

**LOGO SOUTH COUNTRY
PROGRAMME TANZANIA 2005-2008**

VNG International

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INTRODUCTION

Goal of LOGO South

The aim of the LOGO South programme is to strengthen good local government as a condition for poverty reduction. The programme focuses on reinforcing the capacity of local government by investing in people; thus capacity development is development of human capacity. The most important reason of this focal point can be found in the used method. The programme is mainly based on the assumption of combining practical knowledge in a partnership of local governments: a local government in a developing country and a partner municipality in the Netherlands. The programme focuses on those domains of local government where the practices are close together and the partnerships can function optimally.

LOGO is built on the experiences of its predecessor, the Municipal Co-operation in Developing Countries programme (GSO). This programme existed from 1993 until 2003 and was run by VNG International.

Making the programme objectives operational takes place by developing country framework programmes and thematic programmes. These programmes will be based on a context analysis (national and of actors) and will have their own objectives, set the framework for activities and will determine specific results. Eventually the programme will be put in a logical framework. These items will be elaborated in the chapters below.

The aim of making the programme objective operational in this way is to ensure:

1. Ownership and a participatory development of the framework
2. Coherency with local government developments
3. A match with the locally developed long term development goals for local government
4. Result orientation at the programme level
5. Flexibility in the choice of activities and adjustments during implementation.

Development of Country Framework Programmes

In 2004, four country framework programmes were developed within the LOGO South programme, namely in Ghana, Nicaragua, South Africa and Surinam. In 2005 similar programmes were developed for Sri Lanka, Tanzania, Indonesia and Benin. The considerations for selecting the countries included: the existing links between local governments in the respective country with Dutch municipalities and how the country is suited - in terms of background and development (including degree of decentralisation) - to a wider-ranging programme. Tanzania was chosen because of existing municipal linkages (Tilburg - Same, Beuningen - Mwanga and Loenen - Kondo), and a long co-operation with the Local Government Association. Within the municipal linkages several projects have been implemented through the GSO programme. Apart from these municipal projects, VNG International and ALAT have organised several study tours/exchange programmes for Tanzanian officials and politicians since 1993.

VNG International will be running the LOGO South programme, under which all the activities of the LOGO country framework programme will be managed and financed. VNG International will play a coordinating role in the implementation and will implement activities such as group working visits to Tanzania or the Netherlands.

In the framework of existing international relations between local governments, building on trust and mutual understanding, local governments of Tanzania and the Netherlands will exchange experiences

and develop capacities. This is done by a colleague to colleague approach. The method is practice-based in which experts working in the same job or in a comparable position exchange views and work together. The problems and analysis can be shared easily and is conducive for building on existing local capacity.

Experience shows that careful consideration should be given to concentrate on practical problem solving rather than pretending to deal with complex enabling environment issues since these more often than not require a large scale intervention. Therefore a clear working context is required.

This work method based on exchange between practitioners could be hampered by the fact that experts are not familiar with the international development context. The switch between different backgrounds, culture, values and attitudes has to be addressed in order to be effective. Training the involved experts on advisory skills and attitudes in a decentralised co-operation context needs attention.

Activities organised for drafting the country framework programme Tanzania

Drafting a LOGO South country framework programme is a participatory process of all involved parties in the Developing country and their counterparts in the Netherlands. Country framework programmes can only be successfully implemented when all involved parties are committed – including the political leadership. Country framework programmes should be built on the needs of local governments in the country. The participatory process can take place in workshops, meetings and research. During this process strategic choices, objectives and implementation will be discussed. At the end a document is adopted by all involved parties; this document has the status of a draft version that has to be commended by the parties with a memorandum of understanding (MOU).

Drafting the country framework programme Tanzania has been such a participatory process in which Dutch and Tanzania actors and stakeholders were involved. The following activities were organised:

- Consultation meeting with the Dutch actors in May 2005.
- Literature analysis by VNG International and the involved local authorities.
- Formulation of the problem analysis for the country framework programme Tanzania: May-October 2005.
- Working visit from VNG International and three municipal linkages (Tilburg - Same, Beuningen - Mwanga, and Loenen - Kondo) to Tanzania in September 2005; discussions with Tanzanian stakeholders about the theme of the country framework programme (fact finding and formulation).
- Drafting of the Tanzania country framework programme by VNG International in November-December 2005.
- Consultation meeting during a workshop with the Tanzanian actors in January 2006 (formulation co-operation projects) and agreement on country framework programme for Tanzania.
- Approval of the Tanzania programme by the LOGO South advisory committee in February 2006. After the approval by the LOGO South advisory committee, the final text and activity plan for 2006 were written by VNG International. The programme will be disseminated to all involved parties.

Content of the country framework programme of Tanzania

The situation analysis in this document studies two issues:

1. An analysis of the national and local context in Tanzania.

An analysis of the involved actors.

Practically speaking the analysis takes into consideration the experience of international co-operation between local governments in Tanzania and the Netherlands. Under GSO - the previous subsidy

programme for Dutch municipal international co-operation - a lot of experience was already gained. This starting point is important, but does not determine only the outcome of the participatory process. Other issues can be derived from the situation analysis. Part of the analysis is a study of the likely involved parties and organisations. Therefore an inventory of all the national and international organisations regarding the issue/theme was made.

The problems analysed in the LOGO programme will be tackled by investing in the development of human capacity and not by large investments in hardware.

The objectives of this country framework programme follow directly from the problem analysis. Pitfall of in-depth analysis can be overambitious objectives and sky high expectations. Analysis should lead to realistic and achievable objectives, implementation should be closely linked to the existing level of capacity and the local ability to absorb new capacities. In other words, the pace of implementation should not be faster than the beneficiary can cope with. On the other hand, the budgets of the programme are limited and require effectiveness and realism in what can be done with the given limited budget. A country framework programme should be transparent and give insight in the logic of the choices made. The inputs and responsibilities of all involved parties are made clear and can be put in a co-operation agreement signed by all parties.

The LOGO South Country Framework Programme Tanzania consists of two parts:

1. Part one contains the analysis of the Local Government Reform Programme in Tanzania, focusing specifically at the actors which shape and implement this policy at the local level. Part one substantiates the choice of the theme for the country framework programme.
2. Part two contains the programme design, the programme's objectives, its activities and the expected results, as well as the project matrix. Part two therefore depicts the format for the co-operation with Tanzania on an umbrella level and on the bilateral level between Dutch and Tanzanian local authorities.

PART I SITUATION ANALYSIS

1. ANALYSIS OF THE CONTEXT OF LOCAL GOVERNANCE IN TANZANIA

1.1 Local government reform programme

The evolution of local government in Tanzania is generally traced to the colonial period, where in 1926 the creation of Native Authorities took place. In 1953 district authorities (rural) and town authorities were created through the Local Government Ordinance, but between 1972 and 1973 all local authorities were abolished. Their reintroduction in the early 1980s was accompanied by high expectations about improved performance, but this did not happen (Kironde, 1998).

Since 1997 the position of local governments in Tanzania has changed tremendously. In response to the public concern over the deteriorating socio-economic conditions, the government decided to strengthen the Local Government Authorities by the introduction of a local government reform. **The Local Government Reform Programme (LGRP)** was formulated in 1997 and established as the implementing body of the reform, and is part of the ministry for local authorities (PO-RALG). The programme is financed by the donor community through a so called 'basket fund' (World Bank).

The objective of the LGRP is to improve the quality of and access to public services provided through or facilitated by Local Government Authorities. The programme aims to increase the accountability of local authorities to the communities, to bring basic services closer to the users and give them a greater say in how these services are managed and delivered.

The reform process has four main dimensions:

1. Political decentralisation, with a devolution of powers to locally elected councils and committees, and with an integration of the previously centralised or de-concentrated service sectors into a holistic local government system with local councils as the most important local political bodies.
2. Financial decentralisation, based on a combination of discretionary powers of Local Government Authorities to levy taxes, to pass their own budgets based on local priorities within broad national policies; and the obligation of central government to provide adequate and equitable grants to attain national standards of service delivery.
3. Administrative decentralisation, involving a de-linking of local authority staff from the respective line-ministries, making them accountable to the Local Government Authority who will be their employer, fully responsible for all human resource management matters.
4. Changed central government – local government relations whereby the role of central government and line-ministries is changed from a control role to that of policy making, regulating, supporting and monitoring to ensure quality of services in line with national policies and standards.

(Poralg, LGRP, Medium term plan and budget, 2005)

The essence of this strategy is to transfer duties and financial resources from the central to the local government levels. The extent, to which this will result in improved services, such as in health, education, water supply, transport, infrastructure, etc., depends on the amount of transfers and the quality of local governance.

1.2 Local authorities

With the implementation of the Local Government Reform Programme Local Government Authorities became autonomous entities. There are two main categories of local authorities, namely 'urban authorities' and 'district authorities'. Urban authorities refer to city councils, municipal councils or town councils. District authorities refer to district councils, township authorities and village councils.

Each urban authority is divided in a number of wards, and each ward is sub-divided into mitaa or villages. For each ward a Ward Development Committee (WDC) is elected, consisting of chairpersons of mitaa, chairpersons of villages and elected councillors residing in the ward. Each district authority is divided into divisions, and each division into a number of wards. These wards also have their own WDC.

The Local Government Authorities are regulated by a number of statutes. Most important are the following Acts:

- The Local Governments (District Authorities) Act 7 of 1982
- The Local Government (Urban Authorities) Act 8 of 1982
- The Local Government Finance Act 9 of 1982
- The Regional Administration Act 19 of 1997

This last Act was passed to support the Local Government Reform Programme and will allow Local Government Authorities to make their own policy and operational decisions consistent with government policies without interference by the central government institutions. The councils have responsibility for formulating plans for their area, financial management and service performance (CLGF, 2005). This also signifies that local governments themselves will be responsible for managing their administrative, personnel and financial affairs and have to determine their own priorities.

The local authorities face various difficulties because of their new position. The actual institutional capacity of the local government system is still weak and the new role of the district council and its staff are still to be shaped. The lack of human resources capacity and management causes problems. The capacity of the district staff in relation to participatory planning as well as technical aspects of their jobs are limited. The implementation of a new financial framework causes problems as well. Therefore no effective democratic control can be practiced and transparency and accountability are often low.

1.3 Local financial resources

Very important for the execution of the new tasks of local governments are the financial resources and the management of these resources. The Local Authorities in Tanzania have three major sources of funding:

1. Central governments transfers (sectoral)
2. Their own revenues
3. Development aid

With the implementation of the Local Government Reform Programme the transfers of central to local level will increase.

For the transfer of funds the central government developed the Government Capital Development Grant (LGCDG) system. The system, which is based on a systematic devolution of a significant share of the development budget aims at providing non-sector specific development funding for Local Government Authorities development activities in accordance with locally identified priorities. All the Local Government Authorities will access funds under this new system so long as they satisfy some Minimum Conditions (MCs), which have been set and categorized into Primary and Secondary MCs. Under the grant, three types of grants are provided, which are:

- Capital Development Grants (CDG) These are meant for all the Local Government Authorities, which strictly meet the Minimum Conditions as set out under the system. On top of the Minimum Conditions, there will also be some Performance Measurements to determine the day-to-day functioning of the Local Government Authorities, which have accessed the CDG. The allocation formula for these grants has been decided to be as follows: i) 70% will be distributed in proportion to the size of population, ii) 10% will be distributed in proportion to the land area, and iii) 20% will be distributed in proportion to the estimated number of poor residents of the Local Government Authority.
- Capacity Building Grants (CBG) These are in principle meant for the Local Government Authorities that have not attained the Minimum Conditions for accessing the CDG. There are only two conditions for accessing these grants, which are: i) To have an acceptable capacity building plan, ii) To have satisfactorily accounted for previous grant disbursements.
- Local Government Development Grants (LGDG) These are discretionary development funding grants, which are in principle meant for the Local Government Authorities that have not attained the Minimum Conditions for accessing the CDG, but have met the less strict conditions of accessing these grants. It should be noted that a Local Government Authority can only qualify for either the CDG or the LGDG, but not both.

Some of the minimum conditions for accessing central government transfers (Capital Development grants and Capacity Building grants) are for example:

- Timely preparation and submission of financial reports and final accounts
- Adherence to audit procedures and having in place a functioning internal auditor, timely audit reports
- Adherence to financial regulation including requirements for procurement
- Performing all banking procedures as required
- Adherence to budgeting process as provided by the LG Act as well as annual planning and budgeting guidelines
- Improved performance in revenue collection

The criteria are drawn from the existing financial guidelines for Local Government Authorities, but their attainment requires high financial management capacities in the Local Government Authorities.

The possibilities for local authorities to enlarge their local revenues will also change under the LGRP. Sources for local government revenue are for example the property tax, business licences, market dues, refuse collection charges and parking fees. At the moment the capacity of the Local Government Authorities for efficient collection of their own revenues is often low. Another major obstacle to enhancing local government revenues is the unwillingness of the population to pay taxes and fees because the link between tax payment and service delivery is very weak.

Next to government transfers and local revenues the Local Government Authorities are depending on funding from development partners. These fundings are often unpredictable and difficult to influence. Therefore the obtaining of central funding and increase of the own revenues is necessary. This makes transparency and financial and fiscal affairs more important then ever.

1.4 Local Financial management

The financial framework for local government activities can be a crucial determinant of services delivery and performance. Without an efficient use of finances and a transparent financial system, local authorities will not be able to manage and deliver services (Local Government reform Agenda 1996-2000). Sound financial management systems are powerful instruments for preventing, discovering or facilitating the punishment of fraud and corruption. Important elements are the organisation and staffing of local revenue administration, the effectiveness of auditing systems and the realism of budgets (Fjeldstad).

To support local government finances the central government focuses, among others, on the strengthening of the financial management. The objectives are:

- To promote a rational and efficient use of resources
- To introduce a financial system to strengthen local government autonomy that also enhances the transparency in the management of council finances
- To introduce, where feasible, PC-based technology to simplify and improve efficiency of revenue and expenditure management in Local Authorities
- To promote and develop specialist skills among the financial staff of local authorities

To obtain these objectives the activities of the government consist of the implementation of several pilot projects on financial management systems, assessing training needs, and the development and implementation of training programmes.

The implementation of an integral financial management system and a new system for budgeting and accounting are a big part of the government's projects.

1.5 The integrated financial management system

An important activity of the Local Government Reform Programme is the implementation of the Epicor based Integrated Financial Management System (IFMS). This is a computerized budgeting and accounting system and is being used already on the national level. The implementation on the local level is aiming, amongst others, at an easier and more effective transfer of funds from national level to local level, and improved accounting and reporting back from local governments to the national level. The Epicor system has been designed from the basis point of view of the existing manual system at local level, but is much more comprehensive. The full programme consist of a thorough number of applications that will, be introduced gradually/phased in pace with the growing expertise and experience in the local governments. The key components that are operational in Epicor are:

1. Cash Management
2. General Ledger
3. Accounts Payable
4. Accounts Receivable
5. Report Writer

The LGRP is responsible for assisting the Local Government Authorities to set up and apply for the Integrated Financial Management System. The LGRP provides the resources for computers, licences and the computer training. The implementation of the system is done by SofTech (based in Dar Es Salaam). SofTech is the only company with a mandate to install the system, therefore having a monopoly.

The first implementation phase started in 1999 and consisted of 32 councils. The Progress Report from January 2004 states that of these 32 councils 26 councils completed the implementation in 2003 and are supposed to discontinue their parallel manual systems. The better performing councils have been given additional training and are assigned to assist less well performing councils.

In reality some councils have not dispensed with their manual accounting system in favour of Epicor. Not all local authorities have received training yet, and for various reasons not all training programmes were effective. This is partly because the commitment of councils to implement the Integrated Financial Management System (IFMS)⁰ and to improve the financial management has been variable. For the councils the implementation of a new system is an additional task on an already under capacitated organisation. Local authorities can't spare their staff or don't have the appropriate skilled staff necessary for this extra work. Another problem is that PC-based technology is still very unknown at local level (very few people are computer literate), what makes the system indistinct for the councils. As a result the councils do not see any advantages in changing the financial management system. SofTech¹ has so far been unable to support the different councils with the problems or questions they had after implementation. As SofTech has no knowledge about the functioning of local government itself and the implications of the implementation of the system in the different local contexts (rural-urban), their feedback to specific context or government related questions/problems is inadequate.

The districts who were involved in the first implementation phase (e.g. Kondoa) indicate that the use of the financial system still brings a lot of indistinction.

A big difference between the former manual system and the new digital financial system is the focus on the village level in stead of the ward level for planning and budgeting and reporting. SofTech is not an expert on local government practice, and the different councils will therefore need extra support in this field. At this moment only a small part of the Epicor system's applications is being explained and made accessible to the local district councils. The different applications are being introduced phased because of lack of expertise and skills in the local governments. The possibilities of a mayor part of the system are therefore not known yet by the district councils. As all local governments are treated the same, even local governments that are more ahead are not aware of the full functioning and application of the system.

In 2006 the second phase of implementation of the system in the local governments will start in which 47 councils will be involved.

The implementation of the system in the second phase local governments is adjusted, taking into consideration as much as possible / learning from the bottlenecks and problems faced during the first phase. The second phase will involve (again) a general computer training of 2 weeks and a specific

¹ SofTech is the only company in Tanzania with a mandate to implement the IFMS. The company designs and develops software, gives implementation assistance and training on systems developed, occupies with the maintenance of systems and transfer of skills to the organization for long-term implementation.

Epicor training of 27 days in Dar es Salaam. Four candidates are expected to be trained from each council. The proposal of the LGRP is to train the Treasurer, Deputy Treasurer and two Accountants. Next to the training for the 47 selected councils a Refresher Training for existing first phase Epicor councils will take place (due to politics some trained staff has been transferred to other local authorities and has been replaced by ignorant ones, in some local authorities not all designated persons were adequately trained). Furthermore, there will be three visits to the participating councils in the period/time frame of 1 year for the installation of the system, on-the-spot training and back stopping of involved employees to assist in the actual implementation of the system in the local authority.

In this second phase a Zonal Reform Team of the LGRP (in stead of SofTech) will support the district councils during and after the implementation of the system. The ZRT will be able to assist in context related problems after the implementation of the system in the local authority and in maintenance of the systems on the spot. Tanzania is divided in six zones with in every zone a Zonal Reform Team consisting different financial specialists.

1.6 Systems for budgeting and accounting

With the implementation of the IMFS the related systems for budgeting and accounting change as well. The central government introduces the Medium Term Expenditure Framework (MTEF), the major planning instrument used by Local Government Authorities. The system has been introduced but not all of its components are up and running. The framework now consists of:

1. A strategic plan: It is formatted along the Logical Framework modality, incorporating statement of objectives, targets and activities. The Strategic plan provides a hierarchy and main pillar of the key components of the MTEF system. The strategic plan presents indicators for progress monitoring.
2. Performance Budget: the component of costing of objectives, targets and activities.
3. Operational Plan: the description of when activities and targets will be completed and agencies responsible for them.

The Open Performance Review and Appraisal System (OPRAS) is not directly a component of MTEF, but it could be developed into an aspect of the planning and budgeting system. OPRAS associates further, individuals with activities, targets and indicators. OPRAS has just been introduced and not all Local Government Authorities have started to apply it. The Dutch Development Foundation - SNV (PTN) in collaboration with Arusha Zonal Reform Team has facilitated the roll out of OPRAS in 16 districts in Kilimanjaro, Arusha and Manyara Regions.

PlanRep is a by PMO-RALG newly introduced planning database (tool) designed along the MTEF format. The database is a tool for planning but it is also a reporting and monitoring tool which tracks both financial expenditure and physical implementation. By the standardisation of reporting formats and the use of the PlanRep system as the tool for the preparation of reports and the reporting of revenue and expenditure data, which will be increasingly derived from the Epicor based IFMS, upward accountability will be improved.

This will allow the matching of expenditure to levels of service delivery, through the interface between PlanRep and the LGMD. The PlanRep system will also provide downward accountability through KiSwahili reports specifically targeted at the Ward Development Committees and Villages and Mitaa. The Ministry of Finance uses another tool, ESBA. However this tool is conflicting with PlanRep. Harmonisation between the two Ministries is therefore suggested. In this programme it was decided

not to address these issues because of the limited scope. But awareness of the existing tools and possible bottlenecks is vital for good implementation.

1.7 Local financial transparency and integrity

All the above mentioned systems are introduced to improve transparency. Transparency with respect to budgets and accounts is at the heart of local government accountability. Local authorities publish information on revenues collected and allocations of funds, as they are obliged to according to the Local Authority Financial Memorandum 1997. However, at present much of this information does not reach or is not understood by the general public. Public notices gazetted in newspapers or posted on notice boards at the council headquarters are presented in a relatively complicated and technical way which is hard to understand by ordinary citizens. Many people do not take interest in reading notices and newspapers, or are unable to due to illiteracy. A main challenge is therefore to provide information on fiscal issues in ways which are understandable for and which reach the general public. Written and oral methods of dissemination should be combined, including information submitted at service outlets such as schools and dispensaries, and at village and ward offices. More active use of the VEOs and Mittaa leaders to communicate such information to citizens might also pay high dividends (Fjeldstad, 2004)

Due to inadequate transparency and formality of financial accounting corruption is a large problem recognised in some district councils in Tanzania. The new system is aiming to improve transparency and minimizing inappropriate use of public funds. However, it provides a synergy to the ongoing efforts of the LGRP to enhance good governance in the Local Government Authorities operations.

2. INVOLVED STAKEHOLDERS

PMO-RALG

The Regional Administration and Local Government department of the United Republic of Tanzania is responsible for the Local Government Reform Programme. This programme highly influences the possibilities of Local Government Authorities in Tanzania.

SofTech

SofTech is the only company in Tanzania with a mandate to implement the IFMS. The company designs and develops software, gives implementation assistance and training on systems developed, occupies with the maintenance of systems and transfer of skills to the organization for long-term implementation. Although they are an expert in the field of the implementation of hard and software, they are not an expert in the field of local government.

ALAT

The Association of Local Authorities in Tanzania (ALAT) represents local government on the mainland of Tanzania. It is a voluntary organisation with a membership of 121 urban and district councils. Its function is to:

- Provide a forum for exchanging views and experiences among member Local Government Authorities
- Provide advocacy on policy and legislative matters likely to affect Local Government Authorities
- Disseminate information and provide expert advice
- Make representation and proposals to government
- Represent Local Government Authorities and their views in international forums.

The Association of Local Authorities in Tanzania (ALAT) is closely involved in the formulation and dissemination of the results of the country framework programme Tanzania.

National coordination and dissemination of practices can become a role for ALAT. Then the association will have the assignment to sustain the outcome of the programme to its best abilities.

SNV

The Dutch Development Foundation – SNV Tanzania has since year 2000 embarked on a new strategy to provide more effective support to development. In this new approach, a shift was made from direct implementation of development projects to provision of advisory service and capacity development to the intermediary organizations (meso-level organisations). Local Governance and Private Sector Development will continue to be the focus of the SNV interventions.

The Same and Mwanga District Councils and the Kondoa District Council are located in the areas where two portfolios of SNV Tanzania operate. The SNV's North Portfolio Office in Arusha (commonly known as PTN) operates in Kilimanjaro, Arusha and Manyara regions in North East of Tanzania. Both Mwanga and Same Districts are located in Kilimanjaro region. The Central Zone Portfolio covers Morogoro and Dodoma regions. The Kondoa district is located in Dodoma region.

SNV Arusha has a capacity development arrangement with the Same District Council.

Although the Portfolio does not work directly with Mwanga District Council, it provides capacity development services to Mwanga District NGOs Network and the district branch of Tanzania Chamber of Commerce Industries and Agriculture (TCCIA) in Mwanga District.

The backstopping of SNV Dodoma is done through the Zonal Reform Team in the region.

SNV Tanzania works with different districts in the field of strengthening the financial management system, and has a lot of experience with the IFMS on local level.

PART II PROGRAMME DESIGN

3. CHOICE OF THEME

The subject of the LOGO South Programme for Tanzania will focus on the support of local authorities in the field of financial management, with special attention for the implementation of the IFMS, and budgeting and accounting. This will be done by pragmatic trainings on the job in three pilot municipalities, a regional workshop, and by the development of a manual that can be used by other local authorities.

3.1 Involved local authorities

The municipalities involved in the development of the LOGO SOUTH Framework Programme for Tanzania are (Netherlands-Tanzania):

1. Mwanga District Council - Beuningen
2. Same District Council - Tilburg
3. Kondoa District Council - Loenen (with special attention to the village Kiteo)

The municipality of Kondoa was part of a pilot project of SNV between 1998 and 2000, concerning the first phase of the implementation of the Epicor based Integrated Financial Management System (IFMS). This pilot was part of SNV's district rural development programme in Kondoa District Council (KIRDEP). The main activities during the piloting in Kondoa District Council included:

- Providing computers to the district council
- Supporting training of district council staff in basic computer skills
- Supporting staff training in the platinum software
- Facilitating the installation of the PLATINUM system (predecessor of Epicor) in the district council
- Providing on the job coaching in order to assist the district council staff to make a smooth transition from manual accounting system to the computer based accounting system

The other partner municipalities can take advantage of the so established knowledge and experience. In the formulation phase of the LOGO SOUTH Country Framework Programme for Tanzania the Dutch municipalities used the experience evolving from the Kondoa project and the experiences from other districts, like Moshi, to develop a tailor made capacity building programme on setting up a transparent financial management system in the three Tanzanian counterparts.

3.2 Theme specification

During the visit of VNG International and the Dutch counterparts to Tanzania in September 2005 it became clear that the Kondoa District was part of the first IFMS phase and Same is selected for the second phase. There would be a possibility to include the District of Mwanga in the second phase, but only if they comply with the requirements and invest in the hardware (computer system, licences) themselves.

For the installation of the hardware the district will need suitable space, electricity, a generator, and five computers. The Mwanga District can then be included in the training programme of the Refresher Trainings.

During the visit in January 2006 it was agreed between VNG International and the LGRP in DES that Mwanga will be part of the second phase of implementation on the condition that Beuningen municipality will subsidize the necessary computer hardware and installation costs. Beuningen municipality consequently has agreed that within the bilateral project these costs will be incorporated as investment costs. In this way the project can start simultaneously in Mwanga and Same, making it possible to closely co-operate and learn from each other in the roll out process of the Epicor based financial management system. The LGRP will subsidize the training of the Mwanga staff in Dar Es Salaam and the assistance on the spot in the operational phase.

The theme of co-operation for the municipalities of Mwanga-Beuningen and Same-Tilburg will be closely linked, because both Tanzanian municipalities will start with the implementation of the IFMS in 2006. They will focus on the realization of a sound financial management system and the implementation of the IFMS. In the process the collaboration between Mwanga and Same will be very important for the progress of the projects. The exchange with other districts in the Kilimanjaro region will also form an important part of their projects. The District of Moshi already implemented the IFMS, the Districts of Hai, Rombo and Moshi Rural can profit from the experiences in Mwanga and Same.

Because the District of Kondoa already implemented the system and receives backstopping on the Epicor system from SNV Dodoma at the moment, the focus of the Kondoa-Loenen project will be in the field of transparency of the installed financial management system at the village and ward level. This theme also connects to the focus on integrity in the municipality of Loenen and will create a mutual learning process in the Netherlands and Tanzania. At the level of the Ward Executive officers and Village Executive officers the skills for adequately reporting towards the higher levels within the district are insufficient at the time, thus creating problems in the final reporting from the district level. Loenen will focus on training at the ward and village level, upgrading the skills and expertise. The experiences from Kondoa will be shared with the other 2 districts involved.

3.3 Goal

The overall goal of the country framework programme for Tanzania is the assistance in three districts of the implementation of the Epicor based financial system (mandatory by Central Government and implemented by Local government assisted by LGRP) aiming at the realization of a transparent financial management system in the involved local authorities. Per municipality a tailor made, context based, bilateral project will be developed with a specific project purpose.

The budgeting and accounting system that will be introduced through LOGO South will use Epicor as a tool and assist the districts with the implementation of the LGRP financial management programme. Moreover the aim of introducing a sound and transparent financial system in the process of going from a manual to a computerised financial system offers intrinsic value to the districts involved besides from the tools used. Therefore the (international) experts that will be offering technical assistance will not limit their support to Epicor alone but will offer a variety of tools available and practiced.

4. ACTIVITIES PROGRAMME TANZANIA

Formulation phase:

- Consultation meeting with the Dutch actors in May 2005
- Literature analysis by VNG International and the involved local authorities
- Formulation of the problem analysis for the Country framework programme May-October 2005
- Working visit from VNG International and three municipal linkages to Tanzania in September 2005; consultation meeting during a workshop with Tanzanian stakeholders about the theme of the country framework programme and project formulation on the spot in the three municipalities (fact finding and formulation), meetings with SNV on co-operation, meeting with LGRP on embedment of the programme
- Drafting of the final Country framework programme Tanzania by VNG International in December 2005
- January/February 2006: Working visit to Tanzania by VNG International; final discussions with Tanzanian stakeholders about the focus areas of the projects, signing of Letter Of Intent (LOI) for the co-operation between the respective municipalities and VNG International, agreement SNV on co-operation, agreement with LGRP
- February 2006: Approval of the Country framework programme by the LOGO South advisory committee in March 2005. After the approval by the LOGO South advisory committee, the final text and activity plan for 2006 will be disseminated to all involved parties and the Memorandum of Understanding for the co-operation with the involved actors will be signed

Main phase

- February 2006: linkages can submit bilateral project proposals to VNG International
- August 2006: close contract with SNV Kilimanjaro
- 2006-2008: Mutual work visits between the Dutch and Tanzanian municipalities within their bilateral projects
- September 2006: Regional workshop in Kilimanjaro region on financial management and management skills for financial staff and project coordinators Tanzanian districts / monitoring visit VNG International
- 2007: Organisation regional workshop in Tanzania
- 2007: Exchange Activity financial management and process management for involved officials and administrators to The Netherlands
- 2007: Exchange visit districts Kilimanjaro region to Dodoma region
- 2007: Documentation of experiences and practices evolving from the projects by ALAT, which will be disseminated via LGRP and ALAT
- 2008: Organisation of workshop/expert mission on process management in Tanzania
- 2008: Organisation regional workshop in Tanzania
- 2008: Dissemination of experiences and practices evolving from the projects via ALAT's website and organisation of a regional workshop on the outcomes in Tanzania
- 2008: Regional workshop financial management/expert visit and monitoring visit VNG International
- Co-operation between the involved municipalities in the Netherlands throughout the project

5. EXPECTED RESULTS

The Programme aims at assisting the involved local authorities to implement the Financial Management System as introduced by the LGRP, thereby gaining insight in the bottlenecks and pitfalls of the implementation of this programme, especially during the process of operation afterwards. The actual implementation of the Epicor based financial management System will be improved in the 3 districts involved. Also the programme will develop a code of conduct for transparency and integrity in financial management at the village and ward level, aiming at efficient reporting and budgeting towards the various layers of the district and the community.

The experiences gained will be documented and will be made available through the Ministry of Local Government and ALAT to all districts in Tanzania.

5.1 Execution of the country framework programme

SNV Kilimanjaro will play a substantial role in the coordination on the spot of the programme with special attention for the implementation of the projects in Mwanga and Same. SNV Kilimanjaro will be contracted by VNG International for this purpose. SNV is already involved in the support to the districts in the field of financial management and is financed by the Dutch Embassy, just as the LOGO South programme. The co-operation between VNG International in the LOGO South project will therefore be complementary.

ALAT will be responsible for the dissemination of good (and bad) practises and experiences coming from the different bilateral projects and will play a role in the organisation of umbrella activities.

5.2 Reporting within programme

As reporting and communication within the programme with its many actors is very important for the effective implementation of the different activities at the various levels, a detailed reporting schedule is agreed upon with the stakeholders involved (see Annex 1). For the reporting on the various levels standard formats will be designed. A standard for reporting to VNG International is attached in Annex 2.

ANNEX 1: REPORTING WITHIN PROGRAMME

ANNEX 2: LITERATURE

ANNEX 2: LITERATURE

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(1996) The local government reform agenda 1996 – 2000. Dar es Salam: Civil service Reform Programme Secretariat

(2004) The local government reform programme, progress report, July – December 2003. Dar es Salam: PO RALG /LGRP

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**ANNEX 3: LOGFRAME TANZANIA COUNTING
PROGRAMME**

Title: LOGO Country Programme Tanzania				
For the period 2005 - 2008				page 1
	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
Project Global Objective	Strengthen good local government as a condition for poverty reduction.			
Programme Objective	Assisting the involved local authorities to implement the Financial Management System as introduced by the LGRP aiming at the realization of a more transparent financial management system in the involved local authorities	Increased capacity in involved Districts to deal with financial management	Per municipality a tailor made context based bilateral project with a specific project purpose will be developed and implemented	The Dutch government remains committed to supporting Tanzania
Results	Gain insight in the bottlenecks and pitfalls of the implementation of this programme, especially during the process of operation afterwards	Bottlenecks and pitfall are documented during the process of implementation in the 3 Districts'	The experiences gained will be documented and will be made available through the Ministry of LG and ALAT to all Districts in Tanzania	The Tanzanian national government continues with the implementation of the EPICOR system during the whole length of the LOGO South project
	Improved implementation of the EPICOR based Financial Management System in the three Districts involved	Participating municipalities have implemented EPICOR and are working with the new financial management system	The reporting to National Government is done more frequently and with efficiency	Commitment of the involved Dutch municipalities and Tanzanian counterparts

	The programme will develop a code of conduct for transparency and integrity in financial management at the village and ward level, aiming at efficient reporting and budgeting towards the various layers of the district and the community	The suggestions for procedures and approaches for more effective reporting and budgeting evolving from the projects are documented by the 3 Districts	A written code is disseminated via ALAT	Results of projects will be valuable for documentation
Programme activities	2006: Working visit to Tanzania by VNG-International		Reports of every activity will be written in order to verify if the activity is executed according to the plan	Commitment of Tanzanian stakeholders
	2006: Approval of the country framework programme by the LOGO South advisory committee in March 2005		Programme on pdf on website and disseminated to all stakeholders involved	the advisory committee approves the country framework programme
	2006: Linkages submit bilateral projects proposals to VNG International		3 bilateral project documents	Commitment of the involved Dutch municipalities and Tanzanian counterparts
	2006: Close contract with SNV Kilimanjaro for regional monitoring projects		Contract/MOU	Commitment of SNV Kilimanjaro
	2006: Regional workshop in Kilimanjaro region and monitoring visit VNG International		Report	Commitment of financial staff and project coordinators of involved Tanzanian Districts
	2007: Regional workshop in Kilimanjaro region and monitoring visit VNG International		Report	Commitment of financial staff and project coordinators of involved Tanzanian Districts
	2007: Exchange Activity financial management and process management for involved officials and administrators to The Netherlands		Report	Commitment of financial staff and project coordinators of involved Tanzanian Districts

	2007: Exchange visit districts Kilimanjaro region to Dodoma region		Report	Commitment of financial staff and project coordinators of involved Tanzanian Districts
	2007: Documentation of experiences and practices evolving from the projects by ALAT, which will be disseminated via LGRP and ALAT		Documentation	Commitment with and capacity within ALAT
	2008: Organisation of workshop/expert mission on process management in Tanzania		Report	Commitment of financial staff and project coordinators of involved Tanzanian Districts
	2008: Organisation regional workshop in Tanzania		Report	Commitment of financial staff and project coordinators of involved Tanzanian Districts
	2008: Dissemination of experiences and practices evolving from the projects via ALAT's website and organisation of a regional workshop on the outcomes in Tanzania		Documentation on website available	Commitment of ALAT
	2008: Regional workshop financial management/expert visit and monitoring visit VNG International		Report	Commitment of financial staff and project coordinators of involved Tanzanian Districts
	Throughout the project: co-operation between the involved municipalities in the Netherlands		Timeframes projects linked, reports of meetings	Commitment of the involved Dutch municipalities and Tanzanian counterparts