operational Plan to be developed by each RS should contain:

- objectives
- targets or milestones (with timeframes defined)
- activities
- risks and risk mitigating strategies.

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<sup>20</sup> from MTP logical framework, p 70.

## 2.1 Output 1: New Structure for Regional Secretariats Operationalised

The PO-RALG Capacity Building Plan says: *The current RS structure, given the changed policy environment of decentralisation through devolution, requires updating. The review will include an assessment of Act 19 of 1997 and suggest possible amendments.* The MTP notes that *the new structure will reflect the important role the Regions have in terms of managing information through the meso-level.*

Work on this Output has already been mobilised in the LGRP Annual Plan and Budget (2005-06). PO-RALG has commissioned consultants to undertake this work, within a broader framework to look at relevant legislation for decentralisation by devolution. The process includes consultations with RSs. This work will inform the vision for RSs in line with the policy of decentralisation by devolution, and the needs of LGAs.

This Output will address a number of problem areas, such as: clarifying responsibilities for human resource (HR) management (transfers, promotions, appointments) and possibly the schemes of service applicable at RS level.

How to implement the restructuring will be determined from the recommendations of the consultancy and the subsequent changes to Acts and other instruments. The restructuring will be the responsibility of each RS. However, it might be decided that PO-RALG will facilitate a number of (pilot) restructuring exercises and shares the experiences with the other RASs. Follow up work will include amending guidelines, rules, job descriptions, etc, that are needed to have clear ways of working internally and with external partners (e.g. MDAs, LGAs).

The RASs have expressed the importance of mobilising interest and inputs for the ISP within their own staff. This will require a mixture of activities during the life of the ISP. Some effort for sensitising and mobilising staff will take place as part of routine business, and therefore be of no additional cost. However, there will be a need for specific activities that will require staff and financial resources. These should be factored under this Output. PO-RALG will provide some starting materials such as a simple guide to the ISP, power point or overhead slides about the ISP for RASs to make presentations, and so on. Use of the PO-RALG website to post ISP notices and information will make information more accessible.

This Output also captures the ISP oversight and management activities, for budget purposes.

### 2.1.1 Responsibilities

PO-RALG responsibilities for this Output are:

- review of Act and proposals for changes
- consultations with stakeholders
- manage consultants
- keep RSs (and LGAs) informed
- liaise with POPSM and other MDAs (and Public Service Commission)
- table proposals to Presidential Implementation Committee (PIC)
- support RSs to implement changes
- update other relevant circulars, tools, job descriptions, etc
- facilitate exchange of experiences and effective practices
- facilitate discussion with any unions
- produce common ISP sensitisation and awareness materials

→ keep PO-RALG website updated with interesting ISP information.

RS responsibilities for this Output are:

- participate in consultations
- raise awareness and commitment for ISP internally
- have regular ISP information updates
- review proposals for change
- keep RS staff informed about restructuring
- keep LGAs informed
- implement changes within the RS
- update HR plans, job descriptions, capacity building plans, etc to accommodate and embed new arrangements
- update internal guidance for effective ways of working under new structure
- keep PO-RALG and PO-PSM informed on union issues.

### 2.1.2 Timeframe

The timeframe for proposing amendments and a new structure will come out of the consultancy. This Output will be a key feature of the PO-RALG ISP in Years 1 and 2. For RSs it will be a constant feature of their ISPs, although if this progresses swiftly then the level of activity associated with this Outputs should reduce in the RSs’ Operational Plans and Budgets.

ISP sensitisation and mobilisation activities can start immediately in RSs. They should not require funding up front, as they will be able to utilise existing information.

### 2.1.3 Budget

The budget for Output 1 is broken down as follows:

Output 1: Activities	RS Budget	PO-RALG Budget	Total (3 Years)
ISP Committee meetings	Tshs 3,000,000	Mainstreamed	Tshs 3,000,000
Information/sensitisation	Tshs 113,250,000	Tshs113,250,000	Tshs 226,500,000
Restructuring (facilitation)	<u>Tshs 231,000,000</u>	<u>Tshs 145,000,000</u>	<u>Tshs 376,000,000</u>
TOTAL	Tshs 347,250,000	Tshs 258,250,000	<u>Tshs 605,500,000</u>

Appendix C contains budgets for the RASs that will attend the ISP Committee Meetings for them to include in their own ISP Plans and Budgets (annual).

### 2.1.4 Milestones<sup>21</sup> for RSs

- New structure approved and implemented
- Updated policies, guidelines and procedures
- Updated job descriptions
- ISP internal structures operational.

<sup>21</sup> For each set of milestones RSs will determine their specific timeframes.

## 2.2 Output 2: ISP Human Resources Component Implemented

The PO-RALG Capacity Building Programme says: *The ISP will undertake a qualification appraisal of all staff and pay salaries for critical technical adviser (TA) staff for one year. The proposal to support interim contract recruitment to await final decisions by PO-RALG and LGRP and will depend in part on whether or not recommendations for ZRT integration at RS levels are accepted, and outcome of staff appraisals.*

RSs need adequate staff to deliver their functions on behalf of PO-RALG, and for LGAs. That means having the right number of staff, with the right qualifications and competences, doing the right jobs. Obviously any restructuring as a result of Output 1 will affect RS human resources. However, proposals for restructuring and their implementation could take some time, and this Output should proceed in the meantime.

RSs are providing support to a mix of LGAs at the moment. Many LGAs have undergone restructuring<sup>22</sup>, the rest are in the process of change. Fiscal decentralisation and HR autonomy are increasing and creating new opportunities and challenges for LGAs. RSs have to respond accordingly.

This Output is based on an appraisal of RS staff. Appraisal means: inventory and review of numbers in the establishment and people in posts; the job descriptions, workloads and responsibilities; qualifications needed, qualifications of post-holders, etc. This appraisal has to be carried out for each RS and will produce recommendations for re-categorisation, retrenchment, employment and development. RSs will also identify critical gaps that could use contract staff (with funding from ISP) immediately as a solution. PO-RALG central policy and guidance on recruitment of contract staff will apply in these instances.

In the interests of consistency and reducing transaction costs, PO-RALG will contract consultancy services to do the RS appraisals. The individual reports will be given the RASs to use. RASs will develop human resource plans accordingly and incorporate into their ISP plans and budgets. These will be updated as a matter of routine, especially with whatever comes out of Output 1.

In the meantime RSs will be doing internal appraisals, in advance of a consultant. This will allow RSs to do their own analysis, and have data available immediately for the consultant (thus saving time). RSs will use their personnel records, OPRAs, plans, budgets, schemes of services and so on. The template for a capacity building plan also provides guidelines for this area (see Output 6 and Appendix C).

There have been discussion on whether to integrate the six Zonal Reform Teams into the RSs. PO-RALG is yet to determine the modalities for approaching this. In the meantime the RSs will make plans and budgets without ZRT staff. Plans and budgets will be changed in accordance with the future of ZRTs.

### 2.2.1 Responsibilities

PO-RALG Responsibilities for this Output are:

- contract consultants for appraisals
- manage consultants

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<sup>22</sup> Component of the LGRP, to align LGAs to their local service needs and own strategic plan, rather than have a standard structure.

- ensure reports reach RASs
- review RS HR plans, and ISP plans and budgets
- liaise with PO-PSM.

RS responsibilities for this Output are:

- internal appraisal exercises
- collate data and cooperate with consultants
- manage RS staff before, during and after appraisal
- use appraisal data and report to develop HR plan
- make proposals for HR in the ISP plans and budgets, to fill strategic gaps
- implement HR measures
- keep HR plans updated (annually, and in line with Output 1)
- manage and develop staff (continuous).

### 2.2.2 Timeframe

PO-RALG will start procurement of consultants immediately. When the consultants have made their proposals and evaluation is complete the timeframe for the consultancy will be known. In the meantime RSs will undertake their own data collection and analysis for staff appraisal.

### 2.2.3 Budget

The Budget for Output 2 looks as follows:

Output 2 – Activities	RS Budget	PO-RALG Budget	Total (3 Years)
Appraisal work/facilitation/ZRTs	Tshs 36,200,000	Tshs 55,000,000	Tshs 91,200,000
Contract staff	<u>Tshs1,330,560,000</u>		<u>Tshs1,330,560,000</u>
TOTAL	Tshs1,336,760,000	Tshs55,000,000	Tshs 1,421,760,000

NB: Retrenchment costs are not featured here as there is a separate means for funding retrenchment. Applications are to be made to POPSM. Appendix C has some further notes on the budget.

### 2.2.4 Milestones for RSs

- Appraisals completed
- Staff retrenched
- Contract recruitment completed
- MTEFs updated
- Human resource capacity improved.

## 2.3 Output 3: Appropriate Working Tools Provided

MTP/PO-RALG Capacity Building Programme says: *Vehicles will be provided to the Management Support Cluster of each RS as well as basic computer and other equipment for the general information and resource centre. The level of upgrading will at a minimum ensure the Management Support Cluster has adequate facilities (access to computers, internet and other resources) in order to support LGAs for improving planning, financial management and HR organizational support.*

This component is to ensure that RSs, particularly the Management Support Cluster, are functional and effective. A resource centre for other staff to use to improve their work is also intended. It will have the core policies, guidelines, and reference materials, records and data. Other tools that RSs may identify as essential are vehicles; IT hardware and software; office equipment and possibly key furniture required for ISP. Table 1 below illustrates the parameters for ISP procurement plans under this Output. A few categories are elaborated further in the text that follows.

**Table 1: Tools**

<b>Can an RS propose?</b>	<b>Reply</b>
IT hardware and software	Yes, but consult ISP Secretariat who will make sure you a RS is not spending ISP unnecessarily for items that will be provided under another programme/ source.
Photocopier, binding machine, other reprographic items	Yes, but consumables and maintenance are not for the ISP budget; the RS must meet these from recurrent budgets.
Fax machine	Ditto, plus costs of any telephone line use for fax use.
Internet connection	Yes, but include mention of where access will be in the RS. Also, refer to first reply above.
Furniture	If it is allocated to resourcing the Management Support Cluster, or information centre or accommodating internet. But to limited amount.
Office refurbishment/ maintenance	No. This is forbidden from ISP; should be part of recurrent budgets.
Rent for additional office space.	Ditto.
Office stationery, flipcharts, toners, printer cartridges, copying paper.	Ditto.
Vehicle / transport	Yes, to procure new but mention where it will be allocated and who is to manage the asset. Running costs and maintenance (either of new or existing assets) will not be from ISP.

In addition, PO-RALG will facilitate the development of tools for monitoring. This will be written materials developed using the agreed indicators for the ISP. PO-RALG will provide guidance on data sources and data collection for monitoring and templates for data. These will be applied by RSs during the essential baseline data collection (pre-requisite for receiving first funds).

### **Priorities**

The ISP should complement what can be purchased from other funding sources (e.g. GoT allocations to the RSs). Where there has to be prioritisation for the ISP, the Management Support Services Cluster and an Information Resource Centre are recommended; they provide services to all Clusters and LGAs.

### **Transport**

Although 'vehicles' are mentioned, it is stressed that RSs should identify their transport needs. These could be for small 4WD vehicles for local business, or motorcycles (pikipikis) to improve delivery of information between RSs and LGAs, or a combination (within a budget ceiling). PO-RALG will action procurement of vehicles, to streamline bureaucratic processes, and achieve

economies of scale for procurement. PO-RALG will announce cut-off dates for requests under this category so that there is a batch of procurement. RSs will then be notified of the expenditure to be charged to their ISP budget.

### Communications/ Information

Data and information sharing is becoming increasingly important. Hence an obligatory part of the ISP is for RSs to have internet connectivity. This will contribute to improved communications between PO-RALG and RSs, and take forward the GoT e-governance agenda. PO-RALG intends to use its website more for business with RSs so connectivity and in-house IT capacity is essential (in PO-RALG and RSs). There is a general requirement to follow the GoT Information Communications Technology (ICT) Policy and GoT standards on ICT hardware, software and e-government. PO-RALG IT / MIS Units will provide support to RSs here, and will liaise with the MIS Directorate in PO-PSM.

The ISP Committee will be informed of the current status of PO-RALG MIS initiatives in this area, and those of PO-PSM. If those plans will provide timely connectivity to RSs it will save ISP resources. However, the aim is that RSs should be connected as soon as practically possible.

### Pre-requisites for Tools

A number of pre-requisites for re-tooling were agreed as part of the Appraisal Report. These are reproduced in Table 2 with a comment on their current application to the ISP to be implemented. These are in addition to the general requirements mentioned in the Introduction.

**Table 2: Pre-requisites for Working Tools**

Pre-requisite	Status for ISP
Completion of basic steps of strategic planning (as per PMG)	This is required, by all RSs, and taken into account for ISP access. This will be reflected in the plans and budgets (covered in Part 3) approved by ISP Secretariat.
Completion of the staff appraisal exercise (Output 2)	PO-RALG will be organising a consultancy for this. Therefore it is no longer a pre-requisite for RSs – it is beyond RS control.
Assessment of the available assets at RS	This is required.
Completion of internal budget review exercise of sufficient Other Charges (OC) allocation for Management Support Services Cluster (fuel and maintenance of any vehicles in particular).	This is required. It is identified as an activity for planning and budgetting.

### 2.3.2 Responsibilities

PO-RALG responsibilities for this Output are:

- appraise/approve RS plans and budgets, after checking pre-requisites adhered to
- announce cut off dates for procurement requests for transport items
- procurement of vehicles/ transport
- delivery of vehicles/transport
- inform RS of central expenditure on procurement
- technical advice on ICT
- liaison with PO-PSM.
-

RS responsibilities for this Output are:

- completion of the basic steps of strategic planning
- assessment of the available assets at RS
- completion of internal budget review exercise of sufficient OC allocations for Management Support Services Cluster (fuel and maintenance of vehicle in particular).
- prepare (and update) plans and budgets
- prepare procurement plan and notify PO-RALG
- procure equipment
- arrange and maintain internet connectivity
- maintain vehicles and equipment
- replace vehicles and equipment
- identify IT support services required and available.

*these are pre-requisites for access to retooling funds*

### 2.3.3 Timeframe

Timing is in the hands of each RS. The RS is to go through the pre-requisites and assess their own needs and priorities. There is a lead time for procurement processes (to prepare tender documents, invite bids or get quotations, evaluate, and then procure). RSs will have to factor this into plans.

PO-RALG will announce the first cut off date for central procurement.

### 2.3.4 Budget

The budget provides an average of Tshs 72 million per RS over 3 years. However, this budget covers physical tools as well as procurement costs and monitoring. In addition, part of the budget is set aside for incentives. Allocation of the PO-RALG budget for Output 3 will be determined by the ISP Committee. Thus the budget for Output 3 looks like:

Output 3 - Activities	RS Budget	PO-RALG Budget	Total (3 Years)
Needs assessment & Tools (21 RS)	Tshs 1,315,440,000		Tshs 1,500,000,000
Procurement allowance (21 RS)	Tshs 75,600,000		
Monitoring		Tshs 45,360,000	
Capacity Building/ Incentives		Tshs 63,600,000	
TOTAL	Tshs 1,301,040,000	Tshs 108,960,000	

The budget excludes recurrent costs. These are to be covered from routine ISP budgets and so incorporated in MTEFs.

### 2.3.5 Milestones for RSs

- New transport delivered
- Equipment procured and in use
- Resource centre operational
- Increased use of PO-RALG website and internet for business
- Recurrent costs in MTEFs.

## 2.4 Output 4: ISP Interrelationships Component Implemented

MTP/PO-RALG Capacity Building Programme says: *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.*

The role of the RS within the various sectors is still not well defined. The ISP design and appraisal reports gave examples of how sector ministries operate in parallel with the RS and/ or communicate directly with LGAs rather than through the RS. PO-RALG has taken a lead in formulating roles at a general level, in laws and regulations, and operational guidelines. There is clear need for PO-RALGs role to be translated into operational guidelines. Other regulations, and so on, need to be given the same treatment to produce clear working tools and instructions. Sector specific capacity building is best integrated in the sector programmes rather than implemented through a generic ISP for RSs. Hence, it is not prioritised under the ISP, and is not expected to be a feature of RS ISP Plans and Budgets.

This Output requires interventions aimed at strengthening the co-ordination mechanism between RSs and stakeholders, sector ministries, LGAs, private sector and NGOs. These would be to improve the overall quality of inter-governmental relations, working processes such as joint planning and sector co-ordination and to generally elevate RS to participate more effectively in policy making and planning processes. Fiscal decentralisation is changing intergovernmental relationships. The role of the RS in the various sectors should pay particular attention to the role of the RS in managing fiscal transfers to LGAs.

The Output requires analytical work to clarify the relationships between clusters, sectors and LGAs. The emphasis will be on activities for systems development. The Output will require stakeholder meetings; activities to build relationships in the different Regions; production of agreed 'ways of working'; monitoring systems and indicators; identifying interfaces and meetings that would be useful for each other to be invited to / participate in. PO-RALG will arrange this work (which will also be a useful contribution to the analysis for Output 1). However, RSs are encouraged to make proposals for their own initiatives for this Output at any time. These need not wait a central consultancy.

Ideas for this Output have included:

- brainstorming and productive meetings between clusters and LGA Heads of Departments
- working with ZRTs;
- discussions at central level, PO-RALG and sector Ministries (which would include LGRP Coordination Outcome Manager);
- activities to improve RS and LGA capacity on information sharing and management
- joint work programmes;
- regular meetings between RS clusters and LGA counterparts
- writing operational guidelines (national and internal RS ones), and reviewing effectiveness.

### 2.4.1 Responsibilities

PO-RALG responsibilities for this Output are:

- contract consultant(s)
- manage consultant(s)

- disseminate findings to RSs
- support RSs in follow up
- produce/amend common operational guidelines.

RS responsibilities for this Output are:

- inputs to analytical work
- involving LGAs and receiving inputs from LGAs
- initiatives at RS level on interrelationships
- produce internal guidelines.

### 2.4.2 Timeframe

The first step is to have further analytical work (related to Output 1). PO-RALG will be arranging a central consultancy. RSs can arrange their own analytical work among themselves and their LGAs from the outset. Specific analytical work should be included in Plans and Budgets.

### 2.4.3 Budget

Many of the activities, such as working meetings between Clusters and MDAs or LGAs are largely of a recurrent nature and should form part and parcel of sector specific capacity building arrangements or simply be covered by the general recurrent budget of the RS, not the ISP. Local, internal RS working sessions are of a recurrent character that more appropriately should be funded from recurrent budget.

Output 4 - Activities	RS Budget	PO-RALG Budget	Total (3 Years)
Central consultancies		Tshs110,000,000	} Tshs 214,000,000
Consultation workshops		Tshs 6,000,000	
Information		Tshs 8,000,000	
RS analytical budgets	Tshs75,000,000		
Monitoring		Tshs 15,000,000	
<b>TOTAL</b>	<b>Tshs75,000,000</b>	<b>Tshs 139,000,000</b>	

### 2.4.4 Milestones for RSs

- Analytical reports produced
- Improved operational guidelines for sector specific work at RS level in support of LGAs
- Surveys undertaken and findings used
- Clear working relationships.

## 2.5 Output 5: ISP Performance Management Component Implemented

The MTP/PO-RALG Capacity Building Programme says: *The Performance Management System (PMS) has already been introduced to RSs through the LGRP. This component is designed to build on achievements to date and further embed the concept of performance management across all RSs. It will review and follow up work undertaken and build on the original work through training and building capacity at each RS to successfully operate a performance management framework for RSs activities and each staff member.*

The performance improvement model (PIM) and performance management system (PMS) are still relatively new at RS level (2004). The use of strategic planning, operational planning, action plans, performance management, OPRAs, client service charters and service delivery surveys is still being embedded.

This Output is largely to be managed between the RSs, identifying their own strengths and weaknesses and progress and constraints viz a viz the PMS. PO-RALG has already prepared an application to the PIF<sup>23</sup> for this, and will continue to facilitate this. This should have some follow-up in terms of evaluation later, to assess effectiveness. RSs can propose other activities in their ISP plans and budgets. If the PIF application is not endorsed, PO-RALG will review how the ISP can cover PMS<sup>24</sup>.

The PO-RALG Capacity Building Programme has a separate Activity on Client Service Charters. This is Activity 4.6<sup>25</sup>, for building capacity in the Directorate of Local Government (DLG) and RSs to introduce Client Service Charters in LGAs. The effort within that will also contribute to this ISP Output, and it does not require ISP funds.

As the ISP is to improve RS perform their functions, this Output will include surveys at LGA level to monitor progress. PO-RALG will arrange this centrally, to make it independent of RSs and LGAs, and reduce the workload of RS. This does not preclude RSs from organising their own feedback systems with LGAs. These will help RSs design other ISP Outputs (e.g. Output 5).

### 2.5.1 Responsibilities

PO-RALG responsibilities for this Output are:

- PIF application
- Assess (approving) RS proposals for Output 4
- Update central guidelines and disseminate them quickly
- Baseline survey and follow up with LGAs
- Dissemination of survey findings.

RS responsibilities for this Output are:

- PMS activities
- Adhere to OPRA cycle
- Monitor quality of OPRAs
- Produce Client Service Charters
- Use feedback to inform plans and budget.

### 2.5.2 Timeframe

RSs should be embedding PMS and building internal capacity on a continuous basis. This can draw on on-the job training, mentoring, group work and so on. The timeframe for the PIF application is undetermined at present.

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<sup>23</sup> “Training of Regional Secretariat Staff on the Installation of the Performance Management System”.

<sup>24</sup> The PIF application includes RCs, DCs, and their staff. The ISP would not.

<sup>25</sup> Also in MTP, see Output 4.5 of MTP.

### 2.5.3 Budget

Pending the conclusion of the PIF application, PO-RALG has set aside some ISP funds for PMS. How this is allocated will be determined by the ISP Committee. It will be subject to the PIF application, evaluation requirements, RS suggestions that are innovative, value of use for incentives, and so on. Hence it is not necessarily an equal amount per RS.

Output 5 - Activities	RS Budget	PO-RALG Budget	Total (3 Years)
To be determined (tbd)	tbd	Tshs231,000,000	Tshs231,000,000

### 2.5.4 Milestones for RSs

- PMS in place
- Client Service Charters for all 21 RS
- OPRAs being used
- RS Service Delivery Surveys carried out and disseminated.

## 2.6 Output 6: ISP Knowledge and Skills Component Implemented

The MPT/PO-RALG Capacity Building Programme says: *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.* The objective is to address the skills, knowledge and attitudinal gaps identified amongst RS staff. It aims at building the intellectual and attitudinal capacities to offer technical, coordination and supervisory support to LGAs.

This is an area that is entirely demand driven by RSs, in line with HR and organisational capacity building needs which are, in turn, driven by needs of LGAs. It has been recommended that the ISP be used to build general skills (non-sector specific), and the Management Support Cluster is the priority target group. This cluster facilitates the general management capacities at LGA level: this includes improved financial management; HR/OD; general planning and management information systems (MIS). These core and generic functions must be undertaken well. The general skills described are akin to the 'generic' skills that are being built in LGAs (as identified for the LGSP/LGCDG system), and are areas where LGAs would expected to receive support from RSs. These generic areas are:

- Local government legislation, roles and responsibilities;
- Management and leadership skills<sup>26</sup>;
- Budgeting and budget management;
- Financial management and control;
- Procurement and contract management;
- Revenue mobilization (at LGA level) and operation and maintenance budgeting;
- Development planning and strategic planning;
- Project preparation, investment, appraisal, environmental impact assessment and safeguard policies;

<sup>26</sup> For the RSs this is also relevant to one of the principles and a success factor of the ISP.

- Project monitoring and evaluation;
- Data collection, information management and record keeping; and
- Human resource management.

Courses on the above will be available from accredited training organisations. RSs can have equal access as some courses will be equally relevant to the RS staff, given their responsibility for support LGAs to carry out these functions. PO-RALG will review whether any courses need amendments in their scope to make them relevant to RSs also.

Many of the generic areas are already being addressed through various other initiatives. For example, training in Opportunities and Obstacles to Development (O&OD) support, planning and the new LGCDG/LGSP roll out will include RS training in planning.

The staff appraisal at Output 2, together with the PMS (Output 5), the work on Interrelationships (Output 4) will contribute to the identification of capacity building needs. More generally the RSs should have training plans that have been produced under the national training policy and the PO-RALG Training Policy. PO-RALG will issue guidelines required for this. In the meantime a template for capacity building plans is in Appendix D. This is the same template as used by LGAs. RSs use of the template will increase their capacity to offer support to LGAs when doing so.

PO-RALG will be able to support the ISP through identifying accredited training providers for courses. However, this Output is not centred on training courses only. A mix of approaches is required to build the requisite capacity in individuals and the RS overall. This is outlined in the Annex of the Capacity Building Plan Template (Appendix D). The mix in a RS's ISP Plan will be appraised by the ISP Committee.

This Output also includes the semi-annual ISP meetings. These meetings are to be used to improve the design and effectiveness of the ISP and its activities (see Part 2 – Chapter 3.2 for more on these meetings). They require inputs (time, ideas, money, management, presentations, etc) so these are to be factored under the activities and budget of this Output.

### **2.6.1 Responsibilities**

PO-RALG responsibilities for this Output:

- raise awareness about generic courses and training providers available
- appraise RS plans and budgets
- announce dates of semi-annual ISP Meetings and ensure someone has responsibility for organising.

RS responsibilities for this Output are:

- prepare capacity building plan for priority needs (using OPRAs, plans, appraisals, etc)
- identify other funding sources
- evaluate training, and reporting impact in progress reports
- evaluate training providers
- suggest topics for semi-annual meetings
- provide materials and presentations for semi-annual meetings.

## 2.6.2 Timeframe

The timing of activities for this Output will come from Output 2 in particular. If a RS intends to include a long-term training programme this will have to commence early, as it must be completed and fully paid by June 2008.

## 2.6.3 Budget

The Budget for Output 6 activities has been broken down thus:

Output 6 - Activities	RS Budget	PO-RALG Budget	Total (3 Years)
ISP Meetings	Tshs 40,620,000	Tshs 18,300,000	Tshs 58,920,000
RS Capacity Building Budgets	Tshs371,500,000	Tshs 34,702,000	Tshs 406,202,000
TOTAL	Tshs412,120,000	Tshs 53,002,000	Tshs465,122,000

The details in Appendix C provide the costs for each RS to include in their ISP budgets, to cover costs of attending ISP Meetings.

## 2.6.4 Milestones for RSs

- RS Capacity Building Plan prepared and approved
- Capacity Building activities completed and evaluated
- Human resource capacity improved.

## 2.7 Output 7: System for RS Support to HR/OD in LG in place

The MTP says: *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.*

This area of work is required in order to properly arrange HR/OD in RSs in line with the Public Service Act and Regulations, and associated instruments, e.g. Public Service Code of Ethics; Public Service Employment Policy 1999; National Training Policy, etc. The benefits of reviewing arrangements and producing guidelines will be for two levels:

- for HR/OD within RSs themselves, and
- for RSs to provide oversight and support to LGAs on HR/OD.

The Public Service Commission (with PO-RALG) is about to embark on implementing a new Human Resources Compliance Inspection System (HRCIS)<sup>27</sup> that will inspect compliance of MDAs against the public service HR instruments. The findings are to be given to the inspected party and presented in an annual report to the President. The ISP will be a useful avenue to strengthen RS capacity in HR/OD ahead of, and between these inspections.

This Output does not need to wait for other Outputs above. The standards and guidelines and rules are already known and will not change with Output 1 (although the posts involved may change). Therefore PO-RALG will proceed with a short consultancy to produce a template for

<sup>27</sup> Tender No 3 of 2004/2005 for Consultancy Services to Design and Implement a Human Resource Compliance Inspection System refers. See also Chapter 6 of the "State of the Public Service Report" 23 June 2005, PO-PSM for results of a limited inspection exercise in 2004.

HR/OD guidelines. Dissemination, training and practice (experience) will be required. The original concept would have been that this consultancy would 'benchmark' or do baselines of HR/OD capacity in RSs. However, the PSC HRCIS is to complete its first round (including up to 17 RSs) in the next six months. This will provide the baseline. Any weaknesses identified will inform the next activities and capacity building needs for Output 6. Even if a RS is not in the first round of inspections the tools for the inspections can be made available for RSs to undertake their own checks (or hire support to do this for them).

LGAs are also included in the HRCIS. Their performance will be a reflection of the RS support in HR/OD.

### **2.7.1 Responsibilities**

PO-RALG responsibilities for this Output are:

- arrange Inspections on HR management (HRM), under HRCIS
- arrange training on common aspects
- provide template for HR/OD guidelines for RS level
- disseminate and train on HR regulations in the public service
- circulate sufficient copies of policies, schemes, guidelines, etc
- liaise with PSC on ongoing developments and improvements.

RS responsibilities for this Output are:

- identify data sources and extracting data on HR management
- adhere to HRM policies and guidelines
- keep complete HRM records
- perform internal checks on HRM compliance
- cooperate with Inspectors
- produce own (RS) HRM guidelines with clear responsibilities and standards
- collate and analyse LGA Inspection reports (for capacity building plans).

### **2.7.2 Timeframe**

RSs can plan to embark on this Output immediately, to check HRM data and compliance. All Government policies and guidelines and regulations on staff management are already available. Scheduling in the ISP can be further determined once PSC and PO-RALG publish the first round of Inspections they will conduct. Working around that timetable may be helpful for RSs to stagger the implementation of the ISP Outputs, i.e. so that their capacity is not overwhelmed addressing too many things simultaneously.

PO-RALG should endeavour to produce a template for internal-RS HRM as soon as possible, for RSs to create and adopt their own.

### **2.7.3 Budget**

HR/OD is being addressed by a variety of stakeholders (including PSC, LGRP, LGCDG System). The other ISP Outputs will also have an impact on HR/OD. Therefore PO-RALG will examine other budget provisions and determine further the allocation of Output 7 budget for ISP. The provisional allocations are:

Output 7 - Activities	RS Budget	PO-RALG Budget	Total (3 Years)
Consultancy		Tshs 25,000,000	} Tshs216,700,000
Stakeholder meetings		Tshs 3,000,000	
Production costs		Tshs 8,000,000	
Local activities and training	Tshs88,500,000	Tshs 78,500,000	
Monitoring and evaluation		<u>Tshs 13,700,000</u>	
TOTAL	<u>Tshs88,500,000</u>	Tshs 128,200	

**2.7.4 Milestones for RSs**

- Clean Inspection reports
- HRM baseline data
- LGA HRCIS Inspection Reports
- Annual self-assessments (when not part of Inspection routine).

## 2.8 Milestones

A number of milestones for the ISP Outputs have been proposed in this Guide (in the preceding sections on the Outputs). These are summarised in table 3 below, after milestones published in the MTP and the PO-RALG Capacity Building Programme. RSs will determine timeframes for their specific milestones.

**Table 3: Milestones**

MTP for PORALG/ RS Capacity Building Logical Framework	<ol style="list-style-type: none"> <li>1. 178 vacant posts filled by June 2006</li> <li>2. New structure (PO-RALG) operational by June 2006</li> <li>3. Coordination Forum operational by December 2005</li> <li>4. Inspectorate functioning by December 2005</li> <li>5. Technical Support Facility functioning by December 2005</li> <li>6. Strategy in place by December 2005</li> <li>7. System for answering Parliamentary Questions in place by June 2006.</li> </ol>
PO-RALG Capacity Building Programme	<ol style="list-style-type: none"> <li>1. Human resource capacity improved</li> <li>2. Vehicles and equipments procured and in use</li> <li>3. Clear working relationships</li> <li>4. PMS in place</li> <li>5. Improved knowledge and skills</li> </ol>
Output 1	<ul style="list-style-type: none"> <li>New structure approved and implemented</li> <li>Updated policies, guidelines and procedures</li> <li>Updated job descriptions</li> </ul>
Output 2	<ul style="list-style-type: none"> <li>Appraisals completed</li> <li>Staff retrenched</li> <li>Contract recruitment completed</li> <li>MTEFs updated</li> <li>Human resource capacity improved</li> </ul>
Output 3	<ul style="list-style-type: none"> <li>New transport delivered and in use</li> <li>Equipments procured and in use</li> <li>Resource centre operational</li> <li>Use of PO-RALG website for business</li> </ul>
Output 4	<ul style="list-style-type: none"> <li>Analytical reports produced</li> <li>Improved operational guidelines for sector specific work at RS level in support of LGAs</li> <li>Surveys undertaken</li> <li>Clear working relationships</li> </ul>
Output 5	<ul style="list-style-type: none"> <li>PMS in place</li> <li>Client Service Charters for all 21 RS</li> <li>OPRAs being used</li> <li>Service Delivery Surveys carried out and disseminated</li> </ul>
Output 6	<ul style="list-style-type: none"> <li>RS Capacity Building Plan prepared and approved</li> <li>Capacity Building activities completed and evaluated</li> <li>Human resource capacity improved.</li> </ul>
Output 7	<ul style="list-style-type: none"> <li>Clean Inspection reports</li> <li>HRM baseline data</li> <li>LGA HRCIS Inspection Reports</li> <li>Annual self-assessments (when not part of Inspection routine).</li> </ul>

## 2.9 Risks

There are a number of risks associated with the ISP. These have to be taken into account by the RSs when designing their ISP Operational Plans. Risk reducing strategies need to be developed and included.

The ISP is directly relevant to the risks and risk reducing strategies for PO-RALG as identified in the MTP. This is illustrated in Table 4 below. Table 5 has the risks as presented in the ISP Appraisal Report. Thereafter, Table 6 contains a number of other risks for the ISP that were been identified when preparing this Guide. These are consolidated in Appendix E, and should be used by RSs when preparing their own ISP Plans (Appendix B).

**Table 4: PO-RALG Risks and the ISP**

<b>Risk</b>	<b>Likely Impact</b>	<b>Prob-ability</b>	<b>Risk reducing strategies/ Intervention</b>	<b>Is ISP relevant?</b>
1.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 (targeted recruitment, promotions, etc).	YES- Output 2
2.Inability of PO-RALG to absorb elements of LGRP and champion reforms.	High	Medium	Implement PO-RALG Capacity Building Programme.  Agree milestones for integration.  Change advisers and outcome managers job descriptions.	YES – All  YES – Output 2  YES
3.Budgetary support processes lead to a drying up of capacity building investment.	High	High	Present case to bilaterals.  Negotiate with Ministry of Finance to increase budget for PO-RALG and LGR.	YES
4.Key staff shortages in PO-RALG and RSs*.	High	Medium	Engage in active recruitment campaign.  Design both monetary and non-monetary incentive schemes (targeted recruitment, promotions, etc).  ISP activities on restructuring and capacity building.	YES- Output 2  YES- Output 2  YES – Outputs 1, 5, 6, 7.
5.Once capacitated RSs become over-bearing in relation to LGAs*.	High	High	Implement the ISP.	YES, especially Outputs 1, 4, 5, 6, 7.

\*denotes also risk mentioned in PO-RALG Capacity Building Programme

The ISP Appraisal also noted risks related to (a) policy environment, (b) financing of RSs, and (c) human resources management. These are repeated in Table 5 where they have been related to the ISP, and their likely impact and probability have been added.

**Table 5: ISP Appraisal – Risks**

<b>Risk</b>	<b>Likely Impact</b>	<b>Prob-ability</b>	<b>Risk reducing strategies/ Intervention</b>	<b>Is ISP relevant?</b>
a) Sectors will pursue planning and implementation modalities in parallel to RS. RS will have its authority expanded at the expense of LGA autonomy and used as a vehicle for de facto centralisation.	High  High	Medium  Low	ISP support to proactive engagement by PO-RALG in definition of appropriate RS functions and procedures within sectors.  Ensure broad stakeholder consultation (including LGAs and ALAT) in policy dialogue on legal review of RS legislation and regulations.	YES- Output 1 YES - Output 4  YES - Output 1 YES - Output 4
(b) RS clusters with main responsibility for supporting service delivery at LGA level may not be given adequate budget out of total regional budgets	High	Low	Need to review expenditure patterns at regional level within PER process. Adequate cluster budget allocations to be pre-condition for provision of equipment and vehicles to RS.	YES – Output 1 Output 4 Output 3.
(c) Certain staff categories may not be possible to attract for service within RS – especially in remote areas.	High	Medium	Subsequent to staff appraisal and LGRP decision on whether to integrate ZRTs into RS decide on contract recruitment of critical staff at RS level – with possible interim (2 years) support from ISP.	YES – Output 2 Output 5 Output 6

The above are entirely relevant to RSs for their own ISP plans and budgets. However, more important is for RSs to identify risks specific to their ISPs. Some are mentioned in Table 6 below. This is not a definitive list and each RS will have to review their applicability, and risks specific to them. RSs will have to develop and risk reducing strategies (and activities) as part of their ISP Operational Plans. RSs will also have to monitor and report on those risks.

**Table 6: ISP Risks for RSs**

<b>Risk</b>	<b>Likely Impact</b>	<b>Prob-ability</b>	<b>Risk reducing strategies/ intervention</b>	<b>Outputs</b>
PO-RALG lacks capacity for its ISP implementation responsibilities for each Output (resulting in delays).	Medium	Low	RSs are able to proceed with ISP regardless of PO-RALG, and incorporate developments as they happen.	All. Except Output 1
Staff in RSs not committed, and don't take ownership of the ISP.	High	Low	ISP provides space for sensitisation, participation, and incentives (e.g. training, recognition). Use PMS (and OPRAs) to give staff formal responsibilities. RASs are to be champions of ISP in their RS.	2 3 6 4
Key staff in RS move on.	High	Medium	Motivate staff via ISP and PMS. Recruit staff with adequate qualifications and competences.	2 6

<b>Risk</b>	<b>Likely Impact</b>	<b>Prob-ability</b>	<b>Risk reducing strategies/ intervention</b>	<b>Outputs</b>
RSs lack capacity to implement ISP effectively.	High	Low	PO-RALG / ISP Committee has oversight of plans and budgets to check quality. ISP is opportunity to build capacity. PO-RALG able to identify consultancy/ZRT support when critical.	All.
PIF application for Output 5 not approved.	High	Medium	Vire funds from other activities; target only RSs (i.e. omit RC and DC offices from activity).	All Outputs

### 3 Budget and Key Principles for the ISP

#### 3.1 Budget

The ISP Design, the Appraisal and the PO-RALG Capacity Building Programme all contain budgets for the ISP as a five-year programme. The MTP has secured funding for the first three years. The total MTP budget is absolute, and the indicative annual figures are:

MTP Output 7.2 (Tshs'000)

2005/06	2006/07	2007/08	TOTAL
999,000	1,819,800	1,836,000	4,654,800

According to the PO-RALG Capacity Building Plan the five-year budget would be: (Tshs'000)

2005/06	2006/07	2007/08	2008/09	2009/10	TOTAL
1,323,000*	1,819,800	1,836,000	1,026,000	1,026,000	7,030,800

(\*excluding restructuring of RSs)

**The MTP budget** is to be allocated between PO-RALG and the RSs. The indicative budget breakdown is in Table 7.

**Table 7: Budget Breakdown (Tshs).**

	Output	RSs	PO-RALG	Total
1.	New Structure for RSs Operationalised	347,250,000	258,250,000	605,500,000
2.	Human Resources Component Implemented	1,336,760,000	55,000,000	1,421,760,000
3.	Retooling for RSs Provided	1,391,040,000	108,960,000	1,500,000,000
4.	Interrelationships Between Sectors, RSs and LGAS Strengthened	75,000,000	139,000,000	214,000,000
5.	Strategic Planning and Performance Management Implemented	To be determined	231,000,000	231,000,000
6.	RS Knowledge and Skills Upgraded	412,120,000	53,002,000	465,122,000
7.	RS Support to HR/OD at LGA Levels Strengthened	88,500,000	128,200,000	216,700,000
	Total	3,680,670,000	973,412,000	Tshs 4,654,800

### 3.2 Key Principles

A number of issues were raised during design and appraisal work for the ISP, which are key principles and integral to mobilising and implementing the ISP. These are:

- The timeframe of five years
- The Incentive Based Approach
- Establishment of Benchmarks and Standards
- Public-Private Partnerships
- Lesson Learning and Exchange
- Leadership, wider commitment and motivation in RSs for the ISP.

These need to be reflected in the ISP strategies and ISP Operations Plans at the Regional level. Each is elaborated below.

#### 3.2.1 Timeframes

Five years was agreed as a suitable timeframe for an institutional strengthening programme. The ISP has five (annual) periods: three within the MTP and two beyond the MTP, as shown in table 8 below.

**Table 8: ISP Periods**

Year 1	Start to June 2006	} MTP
Year 2	July 2006 to June 2007	
Year 3	July 2007 to June 2008	
Year 4	July 2008 to June 2009	} After MTP
Year 5	July 2009 to June 2010	

The main features of these time periods are outlined below. It is imperative that PO-RALG and RSs plan this time for maximum productivity and benefit, particularly the first three years for which MTP funding is secure. Coordination between ISP Outputs will be a critical factor in this.

#### **Year 1: to June 2006**

The institutional arrangements for the ISP will be operationalised and the ISP Committee will finalise the indicators of the ISP. RSs will receive further orientation on the ISP. This will be done by PO-RALG to RASs; and by RASs within the RSs. As soon as possible during this first financial year the RSs will produce their first ISP Operational Plans, that include budgets and indicators. Concurrently RSs will establish their internal arrangements to manage the ISP. PO-RALG will also define indicators and actions plans for their areas of responsibility for the ISP.

As soon as plans and budgets are approved, RSs will receive funding to implement straight away.

#### **Year 2: July 2006 to June 2007**

RSs's ISP plans and budgets will be integrated into the regular planning and budgeting routines, including the MTEF. The same applies to PO-RALG. RSs and PO-RALG will identify other funding sources for all parts/years of the ISP, but especially for Years 4 and 5, and thus finalise their financing strategy for the ISP.

PO-RALG and RSs will review the incentives within the ISP to ascertain if there are other ways to approach this.

### **Year 3: July 2007 to June 2008**

Ditto. This is the last year of the MTP. PO-RALG will organise an assessment/progress review late 2007/ early 2008 as an input to the final report on the MTP.

PO-RALG will also assist RSs in planning for financing and implementation after the MTP period ends (June 2008).

### **Years 4 and 5: July 2008 to June 2010.**

The planning, budgeting and reporting systems will be entirely under GoT arrangements. ISP funding secured beyond the MTP/LGRP should also be channelled via GoT systems. If any funding (e.g. to a specific RS) is not via the GoT exchequer the implementation, management and reporting arrangements have to be against overall ISP and GoT requirements.

PO-RALG will mobilise an evaluation of the ISP for December 2008.

Under current ISP proposals the ISP will end in June 2010. Institutional strengthening will be integral (mainstreamed) in RS plans and budgets and business by this point.

## **3.2.2 Incentive Based Approach**

The ISP at RS level is demand driven, in accordance with the forthcoming RS ISP Plans and Budgets (see Part 3, Chapter 3). The first funding in Year 1 will be based on approved plans and budgets. Successful implementation of activities, and achievement of results or milestones of a plan secures continued funding. Timely and complete financial reporting is also a performance criterion for eligibility for continued support.

In Year 2, with some experience in hand, PO-RALG, together with the RASs, will review options for other incentives. These incentives could be additional funding for retooling, or specific capacity building for a post or team in a RS if identified as key contributors to ISP. Bonuses (for ISP use, not pay bonuses) could also be given to RSs that show initiative and drive, and take innovative approaches that produce results.

Additional resources that may become available for the ISP either centrally or to a particular RS could be allocated to incentives and rewards.

As part of the overall annual reporting (Part 2 - Chapter 5), performance of RSs will be mentioned, i.e. those that have consistently met all funding criteria and reported progress as well as any non-adherence.

## **3.2.3 Establishment of Benchmarks and Standards**

In line with GoT's push for improved data and monitoring, it is a requirement of the ISP that all RSs and PO-RALG complete the baseline exercise for the ISP. The baseline will record the indicators as at 2005. Benchmarks and standards will feature as targets and milestones in the ISP strategies and plans. (See Part 2 – Chapter 5).

In Year 2 PO-RALG will organise a piece of work to review indicators and benchmarks across RSs to assess areas for standardisation, and to check how the information systems are properly contributing to LGRP, PORALG, PSRP and MKUKUTA data needs.

### **3.2.4 Public-Private Partnerships**

In line with PSRP the RSs are encouraged to use non-state actors for improved delivery of functions and services. They can be used to undertake specific RS functions (outsourcing), or to undertake specific tasks for the ISP for the RS. These actors can be private firms, individual experts and non-governmental organisations. The Appraisal Report gave the example of having legal services on contract rather than a full-time, permanent staff post. Private sector service providers are often more experienced in facilitating institutional development processes than public sector staff so they can add value to ISP processes. Involving non-state facilitators and implementing agencies will also expose RS staff members to management concepts that have emerged or are emerging outside the public sector.

### **3.2.5 Lesson Learning and Exchange**

Given that 21 RSs will be implementing the ISP, there should be opportunities for lesson learning and exchange. This will capitalise on effective practices, create awareness of good and not so good approaches, etc. This is to help RSs to adjust action plans and activities accordingly. There will be some areas where the same approach among RSs will be feasible and useful. However, RSs (like all organisations) are social entities made up of different individuals, so identical approaches or blueprints will not always be effective. The RASs will have scope to assess their own needs.

There will be two occasions per year when all RSs will meet with PO-RALG. Lesson learning will feature during those meetings. In addition, PO-RALG wants to expand the use of the website to facilitate communication between RSs, and PO-RALG. Other avenues of disseminations will be identified.

### **3.2.6 Leadership and Wider Commitment in RSs for the ISP**

The success of the ISP requires strong strategic and managerial commitment and direction from the RASs. Change can only be instigated and sustained with such a supportive environment. The RASs Workshop on the ISP clearly demonstrated the commitment to the ISP. RASs now have to build the support within their teams (factored under Output 1). Again, examples of how this is done will be useful to share.

An obvious key to sustained commitment is achievement of results and receipt of rewards. Hence the RASs are in control of achieving their results, and PO-RALG / the ISP Committee will ensure appropriate incentives and rewards.

### **3.2.7 Harmonisation**

The ISP will use government systems and regulations wherever possible, and feasible and logical. This includes planning and reporting systems (notably PlanRep and the Integrated Financial Management System (IFMS)/Epicor), policies on procurement and payments (staff and TA). The ISP is to be incorporated into MTEFs. If RSs want to deviate from GoT procedures at any time a specific request must be submitted in writing to PO-RALG outlining the issue and rationale for using non-GoT rules. As GoT systems evolve, the ISP will have to be amended accordingly. PO-RALG will circulate guidance. Harmonisation and systems could be covered during the semi-annual meetings if appropriate.

## 4 Institutional Arrangements

The aim is that ISP is operationalised as soon as possible. The management of the ISP is a mainstream responsibility of PO-RALG and RS and their structures, i.e. there is no separate project or programme unit for ISP. Management costs of ISP are integral (i.e. not additional) to the LGRP, PO-RALG and RS budgets. This Chapter outlines the overall institutional arrangements for overseeing and implementing the ISP and mentions the responsibilities of the different bodies involved, and how they work together.

### 4.1 Oversight and Management

#### 4.1.1 General

The institutional arrangements are based on structures that already exist and/or have already been proposed under PO-RALG structures. Implementation structures follow standard GoT procedures and the respective roles of central PO-RALG and RSs.

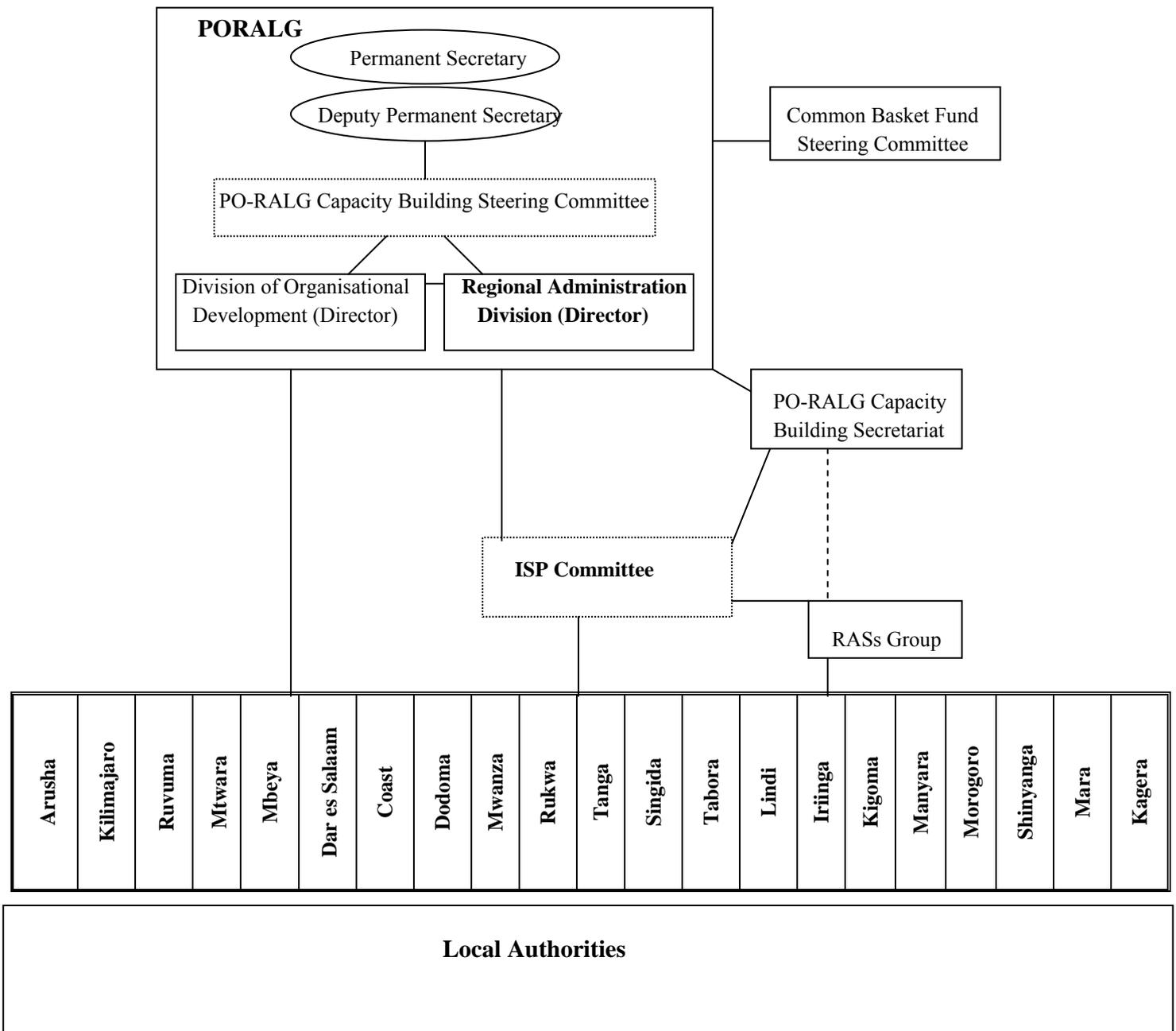
Figure 1 shows the different bodies that are part of the ISP. A description of each follows.

#### **PO-RALG**

**PO-RALG Capacity Building Steering Committee (CBSC)** – is part of the overall PO-RALG Capacity Building Programme. It is to meet once a month to provide overall policy guidance and monitor implementation processes. The CBSC is the Heads of Department in PO-RALG. They meet on a Tuesday (their management meetings) and the PS chairs the meeting. Their last management meeting of the month will have a standing agenda items on Capacity Building and this will be the forum for the CBSC. Progress reports on Capacity Building will be received, discussed and way forward agreed. The ISP will be part of their agenda.

**PO-RALG CB Secretariat (CB Sec)** - is responsible for facilitating the PO-RALG CB Programme, providing support to individual divisions, preparing ToRs for all TAs, managing change, collating progress reports from departments, making quarterly reports and taking minutes of the monthly CBSC meetings. The PO-RALG Outcome Manager and Adviser supported by an administrative officer and a secretary will be responsible for running the day to day activities of the secretariat and will have to shift to and operate from within PO-RALG. The Secretariat will be a temporary creation and so is not part of the PO-RALG establishment. The Secretariat is available to service all departments. Reporting is to the PS through the DPS. For the purposes of the ISP, the LGRP Accountant is part of this secretariat.

**Figure 1 ISP Management**



**KEY:**

New

----- Informal

**Regional Administration Division (RAD)** will, as its routine responsibility, monitor support to LGAs by RSs as well as regional affairs. It will lead the PO-RALG elements of the ISP, and will monitor the RS ISP planning and implementation of plans. The 3 sections within the Division are:

**RS Capacity Building Section:**

*Responsible for improving the performance of RSs. It will liaise closely with the Division for OD so that RSs benefit from innovative learning and skills transfer approaches.*

**Operations and Government Business Section:**

*Monitors the implementation of RS plans and expenditures made against approved budgets as well as broader government business in the Regions.*

**Administration Section:**

*Supervises the day to day running of RSs.*

**The Director of Regional Administration (DRA)** is, on behalf of the PS and DPS, responsible for:

- Coordination of the overall implementation of the ISP;
- Preparation and implementation of consolidated ISP work plans, budgets and semi-annual progress reports;
- Timely disbursement of funds (via LGRP);
- Financial management and reporting;
- Procurement;
- Audit follow-up where required;
- Monitoring and evaluation; and
- Preparing and submitting reports to the LGRT for the CBFSC.

Given the volume of work within the PO-RALG Capacity Building Programme, the CBSC, the DRA and CB Secretariat do not have the capacity to manage the ISP in entirety. Nor should they, given the significant role the RSs have in the ISP. Therefore there will be a layer between RSs and PO-RALG called the **ISP Committee**.

**ISP Committee** – this is the only new structure arising from the ISP<sup>28</sup>, and is essential for the RSs to be directly involved in managing the ISP, and for the ISP to smoothly. It will comprise:

- Deputy Permanent Secretary (Chair)
- Director Regional Administration
- Director Organisational Development
- PO-RALG Outcome Manager (Secretariat)
- PO-RALG Adviser
- Chair, RAS Group
- Secretary, RAS Group
- 2 other RASs.

The ISP Committee will discuss and approve issues relevant to the ISP and its management and operation such as:

- RS ISP Plans and Budgets and Reports
- RS capacity needs;
- PO-RALG ISP Plans, Budgets, and Reports
- Standardisation of training materials or capacity building activities;
- Mechanisms of quality assurance;
- Coordination
- Organisation of semi-annual meetings
- Harmonisation of systems and tools.

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<sup>28</sup> The new PO-RALG structures in Figure 1 were proposed for the PO-RALG Capacity Building Programme

The ISP Committee will be responsible for collating reports and monitoring data for the MTP Reports to the CBFSC. The Committee will have **scheduled quarterly meetings**. The modus operandi of the ISP Committee is explained in Appendix F.

The minutes of ISP Committee meetings will be posted on the PO-RALG website. The minutes will record any action for PO-RALG/LGRP and /or RSs. If there are items discussed that are not for the public domain the minutes will not be available via the website.

**Regional Secretariats** - are the drivers of the ISP. Part 3 covers how the ISP is to be carried out at RS level. Internally the RSs have flexibility to organise themselves for the ISP in accordance with their own arrangements and existing processes for PlanRep, IFMS, etc. Detailed responsibilities are mentioned for each Output above and under ISP Implementation and Management Arrangements (Part 3 of this Guide).

## 4.2 ISP Semi-Annual Meeting

In order that all RASs have a direct opportunity to discuss ISP progress and have direct input to ISP management, there will be two meetings held each year between RASs and the PO-RALG CB Secretariat. The PO-RALG Capacity Building Steering Committee will be invited. The Permanent Secretary will call the meetings. The Chair of the RASs will organise the meeting and coordinate the Agenda with the DRA and PO-RALG / LGRP staff. These meetings will be used to:

- Share experiences (lesson learning) on the ISP design and make relevant recommendations on the Operations and Management Manual, the processes, allocation of funds, monitoring, etc. to the PS, PO-RALG.
- Review work plans, budgets and progress reports for the ISP against the MTP and make recommendations on the basis of the benchmarks as defined to the PS, PO-RALG or through the PS PO-RALG to the CBFSC.
- Review harmonisation of systems.
- Brainstorm on incentives and future funding of ISP.

## 4.3 Participation Agreement

The implementation of the ISP is in accordance with agreed plans and budgets for the seven Outputs above. As with other programmes that involve resources transfers (grants) and delegation of responsibility, the ISP will have an ISP Agreement (Agreement). The Agreement will be between the RS and the PO-RALG.

The Agreement stipulates the main definitions and ISP grant conditions as have been described in this Guide. The Agreement also sets out the specific obligations of the two parties and rights and remedies.

The draft Agreement is in Appendix G.

## 5 Financial Management

### 5.1 ISP Budget

The ISP is funded through the LGRP Common Basket Fund. This is funded by GoT and a number of Development Partners. The ISP Design, the Appraisal and the PO-RALG Capacity Building all contain budgets for the ISP as a five-year programme. The MTP has secured funding for the first three years. The total budget is absolute, and the indicative annual figures are:

i) MTP Output 7.2 (Tshs'000):

2005/06	2006/07	2007/08	TOTAL
999,000	1,819,800	1,836,000	4,654,800

ii) According to the PO-RALG Capacity Building Plan the 5-year budget would be (Tshs'000):

2005/06	2006/07	2007/08	2008/09	2009/10	TOTAL
1,323,000*	1,819,800	1,836,000	1,026,000	1,026,000	7,030,800

(\*excluding restructuring of RSs)

Whilst there may be anxiety about resource constraints it is imperative to mobilise the ISP and review the demand for and utilisation of resources after implementation experience gained. Capacity constraints may affect progress and therefore use of resources, or if the ISP is progressing well it may be able to draw on funds from other parts of the LGRP MTP Budget. Identifying additional funding sources is an activity within Year 2 of the ISP. Additional funds may be required up to Year 3, but definitely for Years 4 and 5 as currently they have no resources.

The Budget<sup>29</sup> excludes:

- salaries for government employees
- office accommodation or rents
- motor vehicles (existing)
- motor vehicle maintenance (existing or new)
- office stationery
- repair and maintenance of building and equipment or tools.

<sup>29</sup> As noted in the PO-RALG Capacity Building Programme (p32)

## 5.2 Budget Breakdown

The ISP budget is to be allocated to RSs to implement their ISP, and to PO-RALG for activities that they are to lead and manage as described for the different Outputs above. The ISP budget for RSs will be allocated horizontally between all the RSs in accordance with the different Outputs. Table 9 summarises the starting position. This table is reproduced in Appendix C with explanatory notes on how these allocations have been arrived at.

**Table 9: Budget Breakdown**

	<b>Output</b>	<b>RSs</b>	<b>PO-RALG</b>	<b>Total</b>
1.	New Structure for RSs Operationalised	347,250,000	258,250,000	605,500,000
2.	Human Resources Component Implemented	1,336,760,000	55,000,000	1,421,760,000
3.	Retooling for RSs Provided	1,391,040,000	108,960,000	1,500,000,000
4.	Interrelationships Between Sectors, RSs and LGAS Strengthened	75,000,000	139,000,000	214,000,000
5.	Strategic Planning and Performance Management Implemented	To be determined	231,000,000	231,000,000
6.	RS Knowledge and Skills Upgraded	412,120,000	53,002,000	465,122,000
7.	RS Support to HR/OD at LGA Levels Strengthened	88,500,000	128,200,000	216,700,000
	Total	3,680,670,000	973,412,000	Tshs4,654,800

The ISP Committee will review the budget allocations every 6 months. The reviews will consider RS plans and budgets, the evolving situation at central level, and availability of funding from other sources.

## 5.3 Access and Responsibilities

There are a number of initial activities that RSs have to follow and fulfil for commencement of the ISP for individuals RSs. The RS should complete the questionnaire in Appendix H. This is to be attached to the first ISP Operational Plan and Budget submitted to the ISP Committee. RSs must complete this questionnaire every year and attach their annual ISP Operational Plan and Budget. In addition, RSs must complete the baseline report and submit data to PO-RALG. Reporting responsibilities are set out below and in Chapter 6 here, and in Part 3 – Chapter 5.

Any other access conditions or pre-requisites have been specified in the relevant Outputs.

## 5.4 Financial Flows and Parameters

One of the principles of harmonisation agreed with GoT and donors is streamlining funding channels for allocating recurrent and development funds to public sector bodies. The ISP will be funded from the LGRP Common Basket Fund. Development partners and GoT release funds to the CBF according to their specific financial agreements and in accordance with approved LGRP plans and budgets. The ISP is within those plans and budgets, which are approved by the CBFSC.

Therefore the ISP Committee will ensure that the plans and budgets for the ISP Component are ready in time for the 6 monthly LGRP reports to the CBFSC.

Release of funds to individual RSs will be approved by the DPS on behalf of the PS, based on recommendations from the ISP Committee. Releases of funds will always depend on approval of:

- receiving monthly financial reports
- quarterly financial reports and physical progress reports
- 6 monthly updated plans and budgets
- annual monitoring report.

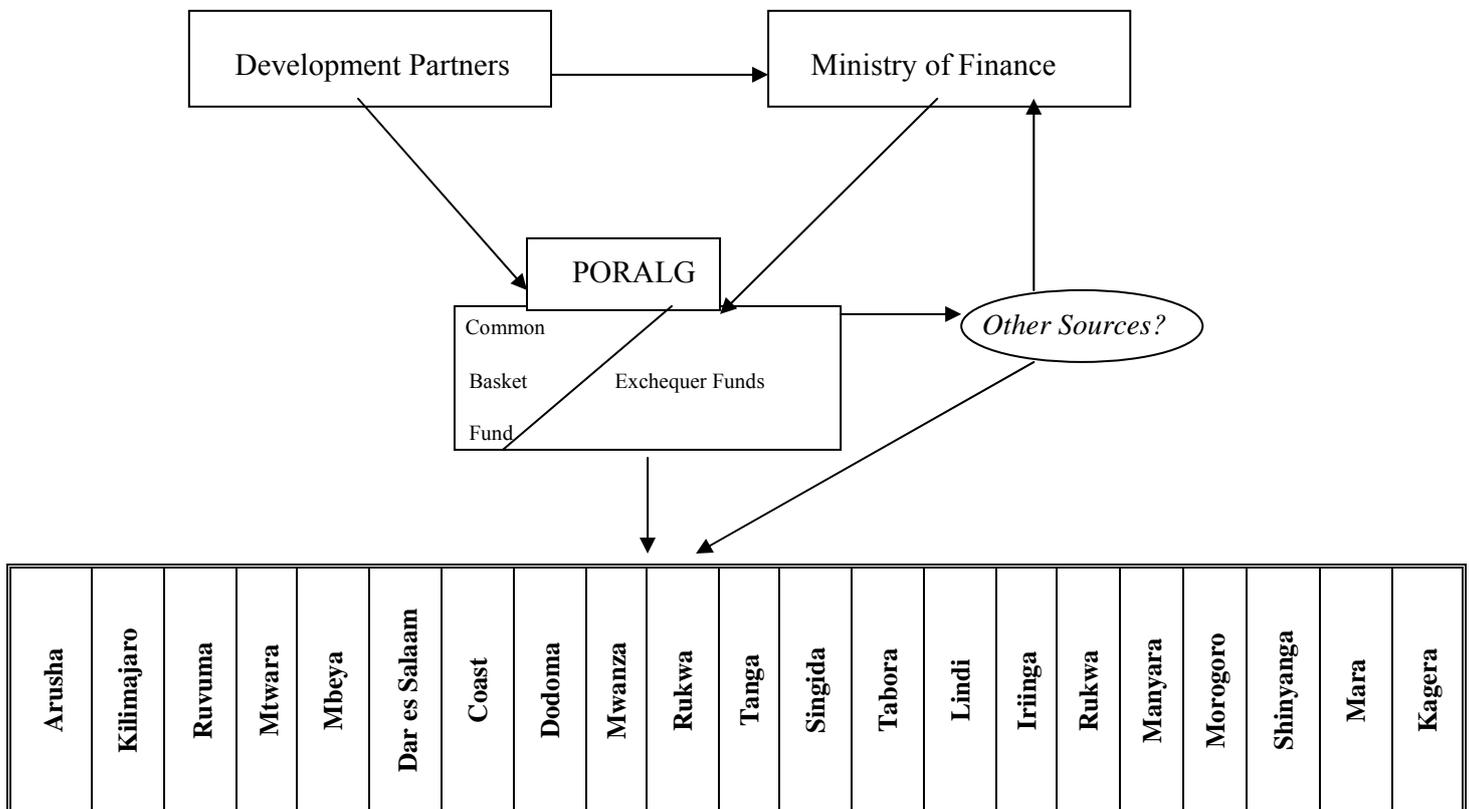
During Year 1 RSs will receive an initial funding transfer sufficient for two months. They will request funds for the third month when sending report on month 1, and so on. Funding for two months should ensure there are sufficient funds even when progress in one month exceeds the plan. This arrangement will be reviewed at the end of Year 1. With adherence to ISP policies and rules, and satisfactory performance, reporting and progress RSs may be given approval for quarterly funding arrangements. This will revert to monthly transfers if performance lapses.

RSs failing to report in the required format and within the specified deadlines will not receive funding for the following period.

Adverse audit reports (OCAG or LGRP) or significant queries raised in LGRP Audit management letter will cause ISP fund transfers to be stopped.

The flow of funds is depicted in Figure 2 below.

**Figure 2 Flow of Funds**



RSs may vire funds between activities *within* an Output during implementation and report on this in their next, regular report. If a RS wants to vire funds *between* Outputs this should be forecast in quarterly reports and revised plans and budgets. The ISP Committee will approve formal changes to budget allocations. Any significant variations will have to be included in the LGRP Plan and Budget that is approved by the CBFSC.

## 5.5 Financial Reporting

Financial reporting should use the GoT system (IFMS and PlanRep). RSs and PORALG are to code expenditure according to ISP Outputs and Activities and report against activities and Outputs. The RAS must sign the financial report before it is submitted to PO-RALG.

Financial reports required from RSs are:

### Timing<sup>30</sup>

- |                         |                                    |
|-------------------------|------------------------------------|
| - monthly flash reports | asap. (next funding depends on it) |
| - quarterly reports     | within 2 weeks                     |
| - six-monthly reports   | within 2 weeks                     |
| - annual report.        | within 1 month.                    |

Financial reports (except the monthly report) should show expenditure against budgets by:

- activity for each Output
- Output (7 Outputs)
- RS ISP (one set of figures).

RS Financial Reports will be consolidated into internal PO-RALG Reports (e.g. for the PO-RALG Capacity Building Steering Committee) and LGRP reports for the CBFSC. PO-RALG will report on ISP every six months in the regular reports to the CBFSC. PO-RALG will also report to the Inter-Ministerial Technical Committee (IMTC) and Inter-Ministerial Working Group (IMWG) as appropriate.

Whereas most of the reporting is for the consumption of the GoT and development partners, RSs should note that reports are also available for LGAs and the public at large if interested.

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<sup>30</sup> The ISP Committee will keep these deadlines under review and may announce changes if the ISP requires it.

## 6 Monitoring and Reporting

This Chapter contains the main monitoring and reporting requirements for the ISP. The overall monitoring framework is noted, and then specific responsibilities for PO-RALG and the RSs are covered. Part 3 – Chapter 5 has more detailed information for RSs.

### 6.1 Monitoring

While PO-RALG is overall responsible for monitoring the ISP for the PO-RALG Capacity Building Programme and the MTP, it is the RSs that will produce the bulk of data for monitoring and evaluation.

The monitoring reports to the LGRP CBFSC cover:

- Reporting on completed activities against planned (progress monitoring and achievement of outputs)
- Reporting on actual expenditures against budget (financial expenditure reports)
- Collection of data for the agreed indicators for the goal, purpose and outcome levels of the master logical framework
- Assessment of risks and risk reducing strategies.

The RS monitoring will follow the same. This will make it easy to collate all RS reports into the ISP report.

RSs are responsible for monitoring progress with implementation of workplans, expenditure of allocated funds, passing of pre-set milestones and the improvements. Improvements will be assessed using objectively verifiable indicators (See 5.1.1 below). These will be agreed at the outset (Year 1) and a baseline recorded for future comparison.

In every annual plan the RS will detail the milestones for that year and the activities to achieve them. Within the RS responsibility will be allocated to specific individuals for those activities and for monitoring activities. Therefore monitoring **MUST** be built into plans and budgets (although there is not expected to be any incremental cost to monitoring the ISP).

#### 6.1.1 Indicators

Table 10 summarises the *impact* monitoring indicators for the ISP that have been promulgated so far. The next activity for PO-RALG and RSs is to further define the indicators for their respective areas (in their ISP Operational Plans), which will be the *ISP Indicators*. The ISP Committee will treat this as a priority output of their first meeting. The PO-RALG Capacity Building Secretariat will facilitate this and will produce a simple guide for RSs to collect baseline data. RSs will have scope to develop their own targets for outputs.

Collection and reporting of baseline data (to the ISP Committee) is a pre-requisite for approval of plans and releases of funds.

**Table 10:ISP Indicators**

<p><b>Goal</b><sup>31</sup>: To champion decentralisation by devolution and to create the requisite conditions for LGAs to deliver quality services efficiently and equitably.</p>	<ol style="list-style-type: none"> <li>1. 50% of capital development grants disbursed below LGA level by 2008.</li> <li>2. Satisfaction ratings (CWIQ) from sample increased.</li> </ol>
<p><b>Purpose</b>: Increased capacity of PO-RALG and RS to perform mandated functions.</p>	<ol style="list-style-type: none"> <li>3. % of PO-RALG officer grade and above staff meeting performance targets (OPRAS) increased from 0 to 95% by 2010.</li> <li>4. % of RS staff meeting performance targets (OPRAS) increased from 0 to 95% by 2010.</li> <li>5. 75% of service delivery agreements achieved between PO-RALG and Ministries by 2008.</li> <li>6. 75% of LGAs passing LGCDG Annual Assessments by 2008.</li> <li>7. 100% of LGAs with functioning MIS by 2010.</li> </ol>
<p><b>Output 2</b> of PORALG Capacity Building Programme: ISP for RSs implemented. <b>Outcome 2</b> of MTP: Improved performance of RS staff.</p>	<p>Improved knowledge and skills of RS staff, improved support provided to LGAs by RSs.</p> <p><i>To be developed by ISP Committee</i></p>
<p>ISP Outputs....</p>	
<p>1. New Structure for RSs Operationalised.</p>	
<p>2. Human Resources Component Implemented.</p>	
<p>3. Retooling for RSs provided.</p>	
<p>4. Interrelationships between Sectors, RSs and LGAs strengthened.</p>	<p><i>To be proposed by ISP Committee, and developed by RSs</i></p>
<p>5. Strategic Planning and Performance Management Implemented.</p>	
<p>6. RS Knowledge and Skills Upgraded.</p>	
<p>7. RS Support to HR/OD at LGA Levels Strengthened.</p>	

As part of the above, the monitoring system will include:

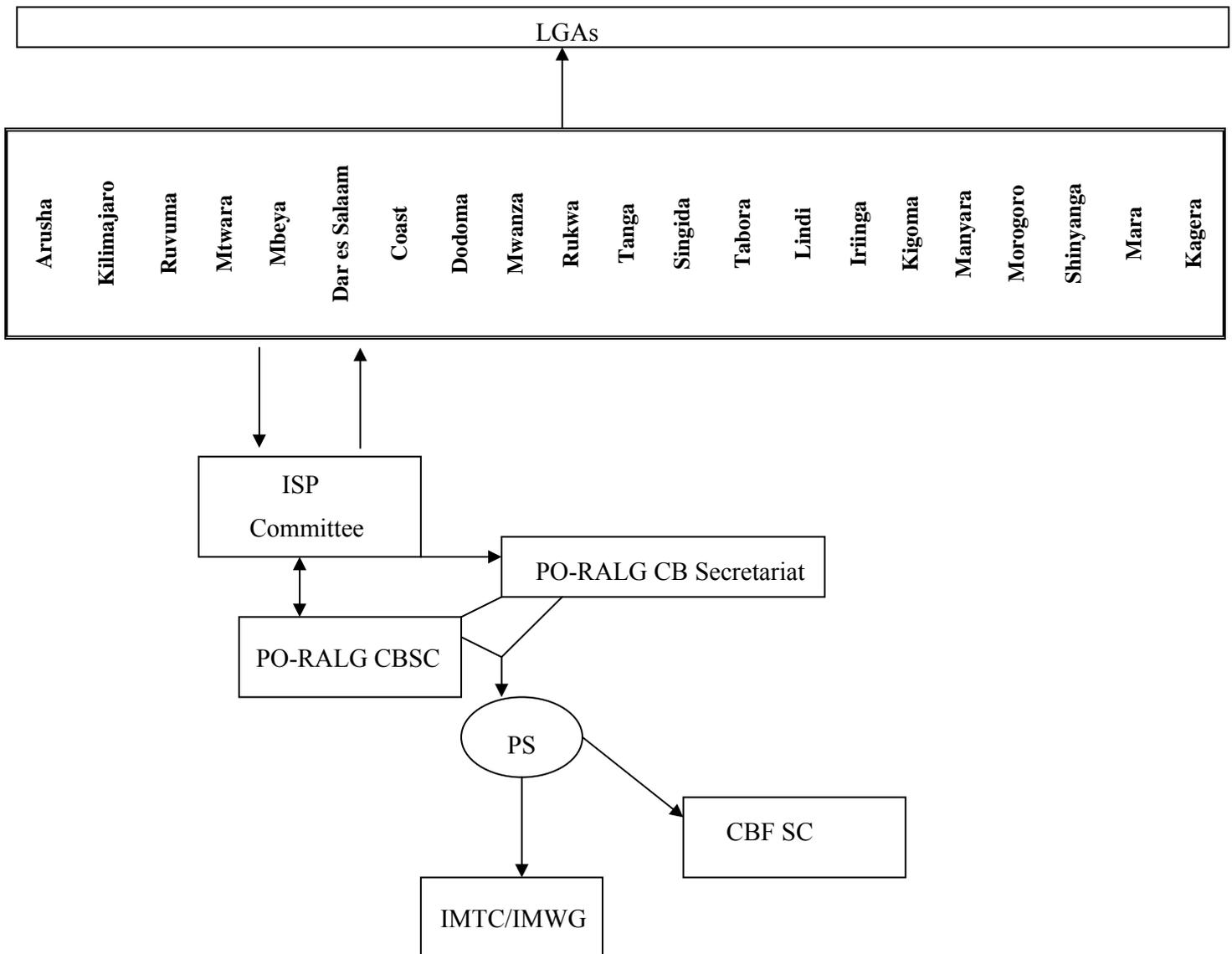
- *progress monitoring* and
- monitoring implementation and management of the ISP against the *principles* (outlined in Part 2 – Chapter 3.2).

<sup>31</sup> Source: PO-RALG/RS Capacity Building Logical Framework for Goal and Purpose level indicators

## 6.2 Reporting

The ISP reporting flows is illustrated in Figure 3 below.

**Figure 3 ISP Reporting**



### 6.2.1 PO-RALG

PO-RALG will report on the ISP in its regular reports to the CBFSC. The LGRP six-monthly reports will have a separate Chapter reporting on PO-RALG and RS capacity building. Financial reporting was covered in Chapter 5 (Financial Management).

The PO-RALG Capacity Building Steering Committee (see 3.1.2) is to discuss progress monthly. The ISP (via the CB Secretariat) will be able to supply substantive quarterly reports, based on quarterly reporting from RSs. The quarterly reports will comprise progress reports and account of programme expenditure, with a statement of expenditure anticipated in the following quarter. The reports will also detail progress made against the agreed workplan, overall project progress, changes in the planning environment in which the ISP operates and other factors relevant to the

success of the ISP. The reports will also mention general achievements, constraints experienced, action taken to address constraints and milestones for the period passed or not.

In addition, PO-RALG will issue a quarterly report to RSs, on progress with the elements of the ISP that PO-RALG is responsible for.

### **6.2.2 Regional Secretariats**

The RSs are to submit financial and physical progress reports as follows:

- Financial: monthly, quarterly, six-monthly, annual (see Chapter 5).
- Progress: quarterly, six-monthly, annual.

These will comprise the same information as outlined above for the PO-RALG reports. (See Part 3 – Chapter 5 for more information on RS reporting). The GoT systems for reporting will be used (see Appendix I for templates).

## **Part 3 Implementation**

## 1 The ISP Cycle

This Part of the ISP Guide covers implementation and management of the ISP within the RSs. It contains necessary guidance for RSs and references to key documents and systems to be used. It is expected that the ISP Committee will review these arrangements at the end of the first year and recommend any changes

The ISP cycle is depicted in Figure 4 overleaf. It is structured according to the principles of project cycle management, encompassing six sequential steps, which will be followed in this Part of the ISP Guide<sup>32</sup>.

1. *Identification* – the point of departure for the ISP cycle, and the regular reviews within it, to identify interventions to make improvements.
2. *Planning and budgeting* – the planning and budgeting procedure follows the normal RS planning cycle and processes;
3. *Implementation* of the ISP - to implement the ISP financed activities, RSs are expected to procure relevant services, goods and works, or allocate resources and effort internally, and to continuously manage and supervise (day to monitoring of) the activities;
4. *Monitoring and Reporting* – the ISP follows the normal GoT reporting requirements and requires the RSs and LGRP to submit financial and physical progress reports using Plan-Rep/Epicor systems (where available). Satisfactory reporting is tied to the quarterly release of funds. Monitoring is linked to LGRP monitoring and reported to development partners and MKUKUTA.
5. *Audit* – RSs are required to have an internal audit function in place. OCAG will perform their routine audit role. PO-RALG will also appoint the LGRP CBF auditors to cover the ISP funds at RS level, and PO-RALG Inspectors will undertake value for money, procurement and governance audits.
6. *Evaluation and impact assessment* - the general evaluation system follows the system established for PO-RALG and the corresponding Logical Framework in the MTP for PO-RALG/RS Capacity Building.

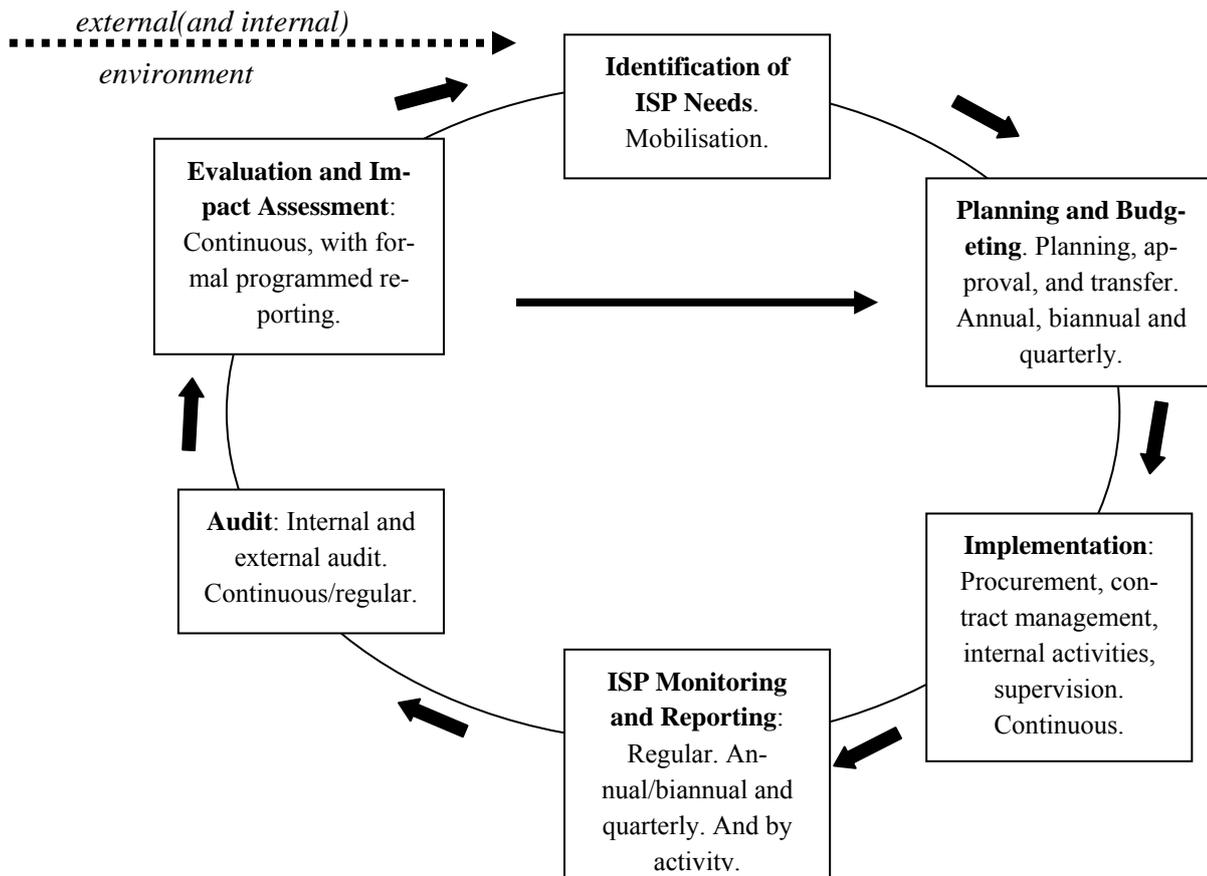
In each Chapter (on each part of the ISP cycle) there is a description of:

- *management* to describe how the RS will be able to organise for and manage the these elements for the ISP;
- any critical *timing* factors;
- the respective *responsibilities* of the RS and PO-RALG<sup>33</sup>.

<sup>32</sup> The LGCDG Guide follows the same principles; PO-RALG is endeavouring to use consistent terminology and Guides across the board.

This Guide contains a Template for a RS ISP Operational Plan (Appendix B). This template takes a logical framework approach, to be consistent with the PO-RALG/RS Capacity Building Programme and MTP. This template and Part 3 of the Guide are the main instruments to guide RSs to implement and manage their ISPs.

**Figure 4 The ISP Cycle**



<sup>33</sup> PO-RALG is included again to give the information on what is to happen alongside RSs’ responsibilities, for completeness. The ISP Committee is not covered here; information on ISP Committee responsibilities is in Part 2 – 3.1.2.

## 2 Identification

The point of departure for the ISP is for RSs to identify their own needs and priorities for the different ISP components, keeping in mind what activities will be undertaken by PO-RALG and when.

### 2.1 RS Deliverables

The expected deliverables from an RS after Identification work are:

- Implementation Questionnaire completed (Appendix H)
- Internal ISP structures and responsibilities clear and information processes agreed
- Stock of ISP information held and available in RS (Appendix A)
- Information on LGA capacity building needs collated and analysed
- Capacity Building Plan (at least initial one).

### 2.2 Management

#### 2.2.1 Systems

How RSs organise the needs assessment is up to the RS. Existing internal structures for planning and management will be the first option. However, given the priority attached to the management support cluster the RAS should ensure the appropriate representation for the ISP. Overall the RAS will be responsible for the ISP and can appoint an ISP team. The Team could use key post holders (e.g. Treasurer, Management Cluster, LG TA) nominated by the RAS, or the RAS can ask for volunteers. The ISP team will have to have one person with day-to-day responsibility for the ISP, to support the RAS. The ISP responsibilities will be part and parcel of the RAS and RS staff job responsibilities; no additional remuneration is attached.

The key is to have individuals who are and will remain committed to the ISP and will be able to identify interventions that will contribute to the development of individual staff and the overall RS organisational capacity. The ISP team members should be able to mobilise interest and commitment from colleagues with vision and interpersonal skills that will counter any resistance in a positive way.

The RS needs to have all staff behind the ISP (hence Output 1 is to include activities for sensitisation and mobilisation). This is a recognised requirement for institutional strengthening programmes to succeed and be sustained. Having the right team makes a positive difference and should ensure proper representation and consultation for needs identification, monitoring and evaluation.

RSs are encouraged to involve LGAs for needs identification.

### 2.2.2 Tools

RSs have established processes for planning. These are set out in the PMG, O&OD guidelines and PlanRep documents. There are a number of ways RSs can identify their ISP needs:

- from past exercises and existing documents (such as SWOTs, strategic plans, self assessments, consultancy reports, the ISP Design and Appraisal, PO-RALG Capacity Building Programme, etc,
- have internal discussions on needs identification and prioritisation,
- engage consultancy services (at RS expense at this point),
- discussion and experience with other RSs,
- feedback from LGAs or other MDAs (e.g surveys under Outputs 5 and 6)
- review of budgets and expenditure reports (to identify recurrent costs and other sources of funding for ISP).

RSs will select different approaches throughout the life of the ISP and for the different Outputs. The approach may depend on problems encountered, progress, blockages, information and analysis already available, and other changes (such as restructuring as a result of Output 1).

For overall capacity building needs, the PMG has a format for a capacity building plan. However, for the ISP it is proposed that RSs use the same template as given to LGAs for the LG Capacity Building Grants. This has been amended for RSs and is supplied in Appendix D.

Appendix H contains a short questionnaire that RSs are to complete at the initial needs identification and refer back to every six months in case of change in circumstances that will impact on the ISP<sup>34</sup>.

### 2.2.3 Timing

For Year 1 RSs should undertake ‘identification’ works as soon as possible; their first release of funds depends on their first plan and budget. Thereafter the needs identification will take place as part of regular ISP monitoring (internal and external environment), review and reporting, and updating of plans and budgets.

## 2.3 Responsibilities

RSs are responsible for:

- identifying the action needed for each Output
- appraising the actions and own capacity for the different actions identified
- appraising the recurrent cost implications of different actions and allocating own funds
- completing the implementation questionnaire (Appendix H)
- completing a capacity building plan and reviewing regularly (in light of changing circumstances and progress on Outputs).

PO-RALG is responsible for:

- providing advice and tools on needs assessment
- providing clear information on the ISP and eligibility of activities
- keeping RSs informed of central ISP activities that impact on RSs ISPs.

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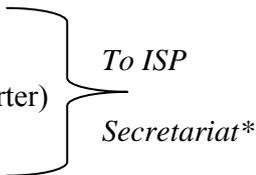
<sup>34</sup> This is similar to the “Minimum Conditions for Accessing Capital Development Grants” for the LGCDG System for LGAs. However, whereas LGAs must meet the conditions, here RSs are to use the questionnaire as a management tool for their own ISP.

### 3 Planning and Budgetting

The objective of the planning and budgetting exercise for the ISP is to develop a comprehensive approach to the seven Outputs of the ISP at RS level, linked to the activities being undertaken by PO-RALG. The ISP plan and budget should be developed together and should be clearly linked to the RS own, overall plan and budget. Indeed the ISP should be an integral part of the annual RS planning process and should consequently respect the deadlines established by the Government annual planning cycle. The RS Planning and Management Guide is currently an authoritative guide for RS processes. However, as PlanRep together with IFMS/Epicor are embedded in RSs this will be the tool to use for the ISP.

#### 3.1 RS Deliverables

The deliverables, or outputs expected from a RS as part of the planning and budgetting steps are:

- ISP Five Year Plan and Indicative Budget prepared
  - ISP Plan and Budget to June 2008 prepared
  - ISP Plan and Budget for current year (broken down by quarter)
  - Request for funding (monthly)
  - Implementation Questionnaire (annual)
  - Other sources of funds identified
  - Amended recurrent budget (to include ISP activities).
- 

*\* These should be submitted in soft copy or six hard copies.*

#### 3.2 Management

##### 3.2.1 Systems

RSs are to undertake planning and budgetting at several levels. Whilst this might appear to be creating unnecessary work it is essential to have the correct frameworks for management and subsequent monitoring and review. The three levels required are:

- i) ISP Five Year Plan (and Indicative Budget)
- ii) ISP Plan and Budget to June 2008 (end of MTP funding)
- iii) ISP Annual Plan and Budget (broken down by quarter).

Within the RS the planning and budgetting should be allocated to staff with ISP and overall RS responsibility. Plans and Budgets must be signed as approved by the RAS. It is imperative that when preparing plans, the RS takes due account of:

- sequencing
- impact and timing of PO-RALG activities
- internal capacity to implement realistic plan
- priorities

- own/other resources (whether financial, human or equipment) available<sup>35</sup>
- relevant activities being executed under existing plans and budgets
- any ISP criteria or pre-requisites to be met, and when.

It is not expected that RSs will all follow the same path or schedule of implementation. Therefore PO-RALG does not expect uniform progress across all Outputs in any one Year. However (as mentioned in Part 2 – Chapter 1.3), PO-RALG will try to identify ways to incentivise implementation of plans and positive progress reporting.

### 3.2.2 Tools

The RS should use the GoT systems and tools for planning and budgeting, i.e. PlanRep, and IFMS/Epicor.

Although the ISP is to be integral to overall plans and budgets, there does have to be specific ISP plans and budgets. These are necessary for approval of funding from the ISP Committee/LGR, and, equally significantly for monitoring progress on institutional strengthening. A template is provided in Appendix B.

RS ISP plans and budgets should cover:

- targets (also called milestones or indicators)
- objectives
- activities
- resources needed (the inputs) – including funds required from LGRP, available from other sources, and staff involved.

The template for the ISP Operational Plan (Appendix B) starts with the overall ISP targets and objectives. RSs are to develop their targets and objectives from there.

For budgeting purposes the RS must identify recurrent costs at the same time as planning ISP activities and investments, and update their budgets and MTEFs accordingly. Budgets should use standard GoT rates where applicable (e.g. consultancy rates, per diems<sup>36</sup>). Appendix C contains background on the budget that RSs can refer to when preparing the budgets for the seven Outputs.

### 3.2.3 Timing

The ISP is starting part way through the fiscal/plan year. Therefore, for Year 1, RSs will prepare specific plans and budgets for the ISP, separate to their routine plans and budgets. There is no deadline for the first plans and budgets. However, the longer it takes to get these to the quarterly meeting of the ISP Committee, the less time will be available for RSs to implement their ISP. As the ISP has an element of incentives, the RSs that quickly develop good plans are likely to proportionately receive more funds. This will also reduce resources available to RSs that are slower in preparing plans and budgets (and reports).

Future years (Year 2 and beyond) will also have specific ISP plans and budgets.

Timing of plans should take due account of the issues mentioned in 2.1.1 above. In addition a number of pre-requisites will determine scheduling (see Part 2 – Output 3).

<sup>35</sup> Output 3 requires an inventory to be completed (and available for inspection).

<sup>36</sup> See letter ref no: C/ AC 17/45/01 from PO-PSM, re *Subsistence Allowance and Other Allowances Paid to Government Officials*, 19<sup>th</sup> July 2005.

### 3.3 Responsibilities

RS responsibilities are:

- preparation of plans
- assessment of implementation capacity
- allocating responsibility for implementation
- submitting plans and budgets in required format, on time, to ISP Committee
- updating MTEF
- identification of sources of recurrent funding for ISP
- sharing plans with LGAs
- updating of plans and budgets (quarterly and six-monthly).

PO-RALG responsibilities are:

- informing RSs of deadlines for plans and budgets
- receiving plans and budgets (for quarterly appraisal and approval)
- keeping RSs informed of systems development and issuing guidance
- updating MTP plans and budgets for CBFSC
- keeping RSs informed of budget position
- keeping RSs informed of central ISP activities.

## 4 Implementation

This Chapter covers implementation of ISP activities being undertaken by RSs financed under the ISP budget in the LGRP MTP, as well as the direct monitoring of implementation. Implementation involves procurement, contract management and continuous monitoring and supervision of procured services, goods and works. PO-RALG will be implementing ISP activities simultaneously.

Implementation will be based on the quarterly work plans and budgets. More than anything else, implementation will rely on RS staff.

### 4.1 RS Deliverables

Examples of deliverables or outputs from implementation of activities are:

- Job descriptions with ISP responsibilities
- Progress Reports/ activity reports
- ISP Agreement
- Contracts
- Procurement notices
- Updated guidelines
- Up to date records
- Minutes of internal meetings.

### 4.2 Management

#### 4.1.1 Systems

The internal RS systems for implementation will be determined for each RS. These will be known from plans and budgets. In addition, as highlighted in Part 2 (Chapter 2.1, 2.9 and 3.2.6) it is recommended that RSs include internal mobilisation activities, regular updates, and some change management facilitation during implementation.

Implementation will also be in reference to the quarterly meetings of the ISP Committee, and the semi-annual ISP meetings that all RASs will attend.

Implementation will differ for each Output of course. This has been covered in Part 2, in so far as identifying the main implementation issues for PO-RALG and RSs.

#### Procurement

All procurement done by RSs (and PO-RALG) is guided by the Government of Tanzania Public Procurement Act No.3. The authority for RS procurement remains with the RS accounting officer (the RAS). Contracting and contract management is the next step for the RS. The RAS will be responsible for appointing one RS officer responsible for managing and supervising any procurement and contract. Alternatively, where necessary and budgeted for, the RAS may contract exter-

nal expertise as project managers. The specific nature of supervision/monitoring depends on the technical nature of the contract.

#### **4.1.2 Tools**

The Public Procurement Act and related guidelines should be available in the RS.

RSs will use their ISP plans and budgets for implementation.

ISPs will be implemented under an ISP Agreement (Part 2 – Chapter 3.3 and Appendix G)

#### **4.1.3 Timing**

The implementation will follow the plan as developed by the RS. Timing will depend on RS capacity, and some coordination with PO-RALG activities.

The timing of implementation for different Outputs may differ across the RSs, in line with their own priorities and capacity and so on. Therefore they will not follow a uniform approach. However, PO-RALG may introduce some incentive programme for implementation.

### **4.3 Responsibilities**

Regional Secretariats are responsible for:

- Signing the ISP Agreement;
- Acknowledging receipt of funds;
- Allocating internal ISP implementation responsibilities;
- Implementing ISP plans and budgets on time;
- Procurement and contracting according to laid down procedures, Procurement Plan, and Budget;
- Day to day monitoring and supervising delivery of procured services, goods and works;
- Ensuring that all payments due to contractors, suppliers and providers of services engaged on projects by the Council are effected in a timely manner;
- Evaluating performance of contracted consultants in a timely manner;
- Ensuring that ISP funds are used solely to fund eligible activities;
- Ensuring any expenditure that is over budget is properly reported;
- Reporting expenditure on unforeseen and necessary ISP activities;
- Promptly informing the ISP Secretariat, via the PS, of any condition which interferes with or threatens to interfere with the performance of its obligations under the ISP Agreement;
- Maintaining complete records on ISP activities and funds, including internal memos, correspondence, procurement documents and records, vouchers, etc;
- Maintaining ISP- financed activities.

PO-RALG is responsible for the following tasks:

- Preparing ISP Agreement for PO-RALG and RAS to sign;
- Checking RSs adherence to requirements and approving transfers of funds;
- Implementing ISP activities in timely manner according to 6 monthly plan and budget approved by CBFSC;
- Procurement and contracting for ISP according to laid down procedures, procurement plan, and budget;
- Monitoring and supervising delivery of procured goods and services for ISP;
- Identifying RS ISP activities that would benefit from common approach/activity that would provide economies of scale, better value for money;

- Technical guidance and support as required;
- Organising semi-annual meetings; and
- Ensuring satisfactory standards and control standards for utilisation of ISP funds.

## 5 Monitoring and Reporting

This chapter describes the monitoring and reporting arrangements for the ISP at RS level. Details of day to day monitoring and supervision of specific activities (such delivery of procured services, goods and works) are covered in the previous Chapter (Implementation). Evaluation is covered in the next Chapter.

### 5.1 RS Deliverables

The deliverables or products of RS monitoring and reporting will include:

- Baseline Report
- Financial Reports
- Activity (Progress and Completion) Reports
- ISP Operational Plan Progress Reports
- Annual Reports with data on Indicators
- Amended ISP Operational Plans and Budgets.

### 5.2 Management

#### 5.2.1 Systems

The monitoring and reporting for RS ISP Operational Plans is based on the LGRP and PO-RALG/RS Capacity Building Outcome Area monitoring framework (see Part 2 – Chapter 5).

Monitoring arrangements in a RS will be determined by the design of the ISP Operational Plan in each RS. Monitoring has to be built into the activities and plan (and budget although the incremental cost in most cases is expected to be minimal). The key to the system is having the baseline in Year 1.

Monitoring reports will be at two levels: activities and outputs. Activity monitoring has to happen constantly (as part of implementation). Output monitoring will be six-monthly for the report on the ISP to the PO-RALG Capacity Building Committee and the CBFSC. Responsibility for monitoring and reporting (among RS staff) will have been allocated during the earlier steps of identification and planning and budgeting.

Where available the reports should be submitted through the IFMS/Epicor and PlanRep systems (see Appendix I templates for reference).

RSs failing to report in the required format and within the agreed deadlines will not receive funding for their next implementation period.

### 5.2.2 Tools

In the RS, the ISP Operational Plan (see Appendix B) will be a key monitoring tool. Contracts with service providers will be used for monitoring their performance. Activity reports and evaluations (e.g. training evaluations and OPRAs) are tools for monitoring outputs and outcomes.

Internal and External audits will be monitoring and reporting tools.

Financial monitoring tools will be the monthly reports and quarterly and six monthly reports.

The standard GoT Templates on Reporting (see Appendix I) will be used for reporting.

The ISP Implementation Questionnaire is part of the reporting (every year).

### 5.2.3 Timing

This is set out in Part 2 – Chapter 5. For ease of reference, it is, in short:

- Financial reports are due: monthly; quarterly, and six monthly.
- Progress reports are due every quarter and six months.
- Specific deadlines will be announced by PO-RALG.

Monitoring reports for activities (internal to RS) are usually due immediately related to the activities. Monitoring reports on Outputs will be in the six monthly Progress reports.

## 5.3 Responsibilities

RSs are responsible for the following tasks:

- Inserting indicators, targets and milestones in the RS ISP plans;
- Having monitoring plans for activities and outputs;
- Keeping records of data and monitoring reports;
- Collecting and submitting ISP data in regular reports (on time), and as per the PO-RALG/RS monitoring framework and templates;
- Cooperating with external evaluators, providing full access to information;
- Using monitoring data for plans and budgets;

PO-RALG is responsible for the following tasks:

- Preparing standard baseline questionnaire;
- Preparing indicators and means of verification for ISP principles (Part 2 – Chapter 1.3);
- Collecting data on PO-RALG ISP activities for reporting;
- Collating RS and PO-RALG monitoring data for the PO-RALG/RS monitoring framework;
- Raising any queries on reports on timely basis;
- Confirming acceptance of report, or notifying RS of comments or feedback (within agreed timeframe);
- Identifying common themes in reports and disseminating information for guidance/action/remedy/replication;
- Reporting (quarterly) to RSs on progress of centrally managed ISP activities.
- Roll-out and efficient operation of IFMS/ Epicor and PlanRep;
- Designing and carrying out LGA survey for ISP monitoring (for Output 6);
- Reporting to PO-RALG Capacity Building Steering Committee and CBFSC;
- Organising ISP mid term review and evaluation, and for end of MTP.

## 6 Audit

As is the case for all other PO-RALG initiatives, ISP audit requirements follow the GoT procedures and formats. Both internal and external audits will happen. These are outlined here.

In all cases, appropriate actions must be taken for following up audits where findings suggest this is required. Audit reports are public information.

### 6.1 RS Deliverables

The deliverables from RS as a result of audit during ISP operations and management are:

- RS Internal Audit reports
- Response to PO-RALG internal audit and inspection reports
- Response to CAG and LGRP audit reports
- Updated job descriptions
- Amended ISP Plans and Budgets.

### 6.2 Internal Audits

#### 6.2.1 RS Internal Audit

The RS Internal Audit function is an independent appraisal function established to measure, evaluate and report upon the effectiveness of internal controls, financial and others to contribute to the efficient use of resources within the RS.

#### 6.2.2 PO-RALG

##### PO-RALG Internal Audit

The PO-RALG internal audit is designed to ascertain that individual expenditure reported in the statements is:

- Fully supported by proper and adequate documentation and filed for easy reference;
- Verified and authorised by the designated official;
- Eligible as per agreements;
- Appropriately accounted for;
- Local bank accounts are well maintained and reconciliations done smoothly; and
- Local bank account disbursements are proper and in accordance with relevant agreements.

In addition to the regular audits, the internal auditor may be asked by ISP Secretariat/LGRP management to perform ad-hoc audits.

## **PO-RALG Inspection Unit**

In addition to internal audits on accounts, the PO-RALG Inspectors will undertake other audits at RS-level. These are not specific to the ISP, but will include the ISP.

**Value-for-money Audits** (also referred to as Performance Audits) will be carried out as part of the PO-RALG Inspection and Internal Audit routine. These audits are designed to assess the economy, efficiency and effectiveness of RS operations.

**Procurement Audits** are carried out to ascertain whether or not the procurement in the RS has been done in accordance with the requirements of the law. The audit is also carried out to verify if RSs have a clear procurement policy recognising the need to make best possible use of resources with honesty and fairness - and whether the policy has been observed by RS officials.

The purpose of the **Governance Audit** is to identify strengths and weaknesses in the RS governance arrangements. To do so, a 26-item checklist has been prepared. The list is broken down into sub-themes focusing on four principles, i.e. openness, integrity, accountability and transparency. The checklist is not meant to be exhaustive and can be expanded by the Internal Auditor.

Finally the **HR Compliance Inspection** will be carried out as of 2006 (as mentioned in Part 2 – Output 7).

## **6.3 External Audits**

### **6.3.1 Controller and Auditor General**

The CAG will routinely audit PO-RALG and the RSs. The objective of the external audit, carried out under the responsibility of the Controller and Auditor General, is to enable the auditors to express their opinion on the financial position of an RS/PO-RALG at the end of each year and of the funds received and expenditures made. The scope of the external audit is in particular to ensure that:

- Funds are used in accordance with legal agreements; and
- Contributions have been provided and used only for purposes as specified in relevant financing agreements.

The RS Internal Auditor is expected to cooperate with and accompany the CAG representative during the annual external audit.

No additional funds are allocated for external audit by the CAG as it is not additional to their audit plan. As ISP is part of GoT systems it will be part of the CAG audit scope at PO-RALG and RSs.

### **6.3.2 LGRP Auditors**

The CBFSC has appointed external auditors to audit the Local Government Reform Programme (LGRP). They perform six-monthly audits on the programme overall and on funds transferred for use at LGA level. As the MTP is now making funds available to RSs from the LGRP, the audit scope will be extended to RSs. The LGRP auditors will only audit a sample of RSs in a six-month period. The LGRP/CBFSC Committee may suggest which RSs to include in a sample. RSs may also request to be included.

LGRP audit reports and management letter are circulated to the CBFSC.

The costs of LGRP auditors are met from LGRP Programme Management budget, not ISP.

## 6.4 Responsibilities

At the RS level, the responsibility for audits and follow-up rests with the RAS. The PS is responsible at PO-RALG level. Parliament is ultimately responsible for following-up the external audit function carried out under the responsibility of the Controller and Auditor General.

RSs are responsible for the following tasks:

- Execute RS Internal Audit function, including Procurement Audits, Value-for-money and Governance audits;
- Forward audit reports on ISP to PO-RALG;
- Cooperate with external auditors and PO-RALG auditors and inspectors; and
- Follow-up internal audit findings as appropriate.

PO-RALG is responsible for the following tasks:

- Organise and execute internal audit function (PO-RALG);
- Notify LGRP Auditor to include RSs; and specify samples from time to time;
- Organise and execute Value-for-money, Procurement and Governance audits in selected RSs, as well as HR Compliance Inspections;
- Receiving and scrutinising CAG reports; and
- Follow-up any audit findings as appropriate.

## 7 Evaluation and Impact Assessment

The evaluation and impact assessment of the ISP can be said to be at three levels:

- i) evaluation and impact assessment of the overall ISP (assigned to PO-RALG)
- ii) evaluation and impact assessment of the ISP Operational Plan and Budget at RS level, and
- iii) evaluation and impact assessment<sup>37</sup> of specific activities (e.g. training events) undertaken during the course of implementing the RS ISP Operational Plan.

RSs will have to building in evaluation and impact assessment when designing their ISP Operational Plan, and programme and schedule such activities accordingly.

### 7.1 RS Deliverables

The outputs that would be expected as part of evaluation and impact assessments by RSs are:

- evaluation reports of training events (by trainers, trainees, line managers)
- OPRAs
- Surveys of the LGAs
- Amended 5-year plans and budgets<sup>38</sup>.

### 7.2 Organisation

#### 7.2.1 Systems

RSs will be responsible for monitoring and ongoing evaluation of ISP activities within their own ISP Operational Plan and Budget. Any evaluation of different activities should be systematically at the design and approval stage and be in the plans and activity schedules. This should be linked to indicators for the seven Outputs (see template for Operational Plan in Appendix B, and monitoring discussed in Part 2-Chapter 6).

#### 7.2.2 Tools

RS tools for evaluation and impact assessment will include:

- training (capacity building) evaluation reports
- OPRAs
- LGA Surveys (carried out by PO-RALG)
- Service Delivery Surveys.

<sup>37</sup> This level is not as involved as the other two. Design of activities and interventions will determine what level of monitoring is required compared to evaluation and impact assessment. The cost-benefit of evaluation and impact assessment for activities is an important factor.

<sup>38</sup> As a result of the end of MTP evaluation.

### **7.2.3 Timing**

RSs will ensure evaluation of any significant activities that are completed during each year is done within a suitable timeframe. Timing will be in accordance with the different activities. Impact assessment, e.g. of capacity building interventions will be at a suitable interval. PO-RALG will organise the overall evaluation and impact assessment for late 2007.

## **7.3 Responsibilities**

RS responsibilities for evaluation and impact assessment include:

- establishing evaluation arrangements in the design of identified, specific activities and Outputs
- confirming data sources will produce timely and accurate data;
- collecting and analysing evaluation and impact assessment data;
- forwarding data to PO-RALG for overall ISP evaluation and impact assessments.

PO-RALG responsibilities for evaluation and impact assessment are:

- advising RSs on tools, approaches and processes;
- collating RS evaluation and impact assessment data and information, and timing;
- sharing information on evaluation and impact assessments of ISP activities undertaken by PO-RALG with RSs
- arranging the overall MTP period evaluation report.

## 8 Summary

This is a summary of key calendar requirements.

<b>When</b>	<b>What</b>	<b>Where to find Information in Guide</b>
Monthly	Financial Reports from RS to ISP Committee PO-RALG CBSC Meets	Part 2 – Chapter 4
Quarterly	Financial Reports Physical Progress Reports PO-RALG reports to RSs ISP Committee meets	Part 2 – Chapter 5 & Part 3 – Chapter 5 Part 2 – Chapter 6 & Part 3 – Chapter 5 Ditto Part 2 – Chapter 4 & Appendix F
6 monthly	Financial Reports Physical Progress Reports LGRP Audits ISP Secretariat reports to LGRP/CBFSC RASs/ PO-RALG CBSC Meeting	Part 2 – Chapter 5 & Part 3 – Chapter 5 Part 2 – Chapter 6 & Part 3 – Chapter 5 Part 3 – Chapter 6 Part 2 – Chapter 4 Part 2 – Chapter 2.6 & Chapter 4
Annual	Plans and Budget ISP Implementation Questionnaire	Part 3 – Chapter 3 Appendix H
June 2006	ISP Secretariat review implementation and management arrangements for ISP, make recommendations, including indicators	Part 2 – Chapter 3
July 2007	PO-RALG Consultancy to determine arrangements for years 4 and 5 of ISP.	Ditto
Dec 2007	Arrangements for July 2008 onwards agreed, action plan to achieve these ready and underway	Ditto
Nov 2007	Mobilise Progress Review of ISP to take place in January 2008 (report in March 2008)	Part 2- Chapter 6 & Part 3 – Chapter 5
June 2008	Final retirements to LGRP Final Financial Reports Final Progress Reports Final ISP Secretariat Report to CBFSC.	Part 2 – Chapter 3 & Part 3 – Chapter 5 Part 2 – Chapters 5&6 & Part 3 – Chapter 5 Part 2 – Chapters 5&6 & Part 3 – Chapter 5 Part 2 – Chapters 4,5,6 & Part 3 – Chapter 5
July 2008	New arrangements arrangements in place. (PO-RALG).	

# Appendices

# **Appendix A Key Reference Materials and Documents**

## Appendix A - Summary of Key Reference Materials and Documents

All PO-RALG and RS staff implementing the ISP should have copies of these documents.

CHECK

### Government of Tanzania legislation and policies

GoT, *Financial Regulations*

GoT, *Joint Assistance Strategy*, full text available at  
<http://www.tzonline.org/pdf/Tanzaniaassistancestrategy.pdf>, 2000

GoT, *Local Government (Procurement of Goods and Works) Regulations*, Published through GoT notice no. 49, 2003

GoT, *Local Government Financial Memorandum*, 1997

GoT, *National Environmental Act*, 2004

GoT, *National Strategy for Growth and Reduction of Poverty*, full text available at  
<http://www.povertymonitoring.go.tz/downloads/new/nsgprtext.pdf>, January 2005

GoT, *Public Finance Act*, 2001

GoT, *Public Procurement Act*, 2001

GoT, *Tanzania Development Vision 2025*, full text available at  
<http://www.tzonline.org/pdf/theTanzaniadevelopmentvision.pdf>, 1999

GoT: *Local Government Acts*, 1982

GoT: *Local Government Finances Act*, 1982

Ministry of Finance, *Letter of Sector Policy on Fiscal Devolution of the Budget and Local Government Capacity Building*, undated

Ministry of RALG, *Local Government Reform Programme – Policy Paper on Local Government Reform*, October 1998

Act No 19 of 1997: *The Regional Administration Act 1997*.

GoT, *Public Service Act (2003) and Public Service Regulations (2003)*

GoT, *Public Service Pay and Employment Policy*, 1999

GoT, *Public Service Code of Ethics and Conduct*, 2002

GoT, *National Training Policy*, PO-PSM, 2005

GoT, *Agricultural Sector Development Strategy*

GoT, *Health Sector Reform Programme of Work*

GoT, *Primary Education Development Programme*

GoT, *Rural Development Strategy*

GoT, *Public Financial Management Reform Programme*

## ISP Documents

PO-RALG, *Functions and Organisation Structure of the President's Office- Regional Administration and Local Government*, PO-RALG/PO-PSM, February 2005

GoT, PO-RALG, *Local Government Reform Programme Medium Term Plan and Budget, July 2005 to June 2008*, June 2005.

*Institutional Strengthening Programme for Regional Secretariats*, Final Report, January 2003 (this is the design report).

*Appraisal of the Proposed Institutional Strengthening Programme (ISP) for Regional Secretariats*, Final Report for PO-RALG, 30<sup>th</sup> March 2005, PEM Consult East Africa Ltd.

LGRP, *Consultancy to Design a Capacity Building Programme for PO-RALG*, Final Report, 31 May 2005, Matrix Development Consultants.

PO-RALG, *Restructuring Regional Administration Volume I, Planning and Management Guide (PMG) for the Regional Secretariats*, July 2003

PO-RALG, *Restructuring Regional Administration Volume II, Job Descriptions for Staff in the Regional Secretariats*, 2003

## PO-RALG Documents

PO-RALG *Training Policy*, 2005

PO-RALG and Development Partners, *Letter of Agreement between PO-RALG and Development Partners regarding harmonisation of ABP support and convergence towards a unified discretionary capital development grant system for Local Governments*, October 2004

PO-RALG, *Key Documents on Fiscal Decentralisation in Mainland Tanzania*, April 2004

PO-RALG, *Medium Term Plan and Budget, July 2002 – June 2005*, Local Government Reform Programme, June 2002.

PO-RALG, *LGRP - Financial Management Manual*, January 2004.

PO-RALG, *LGRP - Restructuring Manual – A Strategic Approach to Reform by Local Authorities*, (Restructuring Manual), February 2004

PO-RALG, *LGMD– Operating Manual – Local Authority Level*, (LGMD Operating Manual), version 1.4 EN, undated

PO-RALG, *LGMD Coordinator's Manual*

PO-RALG, *LGMD Manual for Data Users*

PO-RALG (University Computing Centre), *PlanRep Micro/Meso Level*

PO-RALG, *LGMD Manual for Sector Supervisors*

PO-RALG, *Local Government Authorities Internal Audit Manual*, January 2005

PO-RALG, *Guidelines for the Opportunities and Obstacles to Development Participatory Planning*, (O&OD Guidelines), March 2004

CHECK

PO-RALG, *Opportunities and Obstacles to Development Community Participatory Planning – Handbook*, 2004

PO-RALG, *Planning and Budgeting Guidelines for Local Government Authorities*, (Planning Guidelines), issued annually

PO-RALG, *National Framework for Participatory Planning and Budgeting in Local Government Authorities*, 2002

PO-RALG, *Mwongozo Wa Usimamizi wa fedha Ngazi ya Halmashauri ya Kijiji na Kamti ya Mitaa* [Village/Mitaa Financial Management Guidelines], March 2005

PO-RALG, *PlanRep Operating Manual – Local Authority Level*, (PlanRep Manual), ver.3.1a EN, undated

PO-RALG, *The Local Government (Procurement of Goods and Works) Regulations*, 2003, May 2004

PO-RALG, *The Local Government (Selection and Employment of Consultants) Regulations*, 2003, May 2004

PO-RALG, *Procurement Manual for LGA Vol.I – Procedures for the Procurement of Goods*, (LGA Procurement Manual), May 2004.

PO-RALG, *Procurement Manual for LGA Vol. II – Procedures for the Procurement of Works*, (LGA Procurement Manual), May 2004

PO-RALG, *Procurement Manual for LGA Vol. III – Procedures for the Procurement of Consultancy Services*, (LGA Procurement Manual), May 2004

### **LGCDG Documents**

PO-RALG, *Local Government Capital Development Grant (LGCDG) System Implementation and Operations Guide*, Release 1, 20 June 2005.

LGCDG, *Planning Guidelines for Villages and Mitaa*, (Village Planning Guidelines), October 2004,

LGCDG, *Manual for the Assessment of Councils Against Minimum Access Conditions and Performance Measurement Criteria*, (Assessment Manual), November 2004

LGCDG, *The LGCDG System: Roles and Responsibilities for the Implementing Agencies*, Unofficial memo, March 2005

LGCDG, *Financial Management Manual*, forthcoming.

### **LGSP Documents**

LGSP, *Component One – Support to Local Government Capital Development Grant System - Operations Manual*, (Operations Manual), Nov. 2004

LGSP, *Design of Capital Grants Programme and Capacity Building Programme for local Governments* (Design Report) – *Vol. One: Final Analytical Report*, PriceWaterhouseCoopers, November 2003

LGSP, *Design of Capital Grants Programme and Capacity Building Programme for local Governments*(Design Report) – *Vol. Two: Draft Design Report*, PriceWaterhouseCoopers, November 2003.

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CHECK

# **Appendix B    ISP Template for RSs**





# Appendix C Budget Details

### **ISP Budget**

The ISP Budget has been revised several times as part of design, appraisal and adoption for the MTP. The Budget details here are only for Years 1 to 3, i.e. the period of the MTP, to June 2008.

The Budget is summarised, followed by an explanation for each Output. PO-RALG and RSs should use these for preparing their own budget. The ISP Committee will determine amendments in due course.

### **Budget Summary:**

Output	Area	Budget for:		
		RSs	PO-RALG	Total
1	Restructuring	347,250,000	258,250,000	605,500,000
2	HR/Appraisals	1,366,760,000	55,000,000	1,421,760,000
3	Tools	1,391,040,000	108,960,000	1,500,000,000
4	Interrelationships	75,000,000	139,000,000	214,000,000
5	PMS	To be determined	231,000,000	231,000,000
6	Skills	412,120,000	53,002,000	465,122,000
7	HR/OD Support	88,500,000	128,200,000	216,700,000
	<b>Totals</b>	<b>3,680,670,000</b>	<b>973,412,000</b>	<b>4,654,082,000</b>
	MTP Budget			4,654,800,000

### **Output 1 – Restructuring**

This Output was not part of the Design or Appraisal Reports. In Year 1, the MTP (Annual Plan and Budget for 2005-06) has the sum of Tshs30million for: establishing a task force, hiring a consultant, conducting a stakeholder workshop and briefing sessions with RS staff. However, this consultancy is part of a wider piece of work and so this Output may be relieved of the consultancy cost. What is required is:

- PO-RALG sessions with RSs on restructuring;
- Information dissemination on ISP and restructuring;
- Rewriting of key documents based on new arrangements;
- Internal RS sensitisation and awareness raising on ISP, and
- Restructuring.

Furthermore, it is necessary to have provision for ISP Committee Meetings and these are included under Output 1. The budgets for the ISP meetings have been calculated and shown in the next table. Any RAS that is to sit on the ISP Committee should include this budget provision in the ISP Plan and Budget for their RS.

**ISP Committee Meeting Budget**

	Rate	Per Annum	MTP Period
RAS to attend every quarter requires:			
per diems: 2 days	55,000	440,000	1,320,000
driver: 2 days	30,000	240,000	720,000
fuel allowance	80,000	320,000	960,000
	<i>RS Budget</i>	1,000,000	3,000,000
<i>Notes:</i>			
<i>PO-RALG will absorb own attendance costs in recurrent budget.</i>			
<i>If meetings will be held in PO-RALG offices so no hire costs.</i>			

**The Budget breakdown for Output 1 is:**

Output 1: Activities	RS Budget	PO-RALG Budget	Total (3 Years)
ISP Committee meetings	Tshs 3,000,000	Mainstreamed	Tshs 3,000,000
Information/sensitisation	Tshs 113,250,000	Tshs113,250,000	Tshs 226,500,000
Restructuring (facilitation)	<u>Tshs 231,000,000</u>	<u>Tshs 145,000,000</u>	<u>Tshs 376,000,000</u>
TOTAL	Tshs 347,250,000	Tshs 258,250,000	<u>Tshs 605,500,000</u>

**Output 2 – HR Component**

The ISP Guide suggests some central work with local (RS-level) implementation. This will involve:

- RS internal data collection – nil additional cost;
- PO-RALG Consultancy (to design appraisal, and cover all 21 RSs – assume 5 days with each plus reporting time): approx 6-8 months elapsed time;
- Retrenchment – no cost to ISP (from PO-PSM);
- Internal RS facilitation for implementing change: could use local consultants;
- Contract staff to fill critical gaps;
- PO-RALG work on future of Zonal Reform Teams viz a viz RSs – no cost to ISP as part of overall LGRP programme management;
- Monitoring and evaluation of investments – some will have no incremental cost, but others will.

Therefore, the following estimates have been made about the resources required:

Output 2 - Activities	RS Budget	PO-RALG Budget	Total (3 Years)
Appraisal work/facilitation/ZRTs	Tshs 36,200,000	Tshs 55,000,000	Tshs 91,200,000
Contract staff	<u>Tshs1,330,560,000</u>		<u>Tshs1,330,560,000</u>
TOTAL	<u>Tshs1,336,760,000</u>	<u>Tshs55,000,000</u>	<u>Tshs 1,421,760,000</u>

### **Output 3 – Tools**

The budget has been based on examples of typical equipment (tools) for budgeting purposes. This is not to say that every RS should have identical items, or the same level of tooling expenditure. The average of Tshs72million per RS is a useful framework to work from. However, it is worthwhile recommending an allowance for needs assessment, procurement (for either RS level or PO-RALG managed procurement) and impact assessment, which will be part of monitoring and evaluation during the ISP. The latter will be retained centrally pending final agreement on how monitoring and evaluation will be handled.

This is also an area where some funds can be set aside for incentives. Thus the breakdown recommended is:

Working average per RS:	Tshs72million total over 3 years, of which:
Procurement (5%) <sup>1</sup> :	Tshs3.6million
Monitoring (3%):	Tshs 2.16million
Central Pot for Incentives (4%):	Tshs3.6million

This will be allocated as follows:

<b>Output 3 - Activities</b>	<b>RS Budget</b>	<b>PO-RALG Budget</b>	<b>Total (3 Years)</b>
Needs assessment & Tools (21 RS)	Tshs 1,315,440,000		} Tshs 1,500,000,000
Procurement allowance (21 RS)	Tshs 75,600,000		
Monitoring		Tshs 45,360,000	
Capacity Building/ Incentives		Tshs 63,600,000	
<b>TOTAL</b>	<b>Tshs 1,301,040,000</b>	<b>Tshs 108,960,000</b>	

### **Output 4 – Inter-relationships**

The Appraisal estimated two major analytical works per year costing \$50,000 (i.e. \$100,000 per year), plus \$100,000 annually for workshops, dissemination and training. This amounts to \$600,000 for the MTP period. The MTP suggests Tshs500million. It is now proposed that some funds be delegated for RS-level studies, to encourage their inputs to analysis and participation in production of operational guidelines. Indeed the guidelines for this could make it into a sort of challenge fund. RSs that produce insightful and productive work could be eligible for incentive funds, as another means of getting motivation for this Output.

Analytical work will also be undertaken under the LGRP Coordination Outcome area, and as part of mobilising the new PO-RALG structure. Therefore it is proposed to reduce the ISP budget for this Output. This frees up valuable resources for Outputs 5-7.

<b>Output 4 - Activities</b>	<b>RS Budget</b>	<b>PO-RALG Budget</b>	<b>Total (3 Years)</b>
Central consultancies		Tshs110,000,000	} Tshs 214,000,000
Consultation workshops		Tshs 6,000,000	
Information		Tshs 8,000,000	
RS analytical budgets	Tshs75,000,000		
Monitoring		Tshs 15,000,000	
<b>TOTAL</b>	<b>Tshs75,000,000</b>	<b>Tshs 139,000,000</b>	

**Output 5 – Performance Management**

The Appraisal recommended retaining the relatively modest ISP Design budget for this area: \$45,000 per RS (total: \$945,000 over 5 years). Pro-rata for the MTP period this would be \$567,000. However, PO-RALG is now seeking funding from the Performance Improvement Fund for this Output.

Pending the decision on funding from the PIF, the ISP budget retains some provision under this Output. This will allow some additional activities across the RSs, or be applied to evaluation of the PIF funded activities, or be available for incentives.

The simplest tool, for the time being, is to provide an amount per RS, purely for budgetting purposes. This will be held by PO-RALG pending clarification on the PIF application. The amount proposed is the same as the Appraisal recommended for staff appraisals per RS (\$5,000), but per annum to allow for more substantial work if required.

Output 5 - Activities	RS Budget	PO-RALG Budget	Total (3 Years)
To be determined (tbd)	tbd	Tshs231,000,000	Tshs231,000,000

**Output 6 – Knowledge and Skills**

Apart from the ISP there are numerous capacity building initiatives budgeted in other programmes or parts of the LGRP MTP (e.g. on MIS through roll-out of PlanRep). Therefore the budget figures for this ISP Output do not reflect the true level of activity that will be going on. Apart from allocating resources directly to RSs against their capacity building plans, there is provision here for :

- PO-RALG to retain central funds for some aspects of capacity building. This could be for selecting individuals for Masters, or specific professional development, where central decisions should be taken (rather than at RS level).
- Costs of monitoring or evaluation of capacity building activities (as they are completed) which are built into the capacity building activity budgets of both PO-RALG and RSs.

This Output includes the semi-annual ISP meetings that are for information sharing and capacity building. The costs of those meetings have been calculated as in the table below, and are to be part of the RS Plans and Budgets, and those of PO-RALG.

**ISP Semi-Annual Meetings (Tshs)**

	Rate	Meeting	MTP Period
20* RAS plus AN Other RS officer:			
per diems 3 days	55,000	6,600,000	39,600,000
driver/RS 3 days	30,000	90,000	540,000
Fuel allowance	80,000	80,000	480,000
<i>Total to be in RS Budgets</i>		6,770,000	40,620,000
Same for 10 PO-RALG staff:			
per diems 3 days	50,000	1,500,000	9,000,000
driver (3) 3 days	30,000	270,000	1,620,000
fuel allowance	80,000	80,000	480,000
Venue Hire per person 2 days	30,000	1,200,000	7,200,000
<i>Total to be in PO-RALG Budget</i>		3,050,000	18,300,000
<b>TOTAL</b>		<b>9,820,000</b>	<b>58,920,000</b>
<i>Notes:</i>			
<i>*20 not 21 because one RAS/RS will host</i>			
<i>Per diems should reduce for catered conference. Assume printing/meeting materials will utilise this.</i>			

Additional funds that become available can be directed to capacity building. They can be used for incentivising RSs, or giving RSs delegated budgets. For now, the Output 6 would look like:

Output 6 – Activities	RS Budget	PO-RALG Budget	Total (3 Years)
ISP Meetings	Tshs 40,620,000	Tshs 18,300,000	Tshs 58,920,000
RS Capacity Building Budgets	<u>Tshs371,500,000</u>	<u>Tshs 34,702,000</u>	<u>Tshs 406,202,000</u>
<b>TOTAL</b>	<b>Tshs412,120,000</b>	<b>Tshs 53,002,000</b>	<b>Tshs465,122,000</b>

**Output 7 – HR/OD Support to LGAs**

The Appraisal suggests \$1million over 5 years for this Output, for:

- i) development of clear working guidelines and manuals;
- ii) detailed assessment of qualifications and skills of existing TA LG Administration Officers and implementation of new recruitments where necessary;
- iii) development of training materials and courses for dissemination of new guidelines and manuals.

HR/OD under new public service arrangements is being addressed by a variety of stakeholders. Examples are the Public Service Commission, the LGRP HR Outcome, the generic courses being made available under the Local Government Capital Development Grant (LGCDG) System. Further, item ii) should be covered under Outputs 1 and 2, as should some of item iii). However, rather than wait for those, PO-RALG will catalyse work in this area with some central activities to set benchmarks and templates. This could be a consultancy on HRM needs and current arrangements, with recommendations and follow-up work to produce useful guidelines and templates.

Much of how this Output is to be managed needs further exploration in light of other ongoing and planned initiatives. In the meantime, the initial ISP provisions could be:

Institutional Strengthening Programme for Regional Secretariats

Consultancy budget of 60 days	Tshs 25million	
2 Stakeholder meetings (25 people)	Tshs 3million	
Production costs of written materials and circulation	Tshs 8 million	}
Local Facilitation Meetings (internal and with LGAs) & capacity building	Tshs177million	
Monitoring/Evaluation (5%)	Tshs13.7million	

Output 7 - Activities	RS Budget	PO-RALG Budget	Total (3 Years)
Consultancy		Tshs 25,000,000	Tshs216,700,000
Stakeholder meetings		Tshs 3,000,000	
Production costs		Tshs 8,000,000	
Local activities and training	Tshs88,500,000	Tshs 78,500,000	
Monitoring and evaluation		<u>Tshs 13,700,000</u>	
TOTAL	<u>Tshs88,500,000</u>	Tshs 128,200	

# **Appendix D    Template for Capacity Building**

## **Template for RS Capacity Plan – as part of the ISP**

### **Preliminaries**

- Cover Page (to include name of the Regional Secretariat, planning period etc)
- Table of Contents
- Acronyms/Abbreviations
- Acknowledgements
- Foreword (to be signed by the Regional Administrative Secretary)
- Executive Summary

*Guidelines:* The responsibility for elaboration of this plan should rest with the Management Support Cluster, in consultation with the RAS, AAS, and Treasurer. LGAs input (capacity building needs) should be factored into the plan, along with the inputs of other Clusters. The RAS must approve the plan

### **Chapter 1: Background/Introduction to the RS**

- Location of the RS
- RS organization (internally, and LGAs in Region)

*Guidelines:* This chapter serves to get a quick overview of the Region and its organisational structures.

### **Chapter 2: Situation Analysis**

- Staffing levels (filled positions as per establishment per department and including education levels)
- Give an overview of the capacity building initiatives (human resource development and institutional strengthening initiatives, training and education) ongoing and/or planned in the Region – showing how they relate to the RS's and LGA activities and strategies, and of implemented capacity building activities for the past two years
- Management and coordination arrangements for capacity building activities in the RS
- Current resources available for capacity building activities the next year – include both resources from ISP, counterpart funds from other sources (GoT and development partners) and own funds.

*Guidelines:* This chapter should provide details about the persons employed by the RS (positions filled/not filled and education of staff), and about the training/capacity building/TA activities that are ongoing or planned (outside of ISP). There should also be an explanation as to how capacity building activities are planned and coordinated for the RS, and of how many funds are available in the RS for capacity building next financial year (include ISP and other programmes, GoT etc.)

### **Chapter 3 Capacity Needs Assessment**

- Which capacity gaps in the RS have been revealed via the Staff Appraisal (Output 2)/ regular O&OD analysis ? – in relation to staffing, skills, knowledge, attitudes, coordination inside the organization, administrative leadership, capacity gaps for the political leadership, statutory boards and commissions at Regional levels?

- Which are the overall RS challenges that put demands upon the RS functional performance?
- If a capacity needs assessment has been carried out by the RS itself in a participatory manner including consultation of LGAs, Regional Commissioners, District Administrative Secretaries, and members of other MDAs, then present the results of this assessment.

*Guidelines:* The starting point of this work is the RSs own routine plans (using O&OD) and past needs assessment exercises. These should show, or help with identification of what are the capacity gaps and which capacity building needs exist in order for the RS to increase its performance. Capacity building needs identified should be linked to achieving good LGA performance (service delivery, development planning, good governance in administration etc.).

Capacity needs may also include (limited) retooling to enhance institutional performance. This is related to Output 3 (tools).

Overall challenges may include financial problems, unclear national rules and regulations (e.g. for planning), lack of RS competence in HR management, etc.

#### **Chapter 4: Capacity Building Plan and Budget**

- The overall Goals of capacity building of RS staff and institutional strengthening of the RS.
- Planned capacity building and institutional strengthening activities, showing how the proposed activities will address the needs identified in the capacity needs assessment. The activities should be aimed at enhancing overall IS performance – these activities should include training/ capacity building/ technical assistance activities and retooling.
- An overview of other capacity building initiatives (outside of ISP) to support the strengthening of RS performance and how they will inter-relate with the planned capacity building/ institutional strengthening activities.
- Summary of five year, three year and first year capacity building plan activities and budgets.
- Summary of year one capacity building activity work plan. These should be presented in quarterly plans showing in which quarter the proposed activities will be implemented.
- Summary of budget for the first year activities (by quarter) derived from the activity profiles. A budget should be presented for each activity and then summarized into a total budget.
- Monitoring and evaluation strategy showing how to verify whether the objectives of the different activities are being attained.

*Guidelines:* A Planning Format has been enclosed as Annex 1 of this template. The overall goals of ISP should be stated and the planned IS activities defined with indication how each of these address the specific IS needs identified. Activities of IS could for instance be reorganization of administrative structures and/or working methodologies with support from TA. An overview of planned IS/CB activities outside ISP should also be provided. The range of possible IS activities are enclosed as Annex 2.

The ISP plan should contain a time plan showing when which IS activities will take place by quarters and who is going to take part in the IS (target groups). A budget should be elaborated for each activity and be summarized for an annual budget, preferably including both ISP funded IS and non-ISP funded IS.

The ISP plan should also contain a description of how the RS will monitor and evaluate the implementation of the plan.

The ISP Capacity Building Plan must be approved by the Treasurer and then the RAS.

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## **Annexes**

### **Annex 1: Planning Format for ISP Activities**

Activity Title

Objectives of the activity

Rationale of the activity (justification for the activity)

Description/Nature of the activity (for example career development, skills development for internal management, or for LGA support, etc.)

Target group and number

Total planned expenditure

Funding sources

Timing (Start and end)

Outputs

Monitoring Strategy

### **Annex 2: Main categories of CB activities**

The following main forms of CB activities have been identified for the ISP:

- In-the-field-training sessions, e.g. for MIS staff, for finance staff, for LG staff;
- On-the-job training often by an immediate supervisor or contracted party;
- In-house training events, bringing together, all the identified trainees for a particular training, dispensed by either by RS or PO-RALG staff or contracted party;
- Short courses (skills development) – outside of the direct working environment - addressing a particular topic;
- Career development courses<sup>39</sup> (certificate, diploma, and degree courses);
- Attachments, secondments and understudies;
- Study tours to other RSs and to PO-RALG for exchange of experiences regarding planning, M&E, etc;
- Technical advisory services by contracted institutions/companies.

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<sup>39</sup> Distance learning as well as full-time can be proposed. Absences on capacity building activities must be covered within the existing RS resources.

# Appendix E    ISP Risks

<b>Risk (ISP)</b>	<b>Likely Impact</b>	<b>Prob-ability</b>	<b>Risk reducing strategies/ Intervention</b>	<b>ISP relevant?</b>
1.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 (targeted recruitment, promotions, etc).	YES- Output 2
2.Inability of PO-RALG to absorb elements of LGRP and champion reforms.	High	Medium	Implement PO-RALG Capacity Building Programme. Agree milestones for integration. Change advisers and outcome managers job descriptions.	YES – All YES – Output 2 YES
3.Budgetary support processes lead to a drying up of capacity building investment.	High	High	Present case to bilaterals. Negotiate with Ministry of Finance to increase budget for PO-RALG and LGR.	YES
4.Key staff shortages in PO-RALG and RSs*.	High	Medium	Engage in active recruitment campaign. Design both monetary and non-monetary incentive schemes (targeted recruitment, promotions, etc). ISP activities on restructuring and capacity building.	YES- Output 2  YES- Output 2  YES – Outputs 1, 5, 6, 7.
5.Once capacitated RSs become overbearing in relation to LGAs*.	High	High	Implement the ISP.	YES, especially Outputs 1, 4, 5, 6, 7.
a) Sectors will pursue planning and implementation modalities in parallel to RS. RS will have its authority expanded at the expense of LGA autonomy and used as a vehicle for de facto centralisation.	High  High	Medium  Low	ISP support to proactive engagement by PO-RALG in definition of appropriate RS functions and procedures within sectors.  Ensure broad stakeholder consultation (including LGAs and ALAT) in policy dialogue on legal review of RS legislation and regulations.	Output 1 Output 4  Output 1 Output 4
(b) RS clusters with main responsibility for supporting service delivery at LGA level may not be given adequate budget out of total regional budgets	High	Low	Need to review expenditure patterns at regional level within PER process. Adequate cluster budget allocations to be pre-condition for provision of equipment and vehicles to RS.	Output 1 Output 4 Output 3
(c) Certain staff categories may not be possible to attract for service within RS – especially in remote areas.	High	Medium	Subsequent to staff appraisal and LGRP decision on whether to integrate ZRTs into RS decide on contract recruitment of critical staff at RS level – with possible interim (2 years) support from ISP.	Output 2 Output 5 Output 6

<b>Risk (ISP)</b>	<b>Likely Impact</b>	<b>Probability</b>	<b>Risk reducing strategies/ Intervention</b>	<b>ISP Relevant- Output</b>
PO-RALG lacks capacity for its ISP responsibilities (resulting in delays).	Medium	Low	RSs are able to proceed with ISP regardless of PO-RALG, and incorporate developments as they happen.	All. Except Output 1
Staff in RSs not committed, and don't take ownership of the ISP.	High	Low	ISP provides space for sensitisation, participation, and incentives (e.g. training, recognition). Use PMS (and OPRAs) to give staff formal responsibilities. RASs are to be champions of ISP in their RS.	2 3 6 4
Key staff in RS move on.	High	Medium	Motivate staff via ISP and PMS. Recruit staff with adequate qualifications and competences.	2 6
RSs lack capacity to implement ISP effectively.	High	Low	PO-RALG oversight of plans and budgets to check quality. ISP is opportunity to build capacity. PO-RALG able to identify consultancy/ZRT support when critical.	All.
PIF application for Output 5 not approved.	High	Medium	Vire funds from other activities; target only RSs (i.e. omit RC and DC offices from activity).	All Outputs

\*denotes also risk mentioned in PO-RALG Capacity Building Programme

# **Appendix F    ISP Committee**

### **ISP Committee**

The ISP Committee will be set up to lead the management and oversight of the ISP for Regional Secretariats. Reporting to the PO-RALG Capacity Building Committee, the ISP Committee will have authority to approve RS ISP Plans and Budgets. In doing so the ISP Committee will notify LGRP when to authorise transfers of funds to RSs.

The ISP Committee will meet quarterly. The ISP Committee will comprise (all full members):

- The Deputy Permanent Secretary (PO-RALG), as Chair
- PO-RALG Director of Regional Administration
- PO-RALG Director for Organisational Development
- PO-RALG Outcome Manager, LGRP
- PO-RALG Outcome Adviser, LGRP
- Chair, RASs Group
- Secretary, RASs Group
- RAS (1)
- RAS (1).

The two RAS positions will be filled by RASs selected from among themselves in a democratic and transparent manner. The RAS will notify the DPS/ ISP Secretariat of the names of the RASs. Those RASs will be appointed for a period of 12 months (renewable).

The costs of a RAS to participate in the ISP meetings are to be included in their RS ISP Plan and Budget (see Appendix C for costings).

Quorum for the ISP Committee is five. In the event the DPS cannot attend the Chair of the RASs will assume the chair of the meeting. If any of the RASs cannot attend a meeting, the RASs will send an alternate. If any of the Directors cannot attend they will appoint a representative with the authority to contribute to discussions and decisions.

The PO-RALG Outcome Manager and Adviser will be the Secretariat to the ISP Committee.

Meetings will be called by the DPS. Each member will receive the Agenda, RS ISP Plans and Budgets, reports, and other relevant documents at least two weeks before the meeting. Each member is to review these and bring comments to the meeting. The ISP Committee responsibilities are:

- to exchange views on strengths and weaknesses of RS ISP Plans and Budgets
- to approve Plans, Budgets and reports, and/or agree feedback to RSs
- to identify common strengths and weaknesses to disseminate to RSs to help them, and for future agenda items at ISP Committee meetings
- to receive feedback on the progress of RSs and PO-RALG viz a viz the ISP
- to discuss and recommend to the PS any changes to the ISP Implementation and Management, to improve efficiency and effectiveness of the ISP
- to review recommendations on incentive arrangements and make proposals to the PS for approval

- to collate RS reports to prepare reports for the PO-RALG Capacity Building Steering Committee, and the LGRP Common Basket Fund Steering Committee
- to oversee the quality of the ISP
- to organise the semi-annual meetings
- to oversee harmonisation of systems and tools.

Decision making is based on majority. If there is a clear split decision the Chair will have the casting vote.

If any individual RAS, either personally or on behalf of the RS, wishes to table business for the ISP Committee, s/he should submit notice in writing to the Chair of the RASs, copied to the ISP Secretariat, at least three weeks in advance of the next meeting. If any member of staff of a RS wishes to raise an item with the ISP Committee they are also free to do so in the same manner.

The role of the Secretariat is to:

- review use of the Guide and make recommendations to the ISP Committee on future amendments to improve ISP implementation and management
- prepare minutes of the ISP Committee meetings, for the approval of the Chair, and post them on the PO-RALG website
- ensure the LGRP Accountant receives instructions for fund transfers
- issue invitations and agenda for the ISP Committee meetings, together with papers
- ensure ISP Committee and LGRP CBSC have full overview of ISP Budget
- provide inputs (reports) on the PO-RALG aspects (responsibilities) for ISP Outputs
- manage an area on the PO-RALG website for comments on the ISP, and keep ISP Committee informed of feedback
- collate monitoring reports and submit to the ISP Committee.

END.

(Version 1)

# Appendix G ISP Agreement

**INSTITUTIONAL STRENGTHENING PROGRAMME FOR REGIONAL  
SECRETARIATS**

**AGREEMENT**

**BETWEEN**

**PRIME MINISTER’S OFFICE – REGIONAL ADMINISTRATION  
AND LOCAL GOVERNMENT (PMO-RALG)**

**AND**

\_\_\_\_\_ **REGION**

This Institutional Strengthening Programme (ISP) Agreement made the \_\_\_\_\_ (*insert date*) between the United Republic of Tanzania represented by the Prime Minister’s Office, Regional Administration and Local Government (hereinafter referred to as “Government”) as the one part and \_\_\_\_\_ (*insert name of Region*) (hereinafter referred to as the “Regional Secretariat”) as the other part.

**Whereas** the Government has put in place a programme for the provision of development funds for institutional strengthening for Regional Secretariats (RSs); and

**Whereas** the Government has determined that the RS has fulfilled all conditions receive funds from the ISP; and

**Whereas** the Government wishes to enter into this ISP Agreement with the Regional Secretariat for the purpose of making funds available for institutional strengthening in accordance with the provisions of the PMO-RALG Medium Term Plan (MTP) and Budget, the ISP Implementation and Management Guide, and the Regional Secretariat’s own ISP Plan and Budget; and

**Whereas** the ISP funds are to be applied towards financing the activities for institutional strengthening of the Regional Secretariat under the seven Outputs of the PMO-RALG to benefit the RS, the Local Government Authorities (LGAs) in the Region and enhance the performance of all to enable them contribute effectively to decentralised development; and

**Whereas** the RSl, aware of its respective roles and responsibilities, wishes to access the ISP fund in the LGRP MTP.

**Now therefore** the parties hereby agree as follows:

**Article 1**

**DEFINITIONS**

The following terms have the following meanings:

- a) “ISP” means the Institutional Strengthening Programme for Regional Secretariats and all 7 Outputs of the PMO-RALG LGRP MTP and Budget.
- b) “ISP funds” means the funds/grant provided to the RS from the LGRP Common Basket Fund for use in the institutional strengthening of the RS to meet its statutory roles and responsibilities.
- c) “ISP Guide” means the ISP Implementation and Management Guide dated \_\_\_\_\_ that sets out procedures and requirements for the ISP, for RSs to access and manage their ISP.
- d) “Counterpart Funds” means the funds to be contributed by the RS further to Article 2 of this Agreement.
- e) “Project” or “activity” means an investment, financed or proposed to be financed, by the RS using the ISP funds.
- f) “Development partners” means those institutions that have agreed to contribute to the financing of the ISP, and includes but is not limited to the members of the LGRP Common Basket Fund Steering Committee.
- g) “Funds available” means the contributions agreed to be made to the ISP by the development partners, through the LGRP CBFSC.
- h) “ISP Secretariat” means the joint group of PMO-RALG and Regional Administrative Secretariats that will be the first level of management for the ISP above the RSs.

**Article 2**

**THE ISP FUNDS**

The Government shall make available to the RS for the purposes of this ISP Agreement the amount of approximately .....

The size of ISP releases will vary based on the RS’s plans and budgets, as approved by PMO-RALG and the ISP Secretariat. The funds will be released based on performance, plans, budgets and reports.

**COUNTERPART FUNDS**

The RS is not obliged to make counterpart funds available to implement the ISP. However, give the limited funds available for the entire ISP, the RS undertakes to identify sources for counterpart funds and to secure funds for the first three years in addition to the funds available, and for years 4

and 5 of the ISP (for which currently no funds available). To this end the RS will integrate the ISP into its' MTEF to secure routine funding for institutional strengthening.

The RS is obliged to make counterpart funds available for the recurrent costs of any ISP investment and/or activity.

### **Article 3**

#### **OBLIGATIONS OF THE GOVERNMENT**

The Government shall:

- a) Fully cooperate with the RS to ensure that the purposes of this Agreement are accomplished.
- b) Be responsible for the management of the ISP.
- c) Comply with and meet its obligations in accordance with the instructions and guidelines issued in respect of the ISP including the ISP Implementation and Management Guide and any amendments made thereto from time to time.
- d) Do everything possible to enable the Government to fulfil its obligations under agreements signed with the financiers of the ISP.
- e) Respond in a timely manner to RS replenishment requisitions on submission of prescribed accountability reports.
- f) Report regularly to RSs on progress on areas of ISP that are the responsibility of the Government.
- g) Identify sources for counterpart funds and to secure funds for the first three years in addition to the funds available, and for years 4 and 5 of the ISP (for which currently no funds available).

### **Article 4**

#### **OBLIGATIONS OF THE REGIONAL SECRETARIAT**

The Regional Secretariat shall:

- a) Fully cooperate with the Government to ensure that the purpose of the ISP is accomplished and do everything possible to enable the Government to fulfil its obligations under agreements signed with the financiers of the system.
- b) Comply with and meet its obligations in accordance with the instructions and guidelines issued in respect of the ISP including the ISP Implementation and Management Guide and any amendments made thereto from time to time including:
  - i) preparing a three-year rolling ISP Plan and ensuring that each project or activity is consistent with the Plan in effect at the time the Plan is approved;

- ii) ensuring that RS staff have full opportunity to participate in the ISP, with priority to the Management Support Cluster;
  - iii) ensuring that all payments due to contractors, suppliers and providers of services engaged on projects by the Council are effected in a timely manner;
  - iv) ensuring that all expenditures using ISP funds are made solely for the purpose of the ISP and its activities;
  - v) submitting to the Government financial and physical progress reports for the ISP undertaken in the formats prescribed by the Government;
  - vi) ensuring that appropriate accounting / financial management arrangements are established and maintained for ISP funds and for counterpart funding for the ISP activities and that Operations and Maintenance Budgets are maintained by the RS for the ISP investments;
  - vii) ensuring that all projects conform to good environmental practices and PMO-RALG's Environmental Mitigation Plan;
  - viii) ensuring submission of prescribed reports to the Permanent Secretary in PMO-RALG; with a copy direct to the Director of Regional Administration (DRA) in PMO-RALG.
  - ix) participating fully in the periodic reviews by the Government including annual performance assessment reviews of the projects within its jurisdictions and, to this end, furnishing to the Government such reports as may be required to evaluate the progress and status of the projects;
  - x) acting promptly and diligently, following periodic reviews and audits of ISP and its activities, in order to take, or assist the Government in taking, any corrective action to remedy any shortcomings noted in the implementation of the ISP, or to implement or assist the Government in implementing such other measures as may be necessary for the furtherance of the objectives of the ISP;
  - xi) assuming responsibility for the implementation, supervision and certification of ISP activities and Outputs by the RS.
- c) Ensure that the funds available under the ISP are used exclusively to fund eligible activities as in the approved plans and budgets for the institutional strengthening of the RS, and achieving the Outcomes of the LGRP MTP for the RS to develop its capacity to meet its statutory roles and responsibilities.
- d) With respect to the ISP in the RS maintain, or cause to be maintained, separate and appropriate financial records and generate suitable financial statements.
- e) Provide the Government with all such information and other material relating to performance of its obligations under this Agreement, the utilisation of the ISP funds and related matters as the Government may request from time to time.
- f) Promptly inform the Government of any condition which interferes with or threatens to interfere with the performance of its obligations under this Agreement, or the accomplishment of the purposes of this Agreement or the ISP.

- g) Allow authorised representatives of the Government to inspect the projects, related records, documents and operations.

#### **Article 5**

#### **RIGHTS AND REMEDIES OF THE GOVERNMENT**

- a) In the event that the rights of the Government under its agreements with the Funding Partners to make withdrawals from the funds available shall be suspended or terminated then regardless of the reason for the suspension or termination the rights of the Regional Secretariat to receive further monies as otherwise provided in this Agreement shall simultaneously and to the same extent be suspended or terminated as the case may be.
- b) Notwithstanding cancellation of any amount of the funds available or any suspension of the right of the Government to make withdrawals from the funds available all provisions of this Agreement shall remain in full force and effect except as provided contrary to this Article 5.

#### **Article 6**

#### **EFFECTIVE DATE AND TERMINATION**

- a) This Agreement shall come into force and effect on the date on which it is signed by both parties.
- b) This Agreement shall terminate and all obligations of the parties shall cease and determine on the date on which the Regional Secretariat has made all payments for which it is or may become liable and fulfilled all its obligations under this Agreement.

#### **Article 7**

#### **NOTICES**

Any notice, request, approval, information, declaration, further agreement or other communication between the parties permitted or required by this Agreement shall be in writing and shall be deemed to have been duly given, made or sent when it shall be delivered by hand or by mail, facsimile or telegram, to the party to which it is required or permitted to be given or made at the address of such party hereinafter specified, or at such other address as such party shall have designated by notice to the other party:

For the Government:

To: The Permanent Secretary  
Prime Minister's Office, Regional Administration and Local Government  
P.O. Box 1923  
Dodoma

Telephone:

Fax:

For the Regional Secretariat:

To: The Regional Administrative Secretary  
\_\_\_\_\_ (*Name of Regional Secretariat*)

\_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

### **Article 8**

#### **OTHER PROVISIONS**

- a) This Agreement shall be binding upon all successors of the Regional Secretariat in whatever forms constituted and their assigns.
- b) No delay in exercising or omission to exercise any right or remedy accruing to either party under this Agreement upon any default, shall impair any such right, power or remedy or its exercise or be construed as a waiver thereof or as acquiescence in such a default, or shall affect or impair any right or remedy in respect of any other subsequent default.
- c) Any Schedules annexed hereto form and constitute an integral part of this Agreement.
- d) The provisions of this Agreement shall only apply in so far as they are not inconsistent with the provisions of the Act No 19 of 1997 and subsequent amendments.

- e) Any action permitted or required to be taken and any document permitted or required to be executed under this Agreement may on behalf of the Regional Secretariat be taken or executed by the Regional Administrative Secretary Council Director or such other person as s/he shall designate in writing.
- f) This Agreement may be executed in several counterparts, each of which shall be an original.
- g) This Agreement shall not be amended, supplemented varied or rescinded except with the consent and approval of the Government, Regional Secretariat and, in extreme instances the Common Basket Fund Steering Committee.
- h) In case of a dispute between the parties hereto the decision of the Prime Minister shall prevail.

**IN WITNESS** whereof the parties hereto have executed and delivered this Agreement on the day and year first above written.

**FOR AND ON BEHALF OF THE GOVERNMENT**

\_\_\_\_\_  
Permanent Secretary  
Prime Minister's Office, Regional Administration and Local Government

In the presence of

\_\_\_\_\_

**FOR AND ON BEHALF OF:**

\_\_\_\_\_ **Regional Secretariat**  
Regional Administrative Secretary

In the presence of

\_\_\_\_\_

# Appendix H ISP Implementation Questionnaire

**ISP Annual Implementation Questionnaire.**

**REGION** \_\_\_\_\_

Date of Completion: \_\_\_\_\_

1. Period of last set of audited accounts ? \_\_\_\_\_
2. Were the final accounts for the previous financial year produced as per the requirements and submitted on time?
3. What was the opinion on the last audited accounts? Clean/Qualified/Adverse
4. Have there been any financial management irregularities reported in the last 12 months- either by Internal or External Auditors ?
5. Are bank reconciliation statements for all accounts prepared within 15 days of the previous month end ?
6. Is the position of RAS substantively filled?
7. Is the position of Treasurer substantively filled?
8. Is there an Internal Auditor in the RS ? Is the post substantively filled ?
9. Are there sufficient funds available to meet recurrent costs of ISP investments?
10. Is there a legally constituted tender board ?
11. Are the National Procurement Guidelines and Manuals available?
12. Are the minutes of management meetings on permanent record ?
13. Is the RS plan and budget up to date ?

Date of latest version:

14. Does the RS have IFMS (Epicor)?
15. Does the RS have PlanRep?
16. How many LGAs in Region have positive assessments for LGCDG ?
17. How many LGAs in Region are receiving LG Capacity Building Grants?

Completed by – name: \_\_\_\_\_ Date \_\_\_\_\_

Signature \_\_\_\_\_

Approved by RAS \_\_\_\_\_ Date \_\_\_\_\_

## **Appendix I    Formats for Financial and Physical Progress Reporting**

C3 - Progress Review for Development Budget (Financial) for Ministries, Regions & Councils

C4 - Progress Review for Development Budget (Physical) for Ministries, Regions & Councils

### C3 - PROGRESS REVIEW FOR DEVELOPMENT BUDGET (FINANCIAL) FOR MINISTRIES, REGIONS & COUNCILS

The Progress Review is for:

1<sup>st</sup> Quarter:..... 1  
 2<sup>nd</sup> Quarter: (Mid Year Review) (MYR).....2  
 3<sup>rd</sup> Quarter .....3  
 4<sup>th</sup> Quarter:.....4

PROJECT ITEM NO./...../...../...../...../...../PROJECT NAME..... FINANCIAL YEAR.....

VOTE NO./...../...../...../ SUB VOTE/...../...../...../.....

PROJECT COMPONENT/ ACTIVITIES	DESCRIPTION OF PROJECT COMPONENT / ACTIVITIES	PROJECT STARTED? YES / NO	FOR THE QUARTER ENDED			CUMULATIVE		
			ACTUAL			ACTUAL		
			GOVERNMENT		OWN AND OTHERS	GOVERNMENT		OWN AND OTHERS
			LOCAL	FOREIGN		LOCAL	FOREIGN	
1	2	3	4	5	6	7	8	9

Instructions for filling this form:

- Col 1. Insert the serial number of the project component / activity
- Col 2. Describe project component / activity;
- Col 3. Write “yes” if project has started. Write “No” if project has not started.
- Col 4-6. Give the actual expenditure during the quarter from the Government Development Budget and Own Funds
- Col 7-9 Give cumulative quarterly actual expenditures as given in column 4,5,6 from start of the financial year till the end of this quarter under report

## C4 - PROGRESS REVIEW FOR DEVELOPMENT BUDGET (PHYSICAL) FOR MINISTRIES, REGIONS & COUNCILS

The Progress Review is for:

1<sup>st</sup> Quarter:..... 1  
 2<sup>nd</sup> Quarter: (Mid Year Review) (MYR).....2  
 3<sup>rd</sup> Quarter .....3  
 4<sup>th</sup> Quarter:.....4

PROJECT ITEM NO./...../...../...../...../...../PROJECT NAME..... FINANCIAL YEAR.....

VOTE NO./...../...../...../ SUB VOTE/...../...../...../.....

SERIAL NUMBER	PROJECT COMPONENTS ACTIVITIES	UNIT	FOR QUARTER ENDED		CUMULATIVE	REMARKS
			PLANNED	ACTUAL	ACTUAL	
1	2	3	4	5	6	7

Instructions for filling this form:

- Col 1            Insert serial number of Project component / activity
- Col 2            Describe briefly Project component/activity
- Col 3            Give the unit of measurement of the activity eg. Numbers, acres, km, etc, as relevant.
- Col 4            Give the Planned Activities for the ending quarter
- Col 5            Give action implementation for the ending quarter
- Col 6.           Give cumulative Actual Implementation
- Col 7.           Give general remarks observations

