

**PROGRAM INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

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<b>Operation Name</b>	TZ: Open Government and Public Financial Management (OGPFM) Development Policy Operation
<b>Region</b>	AFRICA
<b>Country</b>	Tanzania
<b>Sector</b>	General public administration sector (50%); Public administration- Information and communications (50%)
<b>Operation ID</b>	P133798
<b>Lending Instrument</b>	Development Policy Lending
<b>Borrower(s)</b>	TANZANIA
<b>Implementing Agency</b>	
<b>Date PID Prepared</b>	March 13, 2015
<b>Estimated Date of Appraisal</b>	March 17, 2015
<b>Estimated Date of Board Approval</b>	May 7, 2015
<b>Corporate Review Decision</b>	Following the corporate review, the decision was taken to proceed with the preparation of the operation.

**I. Country and Sector Background**

**1. For over two decades, Tanzania has witnessed strong and stable economic growth that has started to translate into poverty reduction in recent years.** After a long period of stagnation, poverty declined to 28.2 percent in 2011/12 from 34.3 percent in 2007, while extreme poverty declined to 9.8 percent, two percentage points lower than in 2007.<sup>1</sup> The pace of poverty reduction has accelerated in recent years due to rapid urbanization and better access to services and asset ownership, including in rural areas<sup>2</sup>. However, poverty remains widespread as there are still approximately 12 million households living under the national poverty level—about the same level as in 2001—and almost half of the population is still below the well-accepted international poverty line of US\$1.25 per day. A large proportion of the population is, therefore, vulnerable and at risk of falling back into poverty. Also, the inequality gap between urban and rural populations is widening mostly due to fewer employment opportunities, limited access to services, and unsatisfactory service delivery outcomes in rural areas. Overall progress towards Millennium Development Goals (MDGs) has been slow and Tanzania is unlikely to meet four out of seven of the MDGs by 2015. The country falls short of universal completion of primary school, and maternal mortality and the number of households without access to safe water are higher now than they were in 1990.

<sup>1</sup> Tanzania, Household Budget Survey, 2014.

<sup>2</sup> Asset ownership including items such as mobile phones, radio and television sets has increased.

**2. Key service delivery indicators and citizen satisfaction with public services have been deteriorating, and trust in public institutions seems to be eroding<sup>3</sup>.** This reflects illustrates persistent challenges in the effectiveness of Tanzania’s development policies as well as underlying governance issues. Limited voice and participation in the design of public policies and insufficient accountability for their implementation are considered important constraints. These issues are compounded by a weak accountability framework and insufficient checks and balances, which undermine the quality of institutions and the delivery of public services.

**3. Despite some improvements over time, a number of Public Financial Management weaknesses also impede service delivery, including issues related to cash management, public investment management, and procurement.** Cash management is hampered by several factors such as unreliable budgets and cash flow forecasts, under collection of domestic revenue and grants, ineffective commitment controls, growing expenditure arrears, an ineffective Treasury Single Account (TSA) modality, and multiple budget reallocations during the fiscal year. As for public investment management, there is no systematic central mechanism to evaluate, select, and guide the translation of plans into strategic, prioritized public investments and no common standard approach to preparing, presenting, and analyzing the value of public investments. This is further compounded by weak capacity for preparing and implementing projects at the central, sectoral, and local levels. Finally, procurement processes continue to be cumbersome and compliance with the law and regulations is a major area of concern.

**4. Given these challenges, on both the supply and demand side of service delivery, the GoT has recognized that ‘business as usual’ will not deliver the change required to improve service delivery and alleviate poverty.** This has prompted the Government to promote increased transparency and participation by joining the Open Government Partnership (OGP). The OGP is a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance.

**5. In addition to joining the OGP initiative, the Government has adopted a new results delivery model, known in Tanzania as “Big Results Now!” (BRN).** This new initiative places a strong focus on results, with accountability and performance management at the core of implementation, and is focused on eight priority sectors, including Education, Health, and Rural Water. The objective of BRN is to ensure Government plans and programs are implemented on time with a focus on the citizens’ needs, and that the latter participate in monitoring progress and providing feedback on the successes and setbacks. The BRN initiative also re-affirmed the Government’s commitment to improve public financial management. Effective, efficient, and economic service delivery is contingent on good practices and systems that will successfully integrate several basic elements—credible plans and budgets, predictable financing, human resources, infrastructure, equipment, processes, technology and information—while the governance structures provide incentives and accountability for service providers to be more transparent and perform better. Both the BRN and OGP, championed by the top leadership of Government, represent a change in the way the authorities plan to engage citizens, deliver services, and advance the nation’s development in accordance with the 2025 Tanzania Development Vision.

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<sup>3</sup> Afrobarometer (2012) and Citizens Making Things Happen, TWaweza Brief No. 15, September 2014.

**6. In order to support OGP objectives and BRN priorities, Tanzania has recognized that access to Open Data<sup>4</sup> is a critical prerequisite for improving participation and monitoring of Government activities.** In May 2013, Tanzania conducted an Open Data Readiness Assessment (ODRA), with the World Bank’s support, and identified an action plan aimed at addressing seven dimensions of Open Data, including an assessment of policy and legal framework, data use and sharing within Government and with citizens, and the demand for data and the cost of accessing it. This assessment found that Tanzania was still lagging behind its East Africa neighbors in open, online data provision and outlined key opportunities to support the goals embodied in the BRN initiative<sup>5</sup>.

**7. Likewise, in order to address weaknesses in public financial management, Tanzania launched the fourth phase of the Public Financial Management Reform Program (PFMRP IV) in 2013.** This phase aims to build institutional capacity across levels of Government in budget planning and execution, cash management, and oversight functions in order to enhance an efficient allocation and use of public resources for key social sectors in the short-term. In the long term, as the country anticipates a large revenue windfall from natural gas—possibly within a decade—developing public investment planning and execution capacity will be essential to ensure dividends from the exploitation of natural resources are translated into sustainable development programs.

**8. Against this background, the Open Government and Public Financial Management (OGPFM) Development Policy Credit was designed to support Tanzania’s current efforts to bolster delivery of public goods and services through a combination of demand and supply-side governance reforms.**<sup>6</sup> Building on long-standing World Bank’s engagement with public administration reforms through the PRSC series, multi-donor PFM platform, and sector development programs, the OGPFM series proposes an innovative approach that will balance traditional PFM reforms with a new focus on Open Data and transparency based on Tanzania’s commitment to the OGP and BRN initiatives.

**9. The proposed OGPFM I Credit in the amount of US\$ 100 million equivalent is the first in a programmatic series of three operations.** Since successful implementation will require time, assistance, and flexibility, this series represents a programmatic approach that will support a progressive scaling-up of reforms over a three year period.

**10. This series of budget support operations will be reinforced by a parallel technical assistance program (Support to Open Government, Data, and Accountability in Tanzania (SOGDAT)).** SOGDAT will provide technical assistance to the Government and to a broad range of local stakeholders for the implementation of Open Data policies and use of Open Data

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<sup>4</sup> The term “Open Data” refers to free and open access to public data that is technically and legally open and reusable. (See <http://opendatahandbook.org/en/what-is-open-data/> for reference).

<sup>5</sup> GoT, Open Data Readiness Assessment, 2013.

<sup>6</sup> While the OGPFM is focusing on data transparency particularly on Education, Water and Health, the Bank is committed to support transparency in the extractive industry that is one of the fast emerging sectors in Tanzania. The PRSC series and the EITI TA provide technical assistance in support of the EITI, while the Tanzania Power and Gas Sector Development Policy Operation series supports policy actions to increase transparency in the Gas and Power sectors.

in Tanzania<sup>7</sup>. In particular, SOGDAT will assist with: (i) the supply of open Government data in health, education, and water, making such data more discoverable<sup>8</sup>, accessible and reusable; and (ii) the development and use of sectoral service performance dashboards in health, education, and water, powered by Open Data. Support will be provided to the relevant sector ministries and will also involve a number of agencies providing both cross-cutting technical and policy functions such as the National Bureau of Statistics (NBS) and the e-Government Agency, National Archives, Prime Minister’s Office for Regional and Local Government (PMO-RALG), and the Commission on Science and Technology. SOGDAT will also support the demand for such open Government data through the development of non-Government users including media, academia, development partners and citizens.

## II. Operation Objectives

**11. The Project Development Objective (PDO) of the series is to support the Government of Tanzania (GoT) to establish open data in order to increase access and use of service delivery information as well as to improve budget credibility and execution.** This PDO is supported by two pillars: (i) Open Government Partnership - Support Tanzania’s commitment to promote access to information, open budget, and open data in Education, Water, and Health; and (ii) Public Financial Management - Improve budget credibility and execution through better cash management, public investment management, and procurement.

**12. The proposed prior actions and triggers are as follows:**

No	OGPFM 1 Prior Actions (February 2015)	OGPFM 2 Triggers	OGPFM 3 Indicative Triggers	Implementation Status of Prior Actions and Triggers	Results Indicators
<b>Pillar I: Open Government Partnership – Support Tanzania’s commitment to promote access to information, open budget, and open data in Education, Water, and Health</b>					
<b>Policy Area 1: Establishing the Legal Framework for Access to Information</b>					
1.	Cabinet approves an Access to Information (ATI) bill for submission to Parliament in line with the OGP action plan, following broad consultations with stakeholders.	Government approves implementing regulations for the ATI Act and establishes public information focal points in the Education, Water, and Health ministries.	Government establishes a mechanism for monitoring the implementation of the ATI legislation in line with the provisions of the ATI Act.	<b>Prior action achieved.</b> On February 5, 2015 when cabinet approved the ATI bill for submission to Parliament.	Number of ATI requests granted as a share of total requests.

<sup>7</sup> The UK, which is a lead development partner in supporting Tanzania’s BRN, Education and Water sectors has approved SOGDAT in the amount of GBP 12 million over three years. The program identifies the World Bank as the implementing agency and technical leader to support the government to roll out the OGP program, and formulate and implement the Open Data policies (Component I, GBP 3 mil.) and TWAVEZA, a regional civil society organization, for the component on civil society data, accountability and citizen engagement.

<sup>8</sup> Discoverable data in the context of open data are such electronic information that are easy to search for and find – typically because information about such data is also published and can be indexed by common search engines such as Google, Bing or Yahoo!.

No	OGPFM 1 Prior Actions (February 2015)	OGPFM 2 Triggers	OGPFM 3 Indicative Triggers	Implementation Status of Prior Actions and Triggers	Results Indicators
<b>Policy Area 2: Establishing an Open Data system and practice for Government Budget and Sector Performance</b>					
2.	<p>Government initiates the pro-active disclosure of data by:</p> <p>a) Issuing instructions to establish an inter-agency working group to set policies, advise on standards, and coordinate implementation of open data across MDAs and LGAs.</p> <p>b) Issuing a circular with interim guidelines for publishing data in Open Data format on the Government OD portal.</p>	<p>Government adopts a policy on open data applicable to all public institutions following wide stakeholder consultations.</p> <p>Ministries of Education, Water, and Health will pilot an Open Data dashboard on the Government open data portal which includes a citizen feedback mechanism.</p>	<p>Ministries of Education, Water, and Health will expand the dashboards to include performance data and roll them out.</p>	<p>a) <b>Prior action achieved.</b> State house has issued the instruction, and the inter-agency working group was established in April 2014. This includes NBS as the lead, eGov Agency and the Records and Archives Division.</p> <p>b) <b>Prior action achieved.</b> The Chief Secretary issued the circular number 2 of 2015, instructing all Government departments to adopt the open data guidelines included in the circular.</p>	<p>Dashboards with data and performance information for the Education, Water, and Health sectors including a citizen feedback mechanism are fully functional and available on the Government open data portal.</p> <p>Increased downloads of budget and expenditure data .</p> <p>Number of information intermediaries that use open data.</p>
<b>Pillar II: Public Financial Management - Improve budget credibility and execution, through better cash management, public investment management, and procurement</b>					
<b>Policy Area 3: Cash Management</b>					
3.	<p>MOF issues instructions to spending units to commit all expenditures through the Integrated Financial Management Information System.</p>	<p>Cabinet approves a plan that: (i) establishes a verifiable level of expenditure arrears; (ii) finances the payment of such arrears through the budget; and (iii) prevents the build-up of further arrears.</p>	<p>MoF continues to implement the plan to reduce the stock of expenditure payment arrears.</p>	<p><b>Prior action achieved.</b> The Ministry of Finance has issued instructions in July 2014 to spending units to commit all expenditures in the IFMIS. The Accountant General's department is reporting all commitments made outside the system on a monthly basis.</p>	<p>Stock of arrears of expenditure payments as % of GDP, at end of fiscal year.</p>

No	OGPFM 1 Prior Actions (February 2015)	OGPFM 2 Triggers	OGPFM 3 Indicative Triggers	Implementation Status of Prior Actions and Triggers	Results Indicators
	Appropriated Budget FY14/15 provides funding to reduce the level of expenditure arrears.			<b>Prior action achieved.</b> Clearing of expenditure arrears is dealt with through the appropriated FY14/15 budget for Vote 21 (Budget Department) - line item 290700 (Contingencies, non-emergency - TSh 227 billion).	
4.		Cabinet approves a set of transparent rules for cash rationing of the appropriated budget when revenue and grants are under collected.	Cabinet approves amendments to the Appropriation Bill to ensure consistency in the borrowing powers granted to the Minister of Finance and debt ceilings, as specified in the Loans, Guarantee, and Grants Act (1974, as amended).		Average annual under collection of revenue and grants, as the difference between actual and estimated revenues as reported in the final Budget Execution Report. Variance in expenditure composition in the last three years, excluding contingent items.
5.	MoF pilots payments by regional MDAs through the Tanzania Inter-bank Settlement Scheme (TISS) and Electronic Fund Transfer (EFT).	MoF approves plan to link LGAs to the TISS and EFT.	MoF initiates implementation of consolidation architecture for the IFMIS data of MDAs and LGAs, for budget execution data (revenue and expenditure) and related financial asset and liability data.	<b>Prior action achieved.</b> MoF has instructed all regional MDAs to pay for goods and services using TISS and EFT. The process is underway to enable all LGAs to use TISS and EFT.	Percent of annual expenditure by regional MDAs paid through TISS and EFT.
6.	MoF and POPC jointly issue budget guidelines for six pilot MDAs, including education, water and health to present 2015/16 estimates on programmatic classification as a supplementary budget document.	MoF implements a program based budgeting and appropriation system for the six pilot MDAs.	MoF continues to roll-out a program based budgeting and appropriation system to an additional six MDAs.	<b>Prior action achieved.</b> The budget guidelines for 2015/16 include specific instructions to MDAs to prepare shadow budgets for 2015/16 using Program-Based Budgeting Classification.	The number of pilot MDAs whose budget is presented, discussed, and appropriated by Parliament at the program level.

No	OGPFM 1 Prior Actions (February 2015)	OGPFM 2 Triggers	OGPFM 3 Indicative Triggers	Implementation Status of Prior Actions and Triggers	Results Indicators
<b>Policy Area 4: Public Investment Management</b>					
7.	MoF issues budget guidelines that require the mandatory use of the Public Investment Management (PIM) manual in preparation and screening of investment projects.	POPC publishes a report on investment projects screened based on the PIM manual	Report in the Quarterly Economic Review and Budget Execution Report on progress with the public investment program.	<b>Prior action achieved.</b> A PIM Manual has been approved by Government. Budget guidelines for 2015/16 have been issued and include specific instructions to all MDAs to comply with them in selecting and preparing new investment projects.	Percent of the new public investment projects selected for financing based on the PIM manual as a percentage of total new public investment projects in the same year.
<b>Policy Area 5: Procurement</b>					
8.	MoF publishes the regulations to implement the Public Procurement Act 2011 and a notice to all procuring entities to implement the Act and regulations.	Ministry of Communication Science and Technology submits a bill to Parliament that will provide the legal framework for electronic transactions.	Government launches the use of e-procurement for goods purchases at the Medical Stores Department and Government Procurement Services Agency.	<b>Prior action achieved.</b> The PPA regulations were published in the Government Gazette in December 2013. A notice was sent to all procurement units in July 2014 instructing them to apply the new Act.	Average percentage of procurement entities that comply with PPA 2011 as per PPRA annual evaluation report.  Number of goods procurement contracts undertaken annually using E-procurement in MSD and the Government Procurement Services Agency.

### III. Rationale for Bank Involvement

**13. The proposed program has been developed in the context of the FY12-FY16 Country Assistance Strategy Progress Report.** The CAS aims at supporting Tanzania to sustain high growth and to make growth more inclusive to reduce poverty. In this context, it highlights the challenges the country needs to address, including improvements in service delivery to build a healthy and skilled workforce, and to manage urbanization. The country also needs to continue to fight corruption and strengthen transparency and accountability across sectors and all levels, especially in the context of future exploitation of natural gas reserves.

**14. The CAS-PR proposes adjustments around two strategic clusters, which support the Bank's Twin Goals:** (a) Productive investments for growth of labor-intensive industries and job creation; and (b) Programs that target reduction of extreme poverty and improvements in quality of social services. Adjustments in the first cluster aim to over time increase productivity and growth of labor-intensive industries and job creation, directly contributing to boosting shared

prosperity to benefit the bottom 40 percent of the population. Similarly, adjustments in the second cluster aim to reduce extreme poverty and directly target the extreme poor by increasing their incomes and enhancing their access to quality social services. Furthermore, the proposed adjustments are aligned to a large extent with the government's BRN priorities, thereby enhancing the likelihood of accelerated delivery and implementation. The proposed OGPFM has been prepared to address the challenges identified in the CAS and intensify efforts in poverty reduction outlined in the CAS progress report by strengthening open government and public finance foundations to improve public expenditure transparency and management, and strengthen the delivery of social services.

**15. The OGPFM series is also complementary to a number of Bank financed operations.** By enabling access to information, transparency and accountability in education, water and health, this operation is complementary to the Big Results Now in Education program (P147486), the Water Sector Support Project (P146700), the Basic Health Services Project (P125740) and the Urban Local Government Strengthening Program-for-Results operation (P118152). Annex 2 shows in more detail the relationship between these sector programs and the OGPFM. All these projects will rely on the dashboards supported by the OGPFM series and SOGDAT to assess progress. The respective task teams involved in the selected areas have been involved at various stages in the design of this operation and will continue to work closely with the team to provide technical assistance in relevant areas.

**16. In addition, the proposed program is closely linked to initiatives aimed at improving good governance and statistics.** These include the multi-donor funded Statistics Capacity Building project (STATCAP – P107722) that is led by the Bank and implemented by the National Bureau of Statistics (NBS). NBS has been selected by the Government to coordinate open data efforts with other departments including the National Records and Archives Agency and the E-Government Agency. The Regional Communication Infrastructure Support Program (RCIP – P111432) funded by the Bank has also supported technical assistance that is complementary to the proposed program.

#### IV. Tentative financing

Source:	(\$m.)
BORROWER/RECIPIENT	0
International Development Association (IDA)	100
Borrower/Recipient	0
IBRD	0
	Total
	100

#### V. Tranches (if applicable)

	(\$m.)
First Tranche	N/A
Second Tranche	N/A
Etc.	N/A
Total	N/A

## **VI. Institutional and Implementation Arrangements**

**17. The implementation of the OGPFM series will be monitored by the World Bank and through the Bank's participation in the preparation and the assessment of the annual Performance Assessment Framework in the context of the ongoing Budget Support (BS).**

As part of an overall framework, supervision and preparation of the operations in the series take place in collaboration with other donors and in consistency with the BS review mechanism. The BS review will be conducted annually for an overall assessment of progress made in each of the program areas. The Partnership Framework Memorandum of BS sets the framework for M&E under BS. The Government and BS partners will keep track of their performance relative to jointly agreed indicators, targets, and actions listed in the PAF. The PAF has incorporated some the prior actions and triggers proposed in the first two operations of the series. Monitoring and dialogue processes will follow an annual review process aligned with the Government's planning, budgeting, and MKUKUTA II review cycles. All formal performance assessments will be undertaken jointly by the Government and BS partners.

**18. In addition, since the OGPFM second pillar has major PFM actions, the Bank will continue to supervise this area as part of the technical assistance program on PFM RP IV.**

The Bank has traditionally been involved in supervision of PFM in collaboration with other DPs. The supervision is done quarterly leading to review meetings that are jointly chaired by the Government and Development partners. An annual supervision report is prepared jointly reflecting the major successes and challenges in implementing PFM reforms in Tanzania. Apart from the normal supervision, the partners also agree to undertake joint analytical work to address key constraints, including Public Expenditure and Financial Accountability (PEFA) review periodically. An independent mid-term review of the PFM RP IV will be undertaken in 2015, which will also be used by the Bank to monitor the technical assistance program.

**19. Grievance Redress:** Communities and individuals who believe that they are adversely affected by specific country policies supported as prior actions or tranche release conditions under a World Bank Development Policy Operation may submit complaints to the responsible country authorities, appropriate local/national grievance redress mechanisms, or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns.

**20. Affected communities and individuals may submit their complaints to the World Bank's independent inspection panel which determines whether harm occurred, or could occur, as a result of World Bank non-compliance with its policies and procedures.** Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank management has been given an opportunity to respond.

**21. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>.** For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org)

## VII. Risks and Risk Mitigation

**22. The overall risk level of this operation is rated as Moderate.** The summary table below presents the findings the Bank's Systematic Risk Assessment Tool (SORT) based on the major risks identified.

**23. Political and Governance risks are rated as Moderate.** Elections will be held in November 2015, and in the past these have put pressure on the Government to increase spending to meet election promises. There is also a potential governance risk as shown in the recent case of the IPTL scandal. While the Executive has taken strong actions to implement the recommendations from the Parliament Public Accounts Committee, there are remaining steps to be taken to fully complete the process. A key mitigation measure is the high level Government leadership, commitment, and focus on BRN which should target specific areas of spending.

**24. Macroeconomic risks are rated as Moderate.** Among the exogenous external risks, the economy remains exposed to variations in prices on international markets, notably of food, fuel, and gold. On the domestic front, the most important risks arise from fiscal policy as discussed in the earlier macroeconomic section, which include: (i) shortfalls in revenue collection while facing increased public spending, particularly from the BRN initiative; (ii) accumulation of arrears particularly in the pension sector as well as contingent liabilities from Public Authorities and Other Bodies (PA&OBs); and (iii) level of debt with increased non-concessional borrowing.

**25. To address some of these risks, the Bank has strategically processed a series of operations in close coordination with the IMF and the BS partners.** In addition, the proposed OGPFM series will benefit from complementary dialogue channels, including the macro-fiscal dialogue through the IMF program and the PER process which offers the platform to monitor recent fiscal developments and inform policymakers, as well as debt sustainability diagnostics such as DSA and debt management technical assistance activities.

**26. Sector Strategies and Policies risks are rated as Moderate.** While unlikely, there is a risk that a new administration will be elected to power and could change its level of commitment to the open government agenda as well as to the public financial management reforms.

**27. These risks will be mitigated by the proposed program being partly aligned to the Government's agenda on the Big Results Now (BRN) initiative that aims to expedite improvements in service delivery.** As part of its commitment to the BRN, the Government has been holding timely progress review meetings to ensure the program is not derailed. High level Government leadership is committed to implement the OGP program due to its focus on improving transparency of Government activities, as well as demonstrating improvements in service delivery in line with the BRN. However, it is likely that post-election, the second OGPFM in the series may be affected as there will be a new administration. The Bank has scheduled frequent meetings with senior Government officials and collaborating development partners during which progress in implementing this program will be discussed among other issues. The team plans to hold consultative meetings with CSOs to apprise them of progress in implementing this program, which will ensure CSOs are able to advocate for the Government to achieve its commitments under the OGP and to enhance public service delivery. The team will

also closely assess the political situation and discuss with management the appropriate timing of the next operation.

**28. Technical Design of the Program risks are rated as Low.** The proposed program has been narrowly designed to achieve results in three key sectors aligned to the BRN. The scope of the operation is considered to be feasible before the elections and will demonstrate the usefulness of open government and better PFM in a changing political environment.

**29. Institutional Capacity for Implementation and Sustainability risks are rated as Substantial.** The implementation and sustainability of the program supported by the OGPFM series may face risk in terms of capacity to implement the program. Particular challenges include: (i) insufficient technical capacity; (ii) possible delays in the implementation of open government and public financial management programs to support the sector institutions; and (iii) shifts in Government priorities away from the BRN, open government, and improved service delivery.

**30. To mitigate these risks, a number of parallel technical assistance programs have been designed to increase capacity in the selected sectors.** In collaboration with other partners, the Bank is already providing technical support to the selected sectors in order to address capacity shortfalls in areas such as access to information legislation, Open Data, and financial resources for capacity building in public financial management. A technical assistance program funded by DfiD, SOGDAT, will support the technical requirements for achieving open data including training of infomediaries and promoting pilot programs that will make use of Open Data. In addition, the multi-donor funded PFMRP IV will continue to provide support to PFM reforms. Likewise, the proposed education performance for results program and the on-going water sector development program will provide technical assistance as needed.

**31. Fiduciary risks are rated as Moderate.** The overall PFM system in Tanzania remains adequate for DPOs, and the resolution of the IPTL case has demonstrated that accountability mechanisms do function. However, capacity constraints in PIM and PFM continue to pose a risk in the country's PFM system. To mitigate these risks, the ongoing PFMRP IV program and the PER dialogue process, as well as the PSI, will function as important channels of dialogue and technical support in ensuring further deterioration of the PFM system will not occur.

**32. Environmental and Social Risks are rated as Low.** The specific policies supported by this programmatic operation are not expected to have negative effects on Tanzania's environment, forests, water resources, habitats or other natural resources, nor are there any short or long term climate change or geo-hazard risks relevant to this operation. Tanzania has in place adequate environmental controls and legislation under the mandate of National Environmental Management Council (NEMC), providing support to line-ministries including MoF in incorporating environmental guidelines. In addition, the program supports the adoption of the PIM manual for selecting investment projects that improve the economic and social welfare of the people. The manual itself incorporates environmental considerations in the selection of projects in line with the environmental laws and regulations. The NEMC will provide oversight as the appropriate regulatory agency on investment projects before decisions are made to fund them as well as ensure mitigation measures are applied during implementation.

**33. Stakeholder Risks are rated as Moderate.** The role of local Non-State Actors (NSAs) in advancing Demand for Good Governance (DFGG) in Tanzania is very recent, most of them starting as service delivery agencies, and more recently focusing on improving governance and accountability as this theme has gained priority in development partner programs. Key roles played by NSAs have been in monitoring and evaluation of government development programs, awareness raising of local communities, and acting as infomediaries by communicating policy messages to citizens. Though on some occasions there have been significant attempts to challenge government policy implementation at the national level, these have not been sustained, largely due to inadequate information necessary to support the NSAs monitoring and evaluation agenda. At the same time, while GoT has been tolerant of dissenting voices and has attempted to respond to information requests from growing demands by citizens, especially in urban areas, the legal environment for increased voice and accountability in Tanzania is still constrained.

**34. To mitigate these risks, SOGDAT will finance capacity building of NSAs to enable re-use of open data and to inform citizens.** This will be undertaken in parallel with enhanced availability of open data to public officials. As such, capacity within the Government to respond to information requests will be increased in order to more confidently respond to requests from the public. In addition, efforts will be undertaken through a complementary program to SOGDAT run by Twaweza, a local NGO, to increase demand side re-use of data.

**Table 9: Systematic Risk Assessment Tool (SORT)**

<b>Risk Categories</b>	<b>Rating (H, S, M or L)</b>
1. Political and governance	M
2. Macroeconomic	M
3. Sector strategies and policies	M
4. Technical design of project or program	L
5. Institutional capacity for implementation and sustainability	S
6. Fiduciary	M
7. Environment and social	L
8. Stakeholders	M
9. Other	N/A
<b>Overall</b>	Moderate

## **VIII. Poverty and Social Impacts and Environment Aspects**

### *Poverty and Social Impact:*

**35. This program is expected to contribute to the poverty reduction and inclusiveness agenda through two main channels that will have an impact on service delivery.** Under the first pillar, implementation of the OGP commitments on ATI and open data will lead to increased

access to public information by citizens and enhance their participation in policy dialogue and monitoring of government service delivery programs. Through the second pillar of enhancing PFM impediments for service delivery, the Government will address some of the key bottlenecks in budget execution to improve social service delivery and adopt the use of better public investment management practices that will improve the selection and execution of investment projects leading to better outcomes for citizens' welfare. Improvements in public service delivery in education, water and health are a major contributor to poverty alleviation and the long-term growth agenda through increasing access of the poor to these services and their impact on improvements in human capital.

**36. Under the first pillar, improvements in open data will lead to increased effectiveness in decision making within government and provide opportunities for citizens' awareness and participation in monitoring Government performance.** This will in turn lead to improved targeting of government interventions that lead to better service delivery outcomes. The chosen approach to engage with government to 'open up' and eventually support citizens in accessing and using data to assess performance and provide feedback is expected to bring a positive change to the way services are delivered. However, evidence of the extent, speed, and likelihood of impact upon service delivery and poverty in general is still limited as these transformational approaches take time to bear fruit. The expectation is that decision makers in government under pressure to deliver information in a timely fashion may be able to monitor more effectively the results of policy decisions on inputs, outputs, and relate these to policy outcomes such as access to services. This will also enable decision makers to improve with time the targeting of public resources to areas where they have more impact. For example, timely and frequent availability of data on the resources allocated will lead to identification of under-funded areas that if well-funded could lead to a higher impact to service delivery and thus poverty reduction.

**37. Under the second pillar of the OGPFM, improvements in cash management, public investment management, and procurement will lead to streamlined processes to execute activities efficiently for effective service delivery, on time and in line with budget, which will enable better targeted spending on priority needs.** Improvements in the information required for revenue and cash management and the associated processes will facilitate better predictability in the availability of funds flow for the execution of approved budgets. Cash rationing, as the current means to deal with unreliable revenue and expenditure budgets and cash shortfalls, will become less disruptive to the processes required for well planned and executed service delivery. This in turn will help to prevent service delivery issues, such as stock out of critical drugs in the Health sector, etc. Over time, and coupled with better PIM and procurement processes, as well as improved monitoring and accountability, better delivery of public services will be achievable.

**38. An improved PIM process will help the Government plan, select, and implement the most cost-effective projects in line with policy priorities under the MKUKUTA and FYDP.** This policy action will also lead to efficient use of financial resources, by ensuring that only projects with a high likelihood of success are selected for funding. It will also improve efficiency of spending by ensuring that investment resources are able to finance fully the projects selected, thereby achieving the intended objectives. This will limit the practice of partially funding many projects, which take many years to complete and erode the quality of investments.

Improved public investment management practices will enhance the quality of investment projects to achieve desired results.

**39. Implementation of the Public Procurement Act 2011 and regulations will improve the regulation of procurement processes and at the same time improve the procurement function in spending units to achieve better service delivery.** Furthermore, adoption of e-procurement will lead to improved transparency in selection of bidders as well as better implementation of procurement contracts and compliance with existing laws and regulations. These actions are expected to lead to improved service delivery.

### *Environmental Aspects*

**40. The specific policies supported by this programmatic operation are not expected to have negative effects on Tanzania's environment, forests, water resources, habitats or other natural resources, nor are there any short or long term climate change or disaster risks relevant to this operation.** The risk of unanticipated adverse effects to the environment and natural resources is low. Tanzania has in place adequate environmental controls and legislation under the mandate of National Environmental Management Council (NEMC), providing support to line-ministries including MoF in incorporating environmental guidelines.

**41. The OGPFM will support the adoption and implementation of a PIM manual which will have a positive impact on environmental aspects of projects.** Currently, environmental issues are not systematically captured in investment projects, due to weaknesses in the institutional mechanism for project selection, approval, and execution. The adoption of the PIM manual will integrate environmental aspects as key aspects in the selection of investment projects for funding, as well as ensure that these are well managed during implementation.

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