TRAINING GUIDE FOR UPDATING AND PREPARATION OF DISTRICT STRATEGIC PLANS

ESRF

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TRAINING GUIDE FOR UPDATING AND PREPARATION OF DISTRICT STRATEGIC PLANS

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To a significant degree, materials contained in this training guide are drawn from Government's Medium Term Strategic Planning and Budgeting Manual updated in December 2016.

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1. INTRODUCTION

Local Government Authorities (LGAs) are legal entities of public services delivery. They are responsible for provision of services such as health, education, water and sanitation, empowerment and etc. Strategic Planning as part of performance improvement initiative for public institutions becomes central to LGAs. The planning and implementation of LGAs activities is affected by decisions and planning made at central level government. Of recent, the government has adopted the 2030 Transformation Agenda for the Sustainable Development Goals(SDGs), the Africa Agenda 2063 and the second Five year Development Plan (2015/16 - 2020/21). These initiatives affect the priorities at LGAs and hence they need to be integrated into LGAs Strategic Planning process.

This Training Manual is intended to expose LGAs to techniques and procedures for undertaking their strategic planning, budgeting and reporting taking into account the recently adopted National Planning Frameworks, the SDGs, Africa Agenda 2063 and Vision 2025 and FYDP II. The Training Manual describes key elements and steps important for preparing the strategic plans of organisations, in particular the public sector. More importantly, the training manual describes how organisations (MDAs and LGAs) could mainstreaming the SDGs and FYDP II into organisations strategic Plans.

As Strategic Plans are considered central vehicles for the implementation of SDGs and FYDP II; this particular manual is developed based on information from the Strategic Planning and Budgeting and Reporting Manual (MSPBM), the SDGs framework and Africa Agenda 2063 documents. This Training manual is intended to enlighten key staff in Local Government Authorities about how to link SDGs and FYDP II with their strategic plans, monitor and evaluate and implementation and report performance. The manual covers seven modules as follows:

1. Module one: Overview of the strategic planning, budgeting, monitoring and reporting;
2. Module two: National Planning Framework- describes the SDGs, Africa Agenda 2063, NDV 2025 and FYDP II (2015/16 - 2021) and how they affect planning at LGAs level;
3. Module three: Strategic planning process - this mode lightens participants on the main steps towards developing strategic pans;
4. Module four: Budgeting and MTEF - This module is all about costing the strategic plans through MTEF framework. The module describes very briefly how budgeting is undertaken including the budget frame;
5. Module five: Operational plans: This module links completes the cycle of planning towards implementation. It explains what and how operations plans are developed. It covers the action plan, procurement plan, cash flows and training plans;
6. Module six: Performance reporting, Monitoring Evaluation.
7. Module seven: Left to participants to develop their action plans to do their strategic plans.

2. OVERVIEW OF THE PLANNING AND BUDGETING PROCESS

This chapter describes why institutions should plan, budget, monitor, evaluate, and report. These processes are shown to be linked through an iterative series of steps called the "planning cycle." Tanzania's planning model consists of objectives, Strategies, targets, activities, and inputs. At the institutional level, plans are guided by national or sector initiatives.

The Purpose of Planning, Budgeting, Monitoring and Evaluation

Tanzania's planning; budgeting, M&E and reporting processes aim to improve Public Sector performance by:

- **Focusing** institutions on the delivery of results,
- Improving internal **decision making,**
- Fostering internal and external **accountability,**
- Improving the allocation of resources and ensuring their **prioritization**[1]

Planning matters. It is during the planning process that strategic decisions are made concerning problems to address and means by which service delivery can be improved; this impact crucially on the day-to-day lives of the average citizen. Given this, there should be a strong focus on consulting with beneficiary groups and ensuring responsiveness to their needs.

The Planning Cycle and General Process

The planning process in Tanzania contains seven key steps. These include:

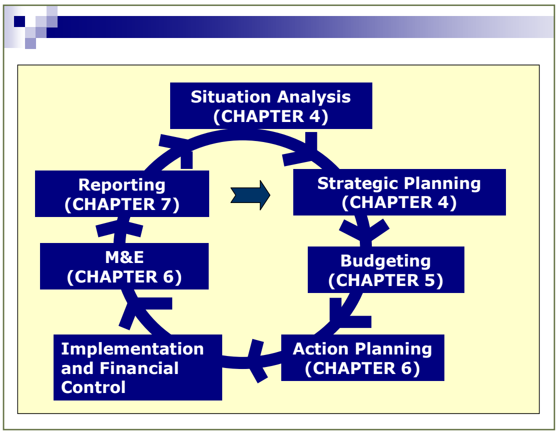
- **Situation Analysis,** which is a process of critical thinking and understanding. During this stage, planners aim to identify the main issues and problems that need to be addressed in the future. They try to "put themselves in their client's shoes" and to better understand the environment in which they operate.
- **Strategic Plans** chart an institution's broad direction forward. It focuses on the big picture from a longer-term perspective. Because it is prepared collectively, the strategic plan helps clarify priorities and unify staff in the pursuit of shared objectives. Strategic Planning provides an opportunity to address fundamental questions and to undertake bold initiatives and reforms. Ultimately, strategic plans serve as communication instruments for both staff and external stakeholders.
- **Budgeting** involves a projection of revenue, the costing of Strategic Plans, and a costing of personnel.[2] The budget is made according to a clear set of priorities established both nationally and within the institution. During the preparation process, the budget is scrutinized

1 These purposes are not listed in any particular order. The emphasis on results involved moving away from a focus on resources or inputs. It should be noted that planning has a strong element of decentralisation. Since management is responsible for results, it has the power to internally allocate resources to priority areas, largely of its own choosing. The plan, and monitoring and evaluation, are management tools.

2 TECHNICAL NOTE: in theory the costing of personnel should be completely integrated into the activities to be undertaken by an institution; that is, people do things, and the level of human resources required flows from what institutions do. In practice, people undertake multiple tasks and the allocation of their time (called step-down accounting) into specific activities is difficult.

to ensure costs are within existing resource envelopes. The budget is ultimately approved by Parliament.

- **Operational Planning:** During this stage, institutions schedule their activities for the up-coming year (make an action plan) and prepare subsidiary and detailed documents to translate their broad plans into reality. This may include disbursement schedules (or cash flows), detailed departmental plans,[3] procurement and training plans, and individual performance agreements.



- **Implementation**. During this stage financial control and financial monitoring takes place through the Government's IFMS (Integrated Financial Management System). The IFMS enforces the budget.
- **Monitoring and Evaluation**: internally, institutions track their progress in implementing their plans. This may focus on activity completion or on the level and quality of the services they provide. Periodically, they may undertake more detailed evaluations, for example to assess whether their objectives are being fulfilled, and if not, why. Often times this involves undertaking special studies or surveys.
- **Reporting**: within this cycle, results are communicated to management so that actions can be taken to adjust direction and improve performance. This may involve an alteration to the plan or a change in strategy. Ideally, progress and performance (assessed through M&E) is communicated or reported to clients, politicians, regulators, and other interested parties, including the general public.

The entire process can be expressed as an iterative cycle; including learning, feedback, and adjustment (see Figure 1).[4]

Levels of Planning, Monitoring and Reporting

Long Term National Strategies: the most prominent of these strategies is The Tanzania Development Vision 2025 which outlines the country's social, economic and political aspirations for the first quarter of the 21st century, with an underlying drive to becoming a Middle-Income Country (MIC), with a per capita income of USD 3,000 (in nominal terms) was set to be achieved by 2025.

- **The Tanzania Long-Term Perspective Plan (LTPP) (2011/12-2025/26)** emphasised the transformation of the economy which is divided into three five year development plans (FYDPs) as the path to ***realizing TDV 2025 targets***.
- **Medium Term National Strategies and Plans**: consisting, most prominently of the Five year development plan designed to cover 5 years to operationalise the LTPP as the path to ***realizing TDV 2025 targets***.

[3] The term "department" will be used broadly in this manual to include the sub-structures of an institution. Central Government Ministries are structured around divisions, Regions are structured around clusters, and Local Authorities are structured around departments.

[4] TECHNICAL NOTE: the cycle goes under various names, quite often "Project Cycle Management." The individual elements within this cycle (the key steps) are also expressed differently. The most common structure is: identification, formulation, financing, implementation, and M&E

- **Sector Policies, Plans and Strategies**: these usually cut across several institutions.
- **Overarching Policies:** these cut across sectors like D-by-D.

Associated Tools

Several tools have been developed to assist users to implement the planning and budgeting processes described in this manual.[5] Three important tools include:

- **SBAS** (the Strategic Budget Allocation System) is a computerized database that facilitates the preparation of budget ceilings by the Plan and Budget Guidelines Committee. SBAS has two versions: SBAS Micro and SBAS Macro. SBAS Micro creates a link between an institution's targets (from their Strategic Plan) and FYDPII Key Interventions. SBAS Macro then analyses institutions' requests and strategically allocates ceilings according to available resources.
- **PlanRep** (The Local Government Planning and Reporting Database) is a specially designed database for assisting local authorities in planning, budgeting, projecting revenue from all sources, and tracking funds received, physical implementation and expenditure. It also creates a link between LGAs targets and national strategies (FYDP II Key Interventions).
- HIMS-Utumishi
- The **MTEF Submission Forms** standardize data submission, so budget figures can be entered into the IFMS, via the Enhanced MTEF model.
- **IFMS** (Integrated Financial Management System) is used to monitor and control expenditures, and to produce accounting and expenditure reports.

3. NATIONAL PLANNING FRAMEWORKS

This chapter describes the existing National Planning Frameworks. It also describes how these frameworks provide direction and guidance to the public and private sectors on national priorities for socio-economic development.

The current national frameworks are the Tanzania Development Vision 2025, The Long Term Perspective Plan (LTPP), The Five Year Development Plans (FYDPs) (which has mainstreamed International commitments such as SDGs), Sector Policies and Strategies and Decentralization by Devolution Policy.

Other guiding frameworks include: Annual Development Plans; the FYDPs Implementation Strategy and; Plan and Budget Guidelines. These frameworks provide direction and guidance to public and private sectors on national priorities for socio-economic development. Below is some basic information on each one of the main frameworks. Tanzania's Development Vision 2025

Concept and Scope

During 1980's the government realised that the past development policies and strategies were not adequately responding to changing market and technological condition in the world economy. In response, beginning mid-1986, the Government adopted various socio-economic reforms and during their implementation, it became apparent to the government that those socio-economic reforms were not adequately informed by a national long-term development philosophy and direction. Realisation of this led to the formulation of the Tanzania Development Vision.

Tanzania's development agenda is elucidated in the Tanzania Development Vision 2025. The gist of Vision 2025 is that by 2025 Tanzania should have gone through socio-economic and political transformation with the objective of attaining a middle-income country status, characterized by, among others, high levels of industrialization, competitiveness quality livelihood, rule of law; and having in place a learning society. Attributes of the Vision

The Vision envisions that Tanzania will have the following attributes by the year 2025:

- **High quality livelihood:** a nation's development should be people centred based on sustainable and shared growth and be free from abject poverty;
- **A strong and competitive economy:** this emphasises the need to have an economy which can effectively cope with the challenges of development and which can easily benefit from global economy;
- **Good governance:** this entails to strengthen a culture of accountability, rewarding good performance and effectively curbing corruption and vices in the society;
- **A well-educated and learning population:** this envisages a nation whose people are engrained with a developmental mind-set and competitive spirit. It is driven by education and knowledge; and

- **Peace, stability and unity:** peace, political stability and national unity and social cohesion are important pillars for realisation of vision. Therefore, they should continue to be cultivated, nurtured and sustained.

In order to attain those aspirations, determination and discipline in planning and implementation, the Government reverted to long and medium term planning and formulated a Long Term Perspective Plan 2011-2025 (LTPP 2011-2025) which is divided into three five year development plans (FYDPs). Each Plan has a theme to underpin the thrust and priority interventions. The first Five Year Development Plan (FYDP I) spans the period 2011/12 to 2015/16, the second FYDP (FYDP II) will span the period 2015/16 to 2020/21 and the third FYDP (FYDP III) will span period 2020/21 to 2025/26). In that regards, MDAs, Regions, LGAs, Private Sector, Non-Governmental Organisations (NGOs), Civil Society, Cooperative Societies, Village and all other social groups should direct their efforts to contribute to the realisation of the Vision 2025.1.2 The Long Term Perspective Plan and FYDPs.

The Long Term Perspective Plan (LTPP), 2011/2012-2025/2026 was developed and adopted to anchor the reorganization and steer Tanzania's efforts towards achieving aspirations of the Vision 2025. The Tanzania Long-Term Perspective Plan (LTPP) (2011/12-2025/26) emphasised on the transformation of the economy. It envisaged a major change in the growth path, with the contribution of the industrial sector to GDP rising from 24.4%(2010) to 31% by 2025, and manufacturing specifically almost doubling, from 9.3% to 18%, as experienced in developing countries reaching middle-income status. The Implementation of LTPP is sequenced in three five-year development plans (FYDPs) each with a specifics theme to determine the focus and priority interventions.

Second Five Years Development Plan (FYDP II)

In 2015, the Government of Tanzania decided to merge the FYDP and National Strategy for Growth and Reduction of Poverty (NSGRP) planning framework (MKUKUTA) with the view to improve implementation efficiency and effectiveness through organizing and rationalizing national resources under one framework. The theme of FYDP II "Nurturing Industrialization for Economic Transformation and Human Development" incorporates the main focus of the two frameworks, namely growth and transformation (FYDP I) and poverty reduction (MKUKUTA II). FYDP II outlines new interventions to enable Tanzania industrialize in a way that will transform its economy and its society. It also incorporates unfinished interventions from the predecessor Plan and Strategy, deemed critical for realization of the aspirations of FYDP II.

The SDGs have come into force at an opportune time coinciding with key medium term national planning activities, and this provides room for SDGs to be mainstreamed into the Second Five Year Development Plan 2016/17-2020/21 (FYDP II). A number of SDGs are pertinent for FYDP II aspirations and have been taken into consideration. e.g.: Goal 9 (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation) dovetails well with the major theme of FYDPII of nurturing industrialization.

Objective of FYDP II

a) Build a base for transforming Tanzania into a semi-industrialized nation by 2025;
b) Foster development of sustainable productive and export capacities;

c) Consolidate Tanzania's strategic geographical location through improving the environment for doing business and positioning the country as a regional production, trade and logistic hub;
d) Promote availability of requisite industrial skills (production and trade management, operations, quality assurance, etc.) and skills for other production and services delivery;
e) Accelerate broad-based and inclusive economic growth that reduces poverty substantially and allows shared benefits among the majority of the people through increased productive capacities and job creation especially for the youth and disadvantaged groups;
f) Improve quality of life and human wellbeing; vii. Foster and strengthen implementation effectiveness, including prioritization, sequencing, integration and alignment of interventions;
g) Intensify and strengthen the role of local actors in planning and implementation, and
h) Ensure global and regional agreements (e.g. Africa Agenda 2063 and SDGs) are adequately mainstreamed into national development planning and implementation frameworks for the benefit of the country.

Priorities of FYDP II

FYDP II adopted the following areas of priorities: (a) interventions for growth and industrialization; (b) interventions for fostering human development and social transformation; (c) interventions for improving environment for enterprise development; and (d) interventions for getting implementation right.

Annual Development Plans

FYDP II priorities will be further articulated and implemented through Annual Development Plans (ADPs). Identification of annual priorities and sequencing will be done through a consultative process using the dialogue structure that will be established. ADPs will be derived from reviews of an implementation matrix of FYDPII, which also lays out the status of implementation of preceding year's targets. The private sector has a greater role to play in the implementation of the national plans of thus conducive environment for the private sector to take part more is imperative.

Sector Policies and Strategies

While Vision 2025, and The Five year's development plans provide guiding frameworks on cross-sector and general issues, sector policies and strategies provide guidance on sector specific issues. These sector policies and strategies should be linked to the national frameworks and in a specific and systematic way show how to achieve the national goals and objectives by identifying sector interventions. For instance, some of the sector policies and strategies include:

- National Energy Policy;
- Rural Development Strategy (RDS)
- Agricultural Sector Development Programme (ASDPII);
- National Anti-Corruption Policy (NACP);
- National Multi-Sectoral Strategy for HIV/AIDS;
- National Policy on HIV/AIDS;
- National Health Policy (NHP);
- National Water Policy (NWP);
- National Social Security Policy (NSSP);
- Tanzania Trade Policy (TTP);

- Rural Development Policy (RDP).
- National Policy on Education
- National Industrial policy and strategy

Decentralization by Devolution

The decentralisation policy of 1998 spells out government's objective of devolving powers and responsibilities to autonomous local authorities.

The devolution of powers, authority and responsibilities has four main dimensions:-

- **Political decentralization** – devolution of powers to locally elected councils and committees;
- **Financial decentralisation** – giving discretionary powers to LGAs to levy taxes and pass their own budget based on local priorities but within broad national policies;
- **Administrative decentralisation** – making local authority staff more accountable to the LGAs
- **Central government – Local governments' relationships** – central government role becomes more of facilitating (i.e., policy making, regulation, supporting and monitoring to ensure quality of service in line with national policies and standards).

The implication of the above is that while the Centre would expect LGAs to prepare their plans and budgets in accordance with the national frameworks, it should remain conscious of the government commitment to maintain and expand the scope of LGAs autonomy. Within local authorities, a similar decentralisation should align responsibilities between higher and lower levels.

Plan and Budget Guidelines

The PBGs are instructions or guidance to MDAs, RSs, LGAs and other Public Institutions on how socio-economic policies as approved by the Cabinet are to be translated into workable plans and programmes and how they are implemented through budget preparation processes. The PBGs are prepared annually by the Budget Guidelines Committee As per the budget Act no 11 of 2015

The PBGs draws inputs from various processes such as:

- The Public Expenditure Review (PER) process; which monitors the composition of the expenditure allocation and expenditure effectiveness.
- Mid and Annual review of sectors;
- Surveys and census reports and analytical studies;
- FYDP Annual Implementation Reports;
- Tanzania Human Development report

The PBGs contain the following information:

- A summary of the macro economic performance in the previous year.
- Policy commitments and strategies.
- The influence the government intends to exert on the credit system and general liquidity, inflation and employment levels.
- Forecasted resources envelope and expenditure framework on recurrent and development budget.
- Expenditure ceilings to guide MDAs, Regions, LGAs and other Public Institutions by using SBAS Macro Version.

- Instructions and formats to MDAs, Regions, LGAs and other Public Institutions that should be adhered to during preparation and implementation of their plans and budgets.

On the basis of the PBGs, management of MDAs, Regions LGAs and other Public Institutions are required to issue internal guidance on how to prepare their plans and budgets.

Key messages
- In the PBGs, the centre translates the economic policies into budget policies, objectives and operational priorities.
- Institutional (MDAs, Regions and LGAs) ceilings have to be adhered to the PBGs' ceiling since they are dictated by the predicted resources availability.
- The PBGs are issued for the purpose of putting in place the coordination process that must begin at the divisional level.
- The Budget Committee at the Centre provides the technical support required by the Paymaster General for coordination of budgetary activities of the MDAs, Regions LGAs and other Public Institutions.
- The MDAs, Regions LGAs and other Public Institutions guidelines, which are prepared by their respective Budget Committees, help the Accounting Officer in coordinating the institutional budget.

4. STRATEGIC PLANNING

4.1 What is strategic Planning

Strategic planning is a process that charts an institution's broad direction forward. The process helps an institution decide what it wishes to achieve and the main actions it will need to undertake in the future. Strategic Planning is a collective and participatory process, involving senior management, employees, and consultation with a wide range of stakeholders. It looks at the big picture from a longer-term perspective. A strategic plan clarifies institutional priorities and unifies the staff in the pursuit of shared objectives. It also provides an opportunity to address fundamental questions, to focus away from day to day operations, and to take initiatives to improve performance.

The preparation of the strategic plan at the LGA level involves Villages and *Mitaa* as corporate bodies within LGA's structure. These are required by law to make plans and budgets in order to perform the mandated functions in their areas of jurisdiction. Planning at this level is more participatory and involves a wide range of stakeholders and the community. The Opportunities and Obstacles to Development (O & OD) is the main tool used in the process of planning and budgeting at this level. The formulation of strategic plans at Council level use information from the O&OD process.

4.2 Purpose of Strategic Planning

The main purposes of Strategic Planning are:
- To improve performance
- To create more relevant institutional structures
- To increase levels of institutional, departmental, and individual accountability.
- To improve transparency and communication between management, employees and stakeholders.
- To establish priorities for efficient and effective resource allocation.

4.3 Qualities of good SP

- Challenging. It aims to motivate the institution to strive to achieve its mission and vision.
- Change-oriented and creative. A good strategic plan should involve creativity and innovativeness ("thinking outside the box"). In this regard a few good ideas addressing essential issues is preferable to long and elaborate presentation.
- Clear and simple to understand. A Strategic plan should not be overly technical because it functions as a broad means of communication.
- Analytical. SPs should be based on a clear assessment of the current situation as well as possible risks and uncertainty.
- Prioritised. Targets contained in the SP should be prioritized.
- Participatory with Ownership. The process should be participatory involving key stakeholders thereby broadening ownership.

- Flexible. The Strategic Plan should be changed, updated, or reviewed to reflect changing circumstances.
- Adhere to the re-defined roles of Government. In the new environment ministries and regions are expected to focus on policy development, regulatory functions, maintenance of law and order, setting of standards, and capacity building as well as coordination. On the other hand, LGAs and Executive Agencies should focus on implementation.

4.4 Periodicity, updating and revision of SP

The Strategic Plans should be prepared in a 5-year cycle and should include a comprehensive situation analysis, in-depth planning sessions, and end with the preparation of a detailed document. The second, third, fourth and fifth years (the "off years") should include a revision and update of the main plan in order to capture key changes. However, when circumstances change drastically, institutions should revamp their strategic plans, regardless of where they are in this cycle.

4.5 Main steps in Preparing SP

The Strategic Planning process consists of seven key steps elaborated below as follows:

It is important that any strategic planning process is guided by an overarching long term framework, namely the District's Vision and Mission. If you have not developed your district's Vision and Mission, below is how you could that.

Developing Institutional Vision and Mission

Vision

The ability to think about or plan the future with imagination or wisdom; it is an aspirational description of what an organization would like to achieve or accomplish in the long-term future. It is intended to serves as a clear guide for choosing current and future courses of action/ planning.

Vision Statement

A **vision statement** is a declaration of an organization's objectives, ideally based on economic foresight, intended to guide its internal decision-making. A vision statement is not limited to business organizations and may also be used by non-profit or governmental entities.

A vision statement is a company's road map, indicating both what the company wants to become and guiding transformational initiatives by setting a defined direction for the company's growth. Vision statements undergo minimal revisions during the life of a business, unlike operational goals which may be updated from year-to-year. It represents a shared sense of direction and incorporates the **core values** of the institution. Core values are enduring beliefs that an institution—and the people who inhabit it—hold in common and endeavour to put into action. Values should lead individuals to believe that some objectives are legitimate or correct and that others are illegitimate or wrong.It describes what the institution believes in.

Mission Statement

A **mission statement** is a short statement of an organization's purpose, identifying the scope of its operations: what kind of product or service it provides, its primary customers or market, and its geographical region of operation. It may include a short statement of such fundamental matters as the organization's values or philosophies, a business's main competitive advantages, or a desired future state—the "vision".

A mission statement is not simply a description of an organization by an external party, but an expression, made by its leaders, of their desires and intent for the organization. It brings the institution into focus and directs the organization itself. It communicates primarily to the people who make up the organization—its members or employees—giving them a shared understanding of the organization's intended direction. Organizations normally do not change their mission statements over time, since they define their continuous, ongoing purpose and focus.

The Mission Statement articulates the direction and scope of work of the institution. It serves two main purposes:

- It influences the development of other aspects of the Strategic Plan, in particular the formulation of objectives
- It should lead to a reconsideration of the core functions of the institution; does it adhere to the re-defined functions of Government (such as policy making or public-private partnerships)

Attributes of a Good Vision and Mission

A good vision statement should:

- Provide a clear sense of direction
- Be inspirational and capture the imagination of the staff
- Be short and be easily internalised and recalled by staff

A good Mission statement has the following qualities

- Describe what the institution does (current capabilities), who it serves (stakeholders) and what makes the institution unique (justification for existence)
- Be derived from and cover all relevant statutes, in particular Government mandates, instruments and establishing legislation.
- Clearly differentiate the institution from other institutions. An outsider seeing only a mission statement should be able to recognise which institution it applies to.
- Avoids being too narrow so as to allow room for change
- Rely on action words
- Be short and be easily internalised and recalled by staff

In many cases institutions will already have Mission and Vision Statements. In off-years, Mission and Vision statements should not be revised, even if it is realised the statements can be improved. Revision should only occur during base years as explained above.

Step 1: Preparation

The preparation of strategic plan needs proper planning, stakeholders be identified and clear

roles, responsibilities and tasks of individuals be assigned to them. Employees should be assigned roles too.The preparatory stage involves the following key milestones as follows:
i) Decide the methodology;
ii) Decide and identify a list of external stakeholders to be invited, and what their roles will be;
iii) Prepare a work-plan, logistics and financing issues;
iv) Share the work plan to all relevant parties and
v) Clarify on roles and responsibilities of all players in the process as stipulated below:
   - **Leader:** the Chief Executive Officer (CEO) i.e, Permanent Secretary, Regional Administrative Secretary (RAS) and Council Director should lead the exercise;
   - **Participants:** all heads of departments should participate in the Strategic Planning process. Wherever possible higher level institutional leaders (Ministers, Regional Commissioners (RC), District Commissioners (DC) and Council Chairpersons) should participate at the level of developing mission, vision, and objectives;
   - **Facilitator:** Identify an individual knowledgeable with the subject matter as well as experience in process facilitation as a facilitator of strategic planning process, in particular in the formulation of the Vision, Mission and Values;and
   - **Secretariat:** form a secretariat with good writing skills to consistently document the results of the SP exercise.

Step 2: Situation Analysis

The second step in the process is to undertake a thorough situation analysis whereby, the institution takes a hard look at itself – where it comes from, where it is now as well as where it wants to go in terms of its core business. It is therefore important to gather adequate information through various methods including conducting surveys and studies as well as institutional performance reviews. This stage builds the basis for strategic choices forward including the formulation of Vision, Mission, Objectives, and Targets of the SP.

Approaches to a Situation Analysis

There are various approaches to undertaking a situation analysis which are selected depending on the nature of the institution, its nature and resources availability. Some of these approaches are research oriented and should be completed prior to the beginning of the planning process. These may have to be contracted out where the institutions may not have capacity to do so. Other methods include brainstorming in a workshop environment and focus groups.

Prior to the holding of the planning meetings, institutions should undertake the following activities:
i. Review of relevant information
ii. Performance Review
iii. Service Delivery Surveys.
iv. Self Assessments or Benchmarking Exercises

During the planning meetings, institutions should use the following methods:
i. Stakeholder Analysis;
v. Strengths, Weaknesses, Opportunities and Challenges (SWOC) Analysis; or sometimes known as SWOT (Strengths, Weaknesses, Opportunities and Threats)
vi. Problem Tree or Logic Model

Details for carrying out the above approaches are provided in the Manual for Strategic Planning, Budgeting and Reporting.

Review of Relevant Information

This approach involves a review and analysis of relevant information related to the development of the SP of the institution. The approach involves a review of secondary information as noted below:

- **Mandates and Statutes:** these define the function and role of your institution. They should influence mission, vision and objectives. In some cases, the purpose of a legislative instrument may be described; this may be related to institutional objectives;
- **Policies,** especially those related to sectors or institutions. Polices may contain a discussion of problems and objectives. In some cases they may broadly define strategies that are relevant to your institution;
- Global and **National Planning** Frameworks (such as SDGs, TDV, LTPP, FYDPs);
- **Past Versions of the Strategic Plan:** brainstorm ways the current Mission, Vision, Objectives and Targets can be improved;
- **International Experiences:** it is often useful to get informed on what other countries are doing on similar issues.

Performance Review

These include internal progress reports, studies and evaluations, as well as sector or Programme reviews, studies, and evaluations. In reviewing performance, the focus should be on achieved results in terms of outcome i.e. short-term and medium-term effects of an intervention's outputs. This exercise should summarise key findings, constraints and recommendations.

Service Delivery Surveys

Service Delivery Surveys have traditionally been used to gauge information on the access, use and satisfaction with the provision of services. Surveys are useful for collecting information about customer perceptions, opinions and ideas on services offered by an Institution.

Service Delivery Surveys can be undertaken internally (by the institution) or externally (using consultants). The use of consultants generates more independent results, while the use of internal staff builds capacity, may be cheaper, and leads to more direct communication with clients.

Major Service Delivery Survey should be undertaken after every five years prior to preparation of a Strategic Plan. However, regular surveys should be undertaken in the periods in between to address customer needs where necessary.

Self-Assessments and Benchmarking

Self-Assessments involve investigating internal factors of success. This may be done in a workshop/ meeting environment, where the institution assesses itself according to a series of established criteria in order to identify strengths and areas for improvement.

Stakeholder Analysis

Stakeholder Analysis attempts to understand perceptions, expectations, and priorities and to incorporate these into the Strategic plan. A Stakeholder Analysis proceeds along three key steps:

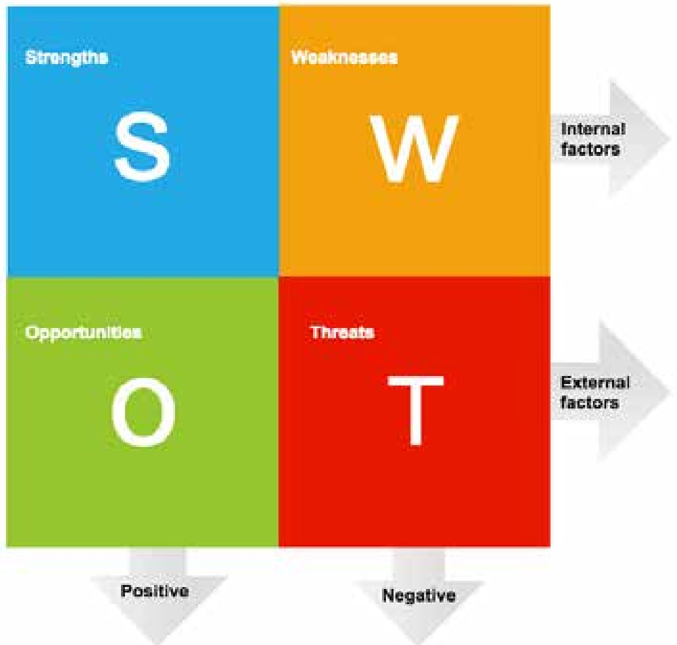
1. **Identifying Stakeholders:** this is done by the institution, for example, by identifying key service recipients and considering NGOs, the private sector, etc.

2. **Holding the Meeting.** Ideally focus group discussion involve small groups (6-12) and a facilitator to guide the process. Another approach to undertake the Stakeholder Analysis is a one -day consultative-meeting. It is recommended to invite all key stakeholders.

3. **Document the results.** This can either be in written form (summarizing the main points) or as a simple matrix. Results to be presented from each major type of stakeholder should include services offered and stakeholders' expectations against the services

SWOC/SWOT Analysis (depicted by diagram below)

Figure 2: SWOC/SWOT Analysis



SWOC or SWOT analysis is carried out through a brainstorming session involving management and key stakeholders, during the Strategic Planning process. While strengths and weaknesses are internal to the institution, opportunities and challenges are external. The development of SWOC is facilitated by answering a series of leading questions that aim at reaching general agreement and to develop potential targets.

Strengths

Two factors contribute to your strengths: **ability** and **resources available.**

Ability is evaluated on 2 counts:
- **Versatility:** your ability to adapt to an ever changing development environment.
- **Growth:** your ability to maintain a continuing growth.

The strength of resources has three dimensions:
- **Availability:** your ability to obtain the resources needed.
- **Quality:** the quality and up-to-dateness of the resources employed.
- **Allocation:** your ability to allocate resources both effectively and efficiently.

Suggested questions for facilitating the process of analyzing strengths are:
- What advantages does the institution have?
- What does the institution do well?
- What relevant resources does the institution have access to?
- What do other people perceive as the institution's strengths?

Weaknesses

Your weaknesses are determined through failures and inability to match up with the dynamic situation and rapid change. The weaknesses may be rooted in lack of managerial skills, insufficient quality of human resources, technological backwardness, inadequate systems or processes or shortage of resources. There are three possible outcomes to the analysis of your weaknesses.
Suggested questions for facilitating the process of analyzing weaknesses are:
- What could be improved?
- What does institution do badly?
- What should be avoided?

Opportunities

Opportunities are abundant. You must develop a mechanism, which will help you define what comes within the ambit of an opportunity to focus on those areas and pursue those opportunities where effectiveness is possible. The mechanism must define strategic priority areas needed to make use of opportunities, target interventions, capabilities required and resources to be employed, social economic benefits expected and the level of risk allowed.

Suggested questions for facilitating the process of analyzing opportunities are:
- What are the opportunities available?
- What are the positive trends?

Challenges, also known as internal threats

There is a slight difference between SWOC and SWOT. **SWOC** analysis is relevant to **SWOT** analysis. **SWOT** examines strengths, weaknesses, and opportunities. But it focuses on threats rather than challenges. The two are similar but they do have their differences, which is why analysts may choose to use **SWOC** or **SWOT. Note that Threats are challenges beyond the ability of an institution to address and would require the institution to seek support elsewhere.**

Suggested questions for facilitating the process of analyzing challenges (internal threats/external threats are:

- What obstacles are faced by the institution?
- What are the competitors doing?
- Are the specifications for the institution's functions, products or services changing?
- Are changes in technology threatening the institution's position?
- Does institution have bad debtors or cash flow problems?
- Could any of the institution's weaknesses seriously threaten the business?

External threats arise from political, economic, social, technological (PEST) forces.

Problem Trees, Cause–Effect Relationships, Key Issues, and Visioning

Problem analysis establishes the 'cause and effect' relationships between the problems that exist. It is related to the development of Key Issues through visioning, which focuses on the positive aspects. Problem analysis has four main steps as indicated below:
1. Identify the stakeholders affected by the institution and its key services
2. Identify the major problems faced by beneficiaries. Institutions should start with external clients and problems they face. These tend to signal the existence of major problems that are often internal to the institution.
3. Develop a problem tree to establish cause-effects relationship.
4. Derive objectives by inverting the problem tree.

Take this example, if the focal problem is "poor nutritional status of babies and infants", a cause might be "poor availability of high protein foods", while an effect might be "high rates of infection among babies and infants". To focus on the root cause of the problem, identify the factors that are possibly contributing to it. As the tree develops, the remaining problems are attached to it in the same way.

Once the problem tree is complete, the focus shifts to priority problems. This should be agreed on by consensus. Once complete, the problem tree represents a comprehensive picture of the existing negative situation.

Step 3: Developing Objectives

An objective is a broad statement of what is to be achieved. A good objective has the following attributes:
- Describes a **broad** achievement, which is shared and accepted by key stakeholders. Because an objective is broad, an institution is likely to have 5-10 objectives.
- Is **outcome or impact oriented**, not output-oriented? Outcomes are the effect or the change resulting from the intervention. For example, as a result of the construction of 50 drainage ditches, 100,000 ha of land are now available for farming. As a result of more land being available for farming, farmers are able to produce more crops. **Impacts** are the longer term consequence of the intervention. For example, the outcome of producing more crops is to increase farmer income. There often is a chain of outcomes, more immediate ones ultimately leading to more distant impacts.
- An objective describes **an end state.**
- It should contribute towards meeting the institution's shared **mission.**
- Is **complete**: they cover the major functions and operations of the institution.
- Takes into account and is consistent with **higher level** frameworks, policies, and cross cutting

issues.

- Identifies, where possible the **client** who receives the benefit.
- Be expressed in simple, clear, **non-technical** language; and
- Covers the Critical issues identified during the Situation Analysis

Strategies

Strategies are broad statements about how something is to be done. In this context, they describe how the institution will achieve its objectives; they link objectives to targets. Each objective will have its own set of unique strategies which describe the broad approach to effect change. Strategies may be of various categories: some are contained in national planning frameworks such as fydp ii key interventions and others are derived independently by the institution. A single strategy may result in the derivation of several targets.

Step 4: Targets and Targets Preparation

Targets

Target – is an **indicator** established to determine how successfully you are achieving an objective or goal? Targets should be measurable and realistic, but challenging. If targets are unrealistic and too difficult to achieve, they may discourage people rather than motivate them. On the other hand, targets that are too easy to achieve can lead to complacency

A target is the **final goods or services produced** over a given period of time, by an institution, in order to achieve its objectives. Targets have the following characteristics:

a) Targets are **deliverables** supplied to clients and they are managed by respective departments.
b) The definition of a target is applied from the perspective of the institution, not from the perspective of society or other outsiders. For example, drafting a policy on decentralisation is clearly not a "final product" from the standpoint of a citizen, though it is probably a "final product" from the perspective of the institution creating it.
c) Targets should be presented in "SMART" format; since they are final goods and services.

Step 5: Results Framework: Performance Indicators

A *results framework* is both a planning and management tool that provides the basis for monitoring & evaluation. Monitoring and evaluation should not be confused with each other; they are two distinct sets of organizational activities that are related but not identical.

Monitoring is the systematic collection and analysis of information. Information should be collected to inform how effective or how efficient the program is at meeting its objective(s). It is based on targets set and activities planned during the planning phases of work. It helps the management as a whole keep track of progress made.

Evaluation looks at what you set out to do, what you have accomplished, and how you accomplished it. It can be **formative** (helps you find out if you are achieving your goals and objects in the formative stages of your project, instead of waiting until you have finished the project). It can also be **summative** (drawing information from a completed project or an organization that is no longer functioning).

Monitoring and evaluation have been described as the difference between a check-up and an autopsy. Whereas monitoring is the check-up allowing managers to see how the program is progressing, evaluation is the autopsy that allows managers to see why or what happened to affect the results of the program.

Both monitoring and evaluation seek to learn about the project/program by focusing on
- Efficiency
- Effectiveness
- Impact/Results

Indicators

An **indicator** is established to determine whether you have achieved your objective; more specifically, an indicator is used to assess if ***target*** is being met (often multiple *indicators* are used). It is also referred to as Key performance indicators (KPI), which is a measure that enables monitoring of performance in terms of progress towards a specific, defined objective.

An indicator is a Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a party or institution. Or, a variable that allows the verification of changes in the development intervention or shows results relative to what was planned.

More informally, an indicator is a clue, sign, or marker used to measure something, in this context, a measurement of results such as goals, objectives, outcomes, or programme implementation. An indicator is a way to help you understand which way you are going, where you are, and how far you are from where you want to be. Indicators are typically used by institutions to learn as well as to manage for results.

Step 6: Strategic Plan Documentation

The Strategic Plan should be written-up by the Secretariat formed during the preparatory stage. Before proceeding, review, some of the qualities of a good strategic plan, which apply to its documentation? It is important, to remember that the plan has two main audiences, all staff and external stakeholders.

Layout of the Strategic Plan

The strategic Plan should be presented in the following format
- **i) Foreword:** Statement of Political Commissar of the Institution
- **ii) Preface:** Statement of Accounting Officer explaining the Strategic Plan.
- **iii) Executive Summary:** Highlights key issues in the Strategic Plan and Accounting Officer. Should discuss the mission, vision and objectives and outline the broad strategies to be undertaken and focus of the plan.
- **iv) Chapter 1:** Introduction. This should include a short description of the approach adopted, purpose of the plan, and background on the institution preparing it. It should describe the layout and structure of the document.
- **v) Chapter 2:** Situation Analysis. This chapter is broken down into parts according to which methods were used in the situation analysis (i.e. performance review, SWOC, etc). For each

method clearly document (1) the main results and (2) how these results were used in the plan. It is important to limit this chapter to "big issues" and thus to avoid long detailed matrices of findings. Describe what stakeholders said, and how the plan will accommodate their expectations. The last section of this chapter should summarize critical issues arising from all aspects of the Situation Analysis.

vi) **Chapter 3:** The Plan: This chapter includes Mission, Vision, Objectives, Strategies, Targets and Key Performance Indicators.

vii) **Chapter 4:** Results Framework: This chapter shall include the result framework matrix, monitoring plan, planned reviews, evaluation plan and the reporting plan.

5. BUDGETING AND MEDIUM TERMS EXPENDITURE FRAMEWORK (MTEF)

5.1 Background

The Medium Term Expenditure Framework (MTEF) is a prioritized three-year integrated performance budget to implement the Strategic Plan. MTEF is intended to enhance forward looking planning and predictability in resource allocation.

5.2 Purpose of MTEF

MTEF is a resource management tool aimed at:

i) Improving the predictability of budgets resources allocation consistence and compliance to priorities;
ii) Enhancing budget sustainability;
iii) Strengthening results oriented budget which focuses on service delivery improvements.

5.3 Legal Basis for Preparation of Budgets

The MTEF preparations is based on the body of laws, regulations and administrative procedures that govern the budgeting system and which give formal powers and responsibilities to various actors. The MTEF is guided by the following legal base:

i) **The Constitution of Tanzania:** Chapter Seven of the Constitution of the United Republic of Tanzania stipulates the need to prepare estimates of revenue and expenditure of the Government on a yearly basis and submit to Parliament.
ii) **The Public Finance Act 2001:** provides a legal framework of the budget regarding revenue, expenditure control and accountability;
iii) **The Budget Act No.11 of 2015:** This ensures effective budget management and accountability, whereby it spells out the methods, and cycle for preparing and implementation of plans and budgets;
iv) **The Public Procurement Act No.21 of 2004 (which repealed the Public Procurement Act 2001):** which stipulates rules, regulations and procedures governing the public procurement process;
v) **Annual Finance Act:** grants powers to the Minister for Finance to raise money by imposing taxes to finance the Budget;
vi) **Annual Appropriation Act:** gives authority to the Government to appropriate funds from the Exchequer Account for government expenditures;
vii) **Local Government Finance Act No.9 of 1982 (As amended by Miscellaneous Act No. 6 of 1999):** stipulates the requirements and procedures to be followed by Local Government Authorities in preparing annual estimates of revenues and expenditures; and
viii) **Government Circulars:** From time to time circulars are issued by the Government outlining regulations and procedures to be followed on budget and financial matters.

5.4 Relationship Of The Strategic Plan to MTEF

The MTEF takes the objectives and a target developed in the Strategic Plan and prepares activities and budgets. The link assures resources are allocated according to the Strategic Plan and thus reflects the priority needs derived by the institution and its stakeholders.

5.5 The Budget Frame

The Budget Frame is comprised of total resource envelope of revenues and expenditures described below as follows:

I. Revenues

Revenue is an element of budget frame consisting of domestic and foreign funds. Domestic revenues are made up of tax and nontax revenues. The main categories of domestic revenues are tax and non tax revenues.

II. Expenditures

The expenditure framework consists of recurrent and development expenditures.

- The recurrent expenditure is made up of Consolidated Fund Services (CFS) which is broken down into domestic and foreign interest payments, amortisation of foreign and domestic debts and other expenditures; Personnel Emoluments (PE) and Other Charges (OC).
- Development expenditures are outlays on programmes and projects. They may be financed using domestic or foreign funding.

5.6 Formulation of Activities

Activities are defined as actions or work performed by an MDA, Region or LGA to achieve a set target. Activities utilize resources to produce goods and services. Under each activity there are a number of inputs that need to be determined and the costs established. The process of formulation and development of activities within MDAs, Regions and LGAs should be guided by department heads and technical work should be carried out by budget officers. This work should take place before the Plan and Budget Guidelines are issued.

Strategic Budget Allocation System (SBAS)

The Strategic Budget Allocation System (SBAS) is a microsoft based software used to facilitate the budget allocation process and ensure explicit links between National Policies, FYDP II and the budget. There are two versions of SBAS - Micro and Macro. Micro version is used by MDAs/LGAs to fill in their budget requests and the Macro version is used by the Budget Guidelines Committee to analyse the requests and allocate resources according to the size of the resource envelope. Once resources allocation is finalised it is transferred into IFMS through enhanced MTEF model. IFMS has facilities for production of performance reports used for budget monitoring and control.

6. PREPARATION OF OPERATIONAL PLANS

6.1 Introduction

Once the national budget is approved by the Parliament, a number of instruments need to be prepared to facilitate smooth implementation. These instruments include the following:

i) **An Action plan:** This is a schedule of activities which describes when each activity is planned to start and finish. Action plans are sometimes termed "work plans." Typically action plans assign responsibility for who will initiate and manage each activity. Action plans incorporates procurement plans, since an activity can be considered to have two broad stages: a procurement stage and an implementation stage. For example, it may take 3 months to select a consultant and 2 months for the consultant to complete the work. Action plans cover one year only.

ii) **A procurement plan:** This is a plan which describes when procurement steps are expected to start and finish. It links the cost of an activity to the procurement process to be undertaken.

iii) **Monthly disbursement or cash flow plan:** Describes when funding or disbursement of funds is required by the institution. This is based on the schedule and procurement plan.

iv) **Quarterly Physical Targets:** Though targets may cover longer terms up to three years or five, they should be monitored on regular basis. Therefore, they should be broken into annual and quarterly figures for the current year.

v) **Training Plans:** Provide more detail about training events. This may include coordination of training activities and initial efforts to identify courses and possible participants.

vi) **Institutional Performance Contracts:** Is a management tool for measuring performance against negotiated performance targets of an Institution.

vii) **Individual Performance Contract (OPRAs):** Aligns contributions of individual employees in relation to implementation of institutional objectives and targets

Description of some instruments is given below as follows:

6.2 Preparing a Procurement Plan

Action Plans and procurement plans are very much related as such the two should be prepared jointly. The procurement plan is prepared through the following steps:

i) Establish how long he or she expects a particular method of procurement to take. This is called its duration, and should be based on actual experience within the institution;

ii) For each activity in the plan, assign a procurement method (some activities may not involve procurement); and

iii) For each activity establish a start date of implementation;

The procurement plan is an internal document (since potential bidders should not know available budgets). It can be presented in many ways, including a Graphical Gantt chart or other means to see the overall schedule.

6.3 Preparing an Action Plan

An action plan is a schedule of activities for the period of only one year. Action plan identifies critical tasks, dependencies and potential conflicts for better coordination. Action Plan describes:

i) When activities will be done
ii) Who will do them
iii) Resources requirement

Scheduling of activities involves the following key steps:

1. For each activity, estimate how long the activity is likely to take (its **duration**). To do this, divide the activity into two hypothetical parts: its planning or procurement stage, and its implementation stage.
2. Initially schedule individual activities. Do this by working backwards. Select the date you aim to finish the activity. This is called the **"planned completion date."** Given its duration (including procurement), work backwards to determine its **planned start date**.
3. Take account of dependencies between activities to fine-tune your initial schedule. Some activities can be completed at any time while others depend on the completion or initiation of others. The most typical type of dependency is "Start to Finish:"

6.3.1 Milestones

Milestones are activities "used to identify significant events in a schedule, such as the completion of a major phase or event." They are selected because they are representative of overall progress or because they track progress towards key strategic changes. The milestone selected should be indicative of a larger more important process and often times addresses key constraints or dependencies. A list of milestones can be considered a strategic "to do list" or a set of strategic deadlines. Like indicators, milestones can help an organisation focus on a high priority areas of **implementation**; while indicators measure results (outcomes), milestones will tend to focus on targets or activities—things that need to be done. They may reflect key changes that need to take place internally.

6.4 Disbursement Schedules and Cash Flows

Based on the action plan (and procurement plan), institutions can then establish the timing of their resource requirements. This information is then provided to the MoFP through the appropriate MTEF form.

6.5 Quarterly Physical Targets

Break up or divide the MTEF on a quarterly basis, for the current year. This is done at the activity level.

6.6 Training Plans

The training plan enables an organisation to undertake coordinated capacity building efforts.

6.7 OPERATIONAL PLAN AND REVIEW APPRAISAL SYSTEM (OPRAS)

OPRAS is an important instrument which extends the strategic plan, Action Plan and Budget of an organisation to the individual level. All employees want to know what is expected of them, how well they are doing, and how they can improve their work. OPRAs are a process which helps individuals know what is expected of them, how well they are doing and how they can improve their work by improving communication between superiors and sub-ordinates. OPRAS is an annual process which involves three main steps:

i) **Performance Agreement:** supervisors and subordinates agree on what the sub-ordinate will do, what his or her objectives are, how performance will be assessed, and what resources will be available. Performance agreements should be signed during July.

ii) **Mid-Year Review** of progress, which should occur in December-January. During this stage, the initial agreement is reviewed and, where necessary, revised

iii) **End Year Appraisal,** which assesses the subordinate's performance.

7. PERFORMANCE REPORTING, MONITORING AND EVALUATION

This chapter describes an institutional reporting framework for Government institutions, in the form of a set of reporting requirements. These requirements aim to improve internal decision making and enhance accountability and transparency. The content of these performance reports will be generated through a series of M&E initiatives, to be practiced by MDAs, LGAs, and RSs. These M&E initiatives will go beyond the implementation monitoring (of financial expenditures and activities) often practiced in the past and will include assessments of efficiency and effectiveness. Reporting requirements consist of three main reports: quarterly progress reports, annual performance reports, and three-year outcome reports. After introducing the topics of performance reporting and M&E, as well as their relationship, this chapter describes (1) the content or structure of each of these reports and (2) the M&E processes required for producing them.

Performance Reporting

WHAT IS A PERFORMANCE REPORT

For the purpose of this manual, **a performance report is defined as a written document, prepared by a Government institution, which describes the institution's efficiency and effectiveness in terms of its use of resources, the outputs it produced, and whether it was successful in providing benefits to and improving the condition of its clients**. All reports cover a specific time frame. This definition of "performance" extends far beyond matters of implementation and includes an analysis and interpretation of the reasons **why** performance may have met or may have failed to meet expectations or standards.

A good performance report is readable and easy to understand, analytical and evidence based, objective, and accessible to both stakeholders and decision makers. Such a report is used and actionable, rather than a document for the shelf. The report may be supported by a series of standard forms, sheets, tables, or matrices, but in isolation these support documents do not constitute a complete performance report.[6]

WHY PERFORMANCE REPORTING

By providing feedback in terms of plans and budgets, performance reporting serves a number of key functions. It:

- Assists management to identify problems, assess progress, and take **corrective action** at an early stage. Performance reporting contributes towards more systematic **decision making**.
- Satisfies **accountability** requirements both within and outside the organization. Within Government, performance reporting can support an environment for enhancing transparency and accountability to the public.

[6] Sheets and matrices do not meet all the criteria of an effective performance report outlined above (understandable, analytical, etc.).

- Stirs **debate** about key issues both within an institution and across society.
- Shapes **organisational culture** by communicating a common story, documenting an organisation's history, and thus unifying an organization and contributing towards its institutional memory.

By achieving these functions, effective reporting contributes towards improved institutional performance.

QUALITIES OF A GOOD PERFORMANCE REPORT

Performance reports will meet their objectives only if they are available, accessible, read, and understood by their audience and only if stakeholders provide feedback and management takes action based on the report (where required). In writing performance reports, the content, style, and detail should be determined by the intended audience and by the frequency of the reporting process. In general, a good performance report should have the following features. It:

- Is readable and easily understandable; it "captures" the audience and encourages the audience's participation
- Provides enough background so readers can put the main results into their proper context
- Documents the methods used in gathering data and information and drawing inferences or conclusions
- Clearly separates the key points from the minor, secondary ones. This allows readers with different goals or different amounts of time to make better use of the report. Highlights are generally found in an executive summary with details and long matrices placed in an annex.
- Is analytical and evidence based; this establishes the logic of the results presented. Where recommendations are made or inferences are drawn, these need to logically flow from the data and analysis undertaken.
- Makes use of graphs or pictures to make numbers more "digestible." (A picture tells a thousand words).

To support the production of these reports, M&E needs to be effectively practiced. The relationship between M&E and reporting is introduced below.

M&E AS A TOOL FOR PERFORMANCE REPORTING

M&E is a systematic search for answers about how an institution is performing. M&E is an essential management tool that aims to improve institutional performance by:

- Promoting institutional **learning** and improving decision making
- Encouraging internal and external transparency and **accountability**.
- Establishing performance indicators or targets that describe expected achievements, and thus **focus** employees on generating concrete results during implementation.[7]

M&E is, therefore, the primary mechanism or process used to generate performance reports. The process involves the gathering, analyzing, interpreting, and reporting of information. A standard, formal definition of both monitoring and evaluation is provided in Figure 3.

7 M&E and results management are closely related. Generally, results management covers both planning and M&E and describes how managers focus implementation on results and how the feedback of M&E information is used to adjust implementation and hold implementers accountable.

Figure 3: Defining Monitoring and Evaluation

There are many definitions of "monitoring" and "evaluation." Standard definitions, for example used by the OECD are:

- **Monitoring**: is a continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds
- **Evaluation**: is a periodic assessment of the efficiency, effectiveness, impact, sustainability and relevance of something. It is done within the context of stated objectives

More intuitively people monitor and evaluate every day: for example, they decide which school to send their children. When they "assess or judge the value or worth of something" they are "evaluating." M&E seeks to find out (1) Is it still working? (2) Can it be improved? (3) Is there a better way? And (4) Was it worth it?

Usually evaluation concentrates on outcomes and focuses outside the institution (on the effects it has on its clients or service users), while monitoring concentrates inside the institution (on what it has produced and what it has done: i.e. on outputs and activities).[8] In practice, the process of "M" and the process of "E" overlap are complementary, and their differentiation is not terribly important.

STEPS FOR UNDERTAKING M&E

The subject of an M&E investigation (the "evaluand") can be a policy, an intervention (or set of interventions, such as a programme or project), or an assessment of capacity or potential. The first step of any monitoring or evaluation exercise is to identify what needs to be known and why. This is typically achieved by identifying the **actions** management wishes to take and by formulating a list of **evaluative questions**. The answers to these questions, is communicated in the form of a **report**. These three aspects (action, evaluative questions, and reporting) shape the way M&E investigations are designed and the M&E techniques to be employed.

The evaluative questions to be asked will be specific to an organisation: for example, "is the new curriculum improving student learning?"

Once the objectives of undertaking the M&E intervention are known, and the questions that need to be answered have been decided upon, the evaluation reaches the stage of implementation. This involves two steps. First, a suitable methodology is selected. This includes methods for collecting information as well as methods for drawing conclusions or inferences. Some evaluations draw conclusions based on quantitative statistical tools of inference, while others rely on more qualitative[9] means. In terms of data collection there are three main sources of information:

- Routine Administrative Data, which "comes from files," is collected through "official channels" and is considered "factual." Examples include the number of students at a school (found in the registry). The advantages of this form of information is that it is cheap, readily available, and

[8] TECHNICAL NOTE: Traditionally, evaluations are broken into two types: formative and summative. Formative evaluations are used in the development of a plan (or Programme) and thus tend to occur earlier in the planning cycle. They link analysis to "what should be done." Summative evaluations tend to occur after the fact. The terms "summative" and "formative" roughly correspond to issues of decision making and accountability. Specific definitions of Monitoring and Evaluation, and several related terms, can be found in the beginning of the manual, while background material on M&E can be found at: http://www.mande.co.uk/sources.htm, http://www.eval.org/EvaluationLinks/ onlinehbtxt.htm, or http://www.resources4evaluators.info/.

[9] The data collected can usually be expressed in a quantitative form, but the method of analysis of some data is more qualitative (i.e. conclusions are drawn more impressionistically).

quantitative (and therefore susceptible to analysis). Its disadvantages may (in some cases) include its accuracy and completeness or its limitations to answer certain questions.

- Surveys and Interviews, measure perceptions, or what people say and believe, but not necessarily what they do. While surveys can answer a wide range of questions they contain several possible draw-backs: (1) answers depend on the social context of the interview and may not be truthful, honest, well-thought-through or accurate and (2) the answers depend on who asks the question and how the question is worded or framed (i.e. questionnaire design influences results).
- Observations, which record "what happened" or "what is," for example when someone counts the number of vehicles passing a particular point in the road. However, when people know they are being observed their behaviour may change. This form of data collection may employ the use of equipment to physically measure something (like water quality).

The method selected depends on the situation, and in the best of circumstances a mixed strategy is chosen and results are "triangulated." In all cases, there should be a clear separation between the data collected and the inferences or conclusions drawn. As stated earlier, once M&E results or conclusions are generated they need to be communicated. This involves convincing decision makers of both the validity of the results and the courses of action to take.

PRINCIPLES FOR THE PRACTICE OF M&E

In most countries the practice of M&E is guided by a series of principles established by M&E practitioners (almost always through their associations). Chief amongst these principles is the principle of **objectivity**. Objectivity means that conclusions are evidence-based, are drawn from the underlying data, and may be contrary to what management wants to hear. Objectivity is often accomplished through the independence of M&E practitioners or M&E units.

OVERVIEW OF PERFORMANCE REPORTING REQUIREMENTS

Government institutions (MDAs, LGAs and RSs) have been reporting on their performance in compliance with statutory requirements. However, the reports have tended to focus on implementation progress (physical implementation of activities and expenditures) rather than higher level results.

In order to improve the scope and quality of the reports and to better link reports to Strategic Plans and the Five Year Development Plan (FYDP-II), starting during financial year 2017/18 Government institutions will be required to report, in more detail, on their performance against plans. In the process of reporting results, the Monitoring and Evaluation (M&E) techniques outlined in this chapter will be needed to collect, manage, analyse, and interpret data. This will include the definition of key performance indicators, the collection of indicator data, and the undertaking of analytical or evaluative studies. For this to happen government institution's M&E sections need to be capacitated by management in terms of number of M&E professionals, relevant skills, financial resources and modern equipments for data collection, storage, analysis and dissemination. In addition, the management should ensure an up to date strategic plan and its monitoring strategy is in place for tracking implementation and achieved results.

In addition to assisting management to better track performance, it is also intended to assist the Ministry of Finance and Planning, and other responsible institutions, to ensure public funds are being used efficiently and effectively. This will improve the Government's internal accountability mechanisms as well the quality of its dialogue with Parliament and the public at large.

Though the focus of these reports will be on the performance of the institution (MDAs, RS, LGAs, etc), institutional performance will also be aggregated to generate sector and FYDP-II level results. In addition, reporting will go beyond sheets and forms by requiring Government institutions to prepare more analytical reports.

Government institutions are required to submit the following performance reports:

- *Quarterly Reports* on cumulative targets and expenditures, against the annual plan and budget
- *Annual Performance Reports* on targets and outcome monitoring, against the annual plan and budget
- *A 5-Year Outcome Evaluation Report* against medium term Strategic Plan objectives and outcomes

In terms of submission:

- Ministries, Departments and Regional Secretariats will submit their reports to PO-PSMGG, PO-RALG and MoFP.
- Executive Agencies and Other Public Institutions will submit their reports to their parent or supervisory Ministry. The Ministry will then include the report in their submission to P.OTR

Local Government Authorities, in consultation with PO-RALG, will submit their reports to MoFP. In order to improve transparency and access to information, Annual Performance Reports and 5-year Outcome Reports **will be made available to their relevant Parliamentary Committee and to the public, either on the institution's web site or through other media**.

A fuller description of the contents and structure of these reports is presented in the sections below, while the format of their supporting forms can be found in Part II of the Budget Guidelines.
Quarterly Progress Reports

The Quarterly Progress Report is intended to provide an overview of implementation progress on a cumulative basis against an institution's set targets and budget. The report will also provide information on the implementation of a sub-set of high profile or priority interventions. The structure of the report is contained in Figure 4.

Figure 4: Structure of a Quarterly Progress Report

TITLE/COVER PAGE

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MAIN BODY
1. Introduction
2. Overview of Implementation of Milestones/Priority Interventions (Description plus Table MON-02)
3. Issues and Constraints
4. Remedial Actions
5. ** Summary of budget variations and their justification

ANNEX and TABLES
- Annex 1: Quarterly Cumulative MTEF Target Monitoring Form (Form MEF 7.1)
- Annex 1: Quarterly Cumulative Milestone Monitoring Form (Form MEF 7.2)
- Annex 3: Quarterly Cumulative Financial Overview (Form MEF 7.4(a))
- Annex 4: Quarterly Cumulative Financial Detailed (Form MEF 7.4(b))

** included during the mid-year progress report only

At mid-year, reports should also focus on budget variations and justifications for adjustments. The main body of this report should not exceed five pages. The following three quarterly reports will be produced:
- *Quarter 1 Progress Report*, summarizing implementation during Quarter 1
- *Mid-Year Progress Report*, summarizing cumulative implementation (Quarter 1 + Quarter 2) together with a focus on budget variations
- *Quarter 3 Progress Report*, summarizing cumulative implementation (Quarter 1 + Quarter 2 + Quarter 3)

In terms of submission and dissemination:
- Quarterly reports do not have to be submitted to Parliamentary Committees or disseminated to the public; they are mainly used to adjust implementation.
- MDAs and RSs should submit their reports by the 15th of each month following the end of a given quarter.
- LGAs should submit their reports by the 30th of each month following the end of a given quarter.

SECTION 2 OF THE QUARTERLY REPORT: MONITORING MILESTONES

Section 2 of the quarterly report describes progress in implementing milestones. The milestones are developed during the planning process and are defined and described in Chapter 6. To collect information on the implementation of milestones the officer responsible for preparing the report should informally interview implementers (verbally), rather than distribute a form or sheet for them to fill out.

The interview process is preferred because it:
- Allows the asking of follow up questions
- Ensures coherence and consistency in reporting
- Can facilitate a discussion of constraints, issues, or problems.

It is important for officers responsible for reporting to ensure the information provided by the respondent is factually correct and that the respondent fully understood the nature of the information requested. Typically, implementers may be confused by issues of cumulative figures versus within-period figures or may provide information covering periods outside the reporting timeframe (for example, describing implementation during quarter 3 while the report focuses on quarter 4).

A corollary to the often-quoted benefit of results management—"what gets measured gets done" is "what gets measured gets manipulated." It is natural for implementers to hide or downplay problems, to exaggerate success, or to provide data off the top of their head (rather than by carefully checking the facts). These actions undermine the **integrity of data** (including the production of "*takwimu hewa*") and thus may lead to flawed decision-making or a lack of accountability. The best way to ensure data integrity is to ask challenging follow up questions, triangulate, and to request (where necessary) supporting evidence. For example, if a respondent says 25 people were trained in Results Management it would make sense to occasionally ask for a list of trainees. In developing quarterly reports it is essential that data across quarters be consistent and when this is not the case, previous errors should be documented. For example, it is not possible that the kilometres of road paved as of the third quarter is 235 while as of the fourth quarter it is reported as 167. These interview techniques apply to the collection of all data, whether the data is in the form of a milestone, target, or indicator. That is: M&E officers who prepare reports are ultimately responsible for the completeness, accuracy or validity of all data reported.

In presenting the progress on implementing milestones readers will want to know:

- What is the name and nature of the milestone
- Whether the milestone was started, in progress or completed and what its current status is
- If the milestone has not yet been met, is it likely to be met by its required deadline?
- Any reasons for delay, inadequate quality, or changes in the structure, nature or definition of the milestone.

SECTIONS 3 AND 4 OF THE QUARTERLY REPORT: ISSUES, CONSTRAINTS AND REMEDIAL ACTION

During the process of monitoring milestones and targets, issues and constraints will typically be identified. Issues arising may concern, delays in implementation, reduced scope or quality of outputs, constraints in terms of resource availability, etc.

The identification of issues to be reported is, however, a subjective matter and there will be a need to prioritise which issues affected the achievement of the set milestones and targets within the specified period.

The Annual Performance Report

The Annual Performance Report is intended to provide a detailed description of an institution's main achievements in terms of the targets reached and the progress it is making in realising its outcomes and in improving its service delivery. The report should also address performance on revenues and expenditures as well as HR (Human Resources). Responsibility for the preparation and accuracy of the report lies with the Accounting Officer for each MDA, RS, LGA and other public institution.

The report should be prepared and submitted to MoFP, PO-PSMGG,PO-RALG (for LGAs and RSs) and OTR (for Public Entities) by the 1st of October following the completion of each financial year. It should also be made available to other stakeholders, including appropriate Parliamentary Committees and members of the public (on the institution's web site or through other relevant media).

It is expected that the main body of this report will be between 20 and 40 pages. The structure of the Annual Performance Report can be found below, in Figure 5.

Figure 5: Structure of an Annual Performance Report

TITLE/COVER PAGE

TABLE OF CONTENTS

PREFACE

1. Statement by the Minister/RC/Council Chairperson
2. Statement by the Accounting Officer.
3. Executive Summary

MAIN BODY

1. **Part 1: Introduction**. This should include the following:
   - Section 1.1 (Introduction): a short description of the purpose of the report, the approach adopted, and the methods used.
   - Section 1.2 (structure) Describe the layout and structure of the remainder of the document.

2. **Part II: Overall Performance**
   - Section 2.1 (Progress towards reaching outcomes): Provides highlights of performance, in words and in a summary indicator table format. Makes reference to a more detailed annex. This should explicitly make reference to progress in meeting SDGs , FYDP-II key interventions and targets, or ruling party commitments.
   - Section 2.2 Progress in improving service delivery (quality, efficiency, timeliness, or satisfaction); discuss what changes have occurred within the organisation to improve the services it provides to its clients. For example, if passports are delivered more quickly, if cost savings have been generated for the taxpayer, etc.
   - Section 2.3 (Evaluation and Reviews): Summarizes (very briefly) the results of studies that will be used to prepare the 3-Year Outcome report, and the general progress in terms of evaluation results.
   - Section 2.4 Milestones or Priority Interventions: a discussion of interventions that were considered to be critical to achieve overall objectives or ensure effective implementation of the plan.
   - Section 2.5 (Issues): Highlight problems or issues, carefully identifying targets at risk or targets which were not met. This may be brief with more details explained in Part III. Describe the actions taken by management to address these problems.

3. **Part III: Achievement of Annual Targets**. This chapter should be presented on a sub-vote by sub-vote basis. It should provide the written details about each target and what happened during implementation. FYDP-II,), and Ruling Party targets should be clearly identified. The chapter may also document details about key activities (especially those not implemented) and overview expenditure data on a particular target.
4. **Part IV: Financial Performance**. This chapter should provide overall aggregate expenditure data compared to budgets as well as revenue collection trends (where applicable). Expenditure information should be derived from the Integrated Financial Management Systems (IFMS) for those who are already using the system.
5. **Part V**: **HR Review**. Summarises staffing levels, vacancies, and other key issues including the balance between PE and OC.

ANNEX and TABLES

- **Annex 1**: Outcome Indicator Monitoring Form (Form MEF 7.3)
- **Annex 2:** Quarterly Cumulative MTEF Target Monitoring Form (Form MEF 7.1)
- **Annex 3**: Quarterly Cumulative Financial Overview (Form MEF 7.4(a))

The monitoring and evaluation actions required to prepare this report are presented on a section-by-section basis below.

SECTION 2.1 OF THE ANNUAL PERFORMANCE REPORT: MONITORING OUTCOMES

Outcomes are monitored by reporting progress on a series of indicators, according to the format found on Form MEF 7.3. This sheet describes the objective to be monitored, the indicator used to assess performance (together with its definition and relationship to national plans, like FYDP-II), the indicator's historical (past) values, as well as the indicators' target (intended) and actual values.

Section 2.1 of the Annual Performance Report should outline the indicators being selected (their overall rationale in relation to the results framework), the purpose of collecting them, progress in collecting them, as well as an overview of the results in terms of meeting indicator targets. The section should make it clear to the reader why the indicators are important and what the overall trend is: for example, what percentage of the indicators is being met? What does this information imply in terms of progress towards meeting objectives? By implication, are any objectives at risk?

Since outcomes are the effect of an intervention (or a series of interventions) on the behaviour of clients,[10] measurement of outcomes should be done outside the service providing institution, either by observing or interviewing clients or accessing data generated by other parties. It is the responsibility of officers responsible for M&E to collect and verify indicator data.

SECTION 2.2 OF THE ANNUAL PERFORMANCE REPORT: PROGRESS IN IMPROVING SERVICE DELIVERY

Government institutions should demonstrate improvements in service delivery in terms of: quality, efficiency, timeliness, and clients' satisfaction. For example, the immigration department should show if passports are delivered more quickly or if cost savings have been generated for the taxpayer. It is not necessary to monitor and evaluate all services, but the sample selected should be representative, strategic, and significant (i.e. should describe a service considered to be high priority by clients). It is the responsibility of M&E units to either commission a study to collect this data or to undertake the evaluative work themselves, on an annual basis.

A description of the main improvements in terms of service delivery needs to be (1) quantitative and (2) evidence based (so it can be validated). For example, a quantitative statement is "on average passports were delivered in 7.8 work days in 2008/09 as opposed to 9.6 days in 2007/08" (as opposed to "passports were delivered more quickly this year than last" or "there has been improvement in the delivery of passports"). In creating indicators of this type:

- Timeliness indicators will tend to be in a format of either (1) the average time to complete (provide) a service or (2) the percentage of times a service is provided in less than time X (i.e. % of passports issued in less than 7 days).
- Cost savings indicators can be calculated either by assigning a monetary value to the saving of a customer's time (for example through the reduction in trips to the office) or

[10] For example, it is the improved agricultural yields realized following improved extension work or the reduction of corruption due to increased pay. As discussed in Section 7.1.4 indicators may be derived from observational studies, routine administrative data, or surveys and questionnaires.

by calculating a change in the unit cost of providing a service (of uniform standard). For example if the cost of processing a license dropped from TShs 2000 per license to TShs. 1,700 per license or if 450 people filled out a license form on line and each license was estimated to save the licensee TShs 5,000 in direct costs and trips to the office.

- Satisfaction Indicators tend to be of the form: "% of clients satisfied (or very satisfied) with service X increased from 54% in 2007/08 to 61% in 2008/09."

SECTION 2.3 OF THE ANNUAL PERFORMANCE REPORT: A REVIEW OF EVALUATIVE AND ANALYTICAL WORK

The goal of this section of the *Annual Performance Report* is to synthesize and summarize the main results of evaluations or reviews undertaken during the planned period. However, the section should, cross reference the availability of the complete reports. It is advisable to spread out the analytical or evaluative work that needs to be taken across the three years covered by a strategic plan (rather than waiting for the last year). This will lower the burden of evaluation and allow the incorporation of lessons learned into earlier phases of implementation.

The section should also include a table based on the format as demonstrated below.

SECTION 2.4 OF THE ANNUAL PERFORMANCE REPORT: MILESTONES OR PRIORITY INTERVENTIONS

The milestones are developed during the planning process and are defined and described in Chapter 6. The preparation of this section of the Annual Performance report should follow the approach adapted to complete Section 2 of the Quarterly Progress Report (see the directions provided under Section 7.3.1 on page 70).

SECTION 2.5 OF THE ANNUAL PERFORMANCE REPORT: ISSUES

The preparation of this section of the Annual Performance report should follow the approach adapted to complete Section 3 of the Quarterly Progress Report (see the directions provided under Section 7.3.2 on page 71).

PART III OF THE ANNUAL PERFORMANCE REPORT: ACHIEVEMENTS OF ANNUAL TARGETS

Part III of the Annual Performance Report describes the key services provided by an institution to its clients during the previous financial year. This part of the report should provide a simple, but accurate description of the institution's main achievements in terms of what it produced to its clients. Most information found in this report should come from internal administrative data. In developing this part of the report Government institutions should ensure that:

- The first paragraph should describe the **context** of the sub-vote's activities, what its main role, strategy or objectives were. All background information supporting the reader's improved understanding of the targets should come first.
- The paragraphs that follow should assess each target (roughly one target per paragraph), in terms of both physical outputs and expenditures. These paragraphs should compare progress against targeted values (for the current year) and summarize trends over past years.

- These paragraphs should include (1) descriptions of key activities and (2) supporting or summarizing tables and graphics.

As was the case with indicators, milestones, and other entities, data is provided by implementers to M&E Units, which are responsible for checking data completeness and accuracy. M&E Units should follow-up the report by asking probing questions that will ensure the consistency and coverage of the report.

PART IV OF THE ANNUAL PERFORMANCE REPORT: FINANCIAL ANALYSIS

Generally, financial reporting has tended to focus on the provision of raw expenditure data. The design of Part IV is, therefore, intended to improve financial performance reporting by requiring analysis to produce aggregated expenditure trends and patterns. Typically, the financial indicator of interest is the ratio of actual expenditures to budgeted expenditures. As implied by Form MEF 7.4(a) and (b), this financial indicator should be disaggregated by (1) budget category (2) FYDP-II category, (3) sub-vote, and (4) project or source of finance. The source for this data is the Government's Integrated Financial Management System (IFMS). In presenting these broad expenditure patterns:

- Each pattern should be explained and interpreted (what does it tell the reader?), including a reference to implementation results: for example, why did one sub-vote spend substantially less than another?

- Support the analysis graphically (when possible) to make the section more reader-friendly

PART V OF THE ANNUAL PERFORMANCE REPORT: (HR) ANALYSIS

As was the case with the expenditure analysis above, presentation of this part of the Annual Performance Report requires the processing and analysis of raw data. The important indicator in this case is the vacancy rate (actual staffing divided by planned staffing). This should be provided on a disaggregated basis. This part of the report should clearly outline any HR constraints faced by the Government institution and how these constraints may have affected the delivery of services. The source for this data is the Governments Integrated HR and Payroll Management System.

Five Year Outcome Report

The outcome report should be prepared at the end of the Strategic Planning cycle. It should focus on assessing the degree to which the institution is meeting its planned objectives, that is, whether it is achieving the envisioned results or outcomes documented in its Strategic Plan. The report should summarize findings of the main evaluations, analytical studies, and reviews undertaken during the period. For each objective the report should describe what the expected achievements were, how they were measured, and what the main findings or results of the assessments were. These assessments should be linked to the key interventions and targets of FYDP-II.

The report should be submitted to MoFP and PO-RALG (for LGAs and RSs) and OTR (for OPIs) by the 1st of October following the completion of the Strategic Planning cycle. As was the case with the Annual Performance Report, the 5-Year Outcome Report should be made available to stakeholders, including appropriate Parliamentary Committees and members of the public (on the institution's web site or through other relevant media). The structure of the 5-Year Outcome Report is provided below.

Figure 6: Structure of a Five Year Outcome Report

TITLE/COVER PAGE

TABLE OF CONTENTS

PREFACE

1. Statement by the Minister/RC/Council Chairperson
2. Statement by the Accounting Officer.
3. Executive Summary

MAIN BODY

1. **Part 1: Introduction**. This should include the following:
   - Section 1.1: Introduction; who is preparing the report, the period it covers, the purpose of the report, etc
   - Section 1.2: Restatement of the objectives/outcomes from the SP and how they were derived (MKUKUTA linkages, etc).
   - Section 1.3: A short description of the approach adopted and broad methods used.
   - Section 1.4: Limitations, including limitations on the availability of information, (especially baseline data), problems of attribution, etc.
   - Section 1.5: The layout and structure of the remainder of the report.

2. **Part II: Assessment of progress in meeting each objective**: (each objective should constitute a chapter) Within each chapter there should be the following sections:

   EVALUATION OF OBJECTIVE A
   - Section 2.1 Introduction: Review the objective/outcome and why it is important (i.e. its context).
   - Section 2.2 Methods: Methods Used to collect data and draw conclusions. This may include:
     - Performance against specific indicators for the objective
     - Surveys of clients satisfaction with the services (quality, timeliness, etc) provided by the MDA/RS/LGA/other institutions.
     - Compliance with standards, rules and regulations
     - Results of other relevant evaluations, studies or surveys (secondary data) prepared by others
     - Other methods, where relevant
   - Section 2.3 Data and Main Findings:
     - Discuss the data, the results to be inferred from the data and the main conclusions
     - Are there reasons why objectives may not have been met?
   - Section 2.4 Summary: summarise results and focus on the issue of improvement: are things getting better?

REPEAT EVALUATIONS FOR OBJECTIVES, B, C, D, ETC.

ANNEX

3. **Annex 1:** Outcome Indicator Monitoring Form (Form MEF 7.3)
4. **Annex 2:** Bibliography
5. **Annex 3:** Other Supporting Data

The monitoring and evaluation actions required to prepare this report are presented on a section-by-section basis below.

PART II OF THE 5 YEAR OUTCOME REPORT: ASSESSMENT OF PROGRESS IN MEETING EACH OBJECTIVE

Generally, the assessment of whether objectives are being met should be undertaken as a **series** of evaluations, reviews, or analytical studies. The findings of these studies should be analyzed and put together (in an integrated fashion) in order to provide a comprehensive, consistent, and coherent evaluative story. In some cases existing monitoring indicators can be employed to support this analytical work.

Different objectives are likely to be assessed using a different set of monitoring and evaluation methods (as outlined in Table 9 on page 67). These methods should be planned during the preparation of a results framework and M&E plan (see Section 4.12) and consist of the following:

- Cost Benefit Analysis
- Impact Assessment
- Outcome Evaluation
- Process Evaluation
- Review

Each of these methods is discussed below, in turn.

COST BENEFIT ANALYSIS

Cost benefit analysis asks whether an intervention was worth it. It involves identifying the incremental monetary benefits that arise from an intervention (i.e. were caused by the intervention) and then calculating its present discounted value. This is then compared to the present discounted value of the intervention's cost. In general:

- Cost benefit analysis is difficult to undertake when services do not have well-established markets. Since this is commonly the case for Government, cost benefit analysis may be difficult to practice in a public setting.

Figure 7: Usage of the word "impact" in M&E

The term "impact" has several usages in M&E. In this context "impact" is being used to mean the effect an intervention "A" has on an outcome "B." More formally, impact is defined as:

- XXX.................................
- ....
- ....

The word impact, in the context of development programmes, log-frames, or the results chain is sometimes meant to distinguish different levels of outcomes, with "impact" referring to long-run outcomes. Generally outcomes can be:

- Immediate (like satisfaction with usage of a service)
- Intermediary (like a change in the behavior or condition of a service user)
- Long-term (a long-term change in the behavior or condition of a service user)

Since the benefits arising from the intervention must be attributed to the intervention, cost benefit analysis is often done as part of an impact assessment (see the discussion below).

IMPACT ASSESSMENT

Impact assessments are intended to determine whether an outcome (effect or change) was caused by an intervention. To do so, **alternative explanations** for the outcome must be eliminated. That is, was B an impact of A or was B caused (or influenced) by A? This type of question is implied by most programme or project evaluations which assume the design of the programme caused specific results to ensue.

The example below outlines a process for undertaking an impact assessment. The "impact" of constructing a road (whose objective was to increase the volume of trade), can be assessed by using the indicator "average farmer income." Looking only at "before" (baseline) and "after" measures of income is, however, insufficient to demonstrate that the intervention caused the change. This is because the change could have happened for other reasons (for example, improved rains).

To establish cause and effect a "counterfactual" is created, often involving **randomly** populated "control" and "treatment" groups. These groups need to have similar characteristics, except one group received an intervention and the other didn't. In Figure 30 (page 77) the average annual income increased from TSh 200,000 to 230,000 in the treatment group (villages near the road). However, incomes also rose in the control group; this rise in the control group is the estimation of the influence of "other factors" on income.[11]

Average Farmer Incomes Before and After the Construction of a Road. (The Treatment Group is located near the road, the Control group is unaffected by the Road)

	Before	After	Difference
Control Group	205,000	215,000	+10,000
Treatment Group	200,000	230,000	+30,000

The comparison made is whether the differences are different (DOD is the "impact" on the average farmer: 30,000-10,000 = 20,000). "Before" is the baseline value

This method applies to any intervention, for example, to measure the impact of the policy of privatisation, service delivery performance should be compared between parastatals which were privatized and a control group of institutions that were not. In general, impact assessments require careful planning and design in order to ensure a valid counterfactual is created.

OUTCOME EVALUATIONS

Outcome Evaluations have a reduced "burden of proof" when compared to impact assessments. Outcome evaluations aim to measure (quantify) outcomes and their trends rather than attribute a trend to an intervention; the issue of cause and effect is either ignored or **assumed** to have occurred. Evaluators identify and measure outcomes, and their trends, rather than how they came about. Though this removes much of the measurement burden, it also requires careful planning. The measurement of outcomes will often involve undertaking studies or surveys to collect information, including the perceptions of service users or clients. Depending on the availability of

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[10] For example, it is the improved agricultural yields realized following improved extension work or the reduction of corruption due to increased pay. As discussed in Section 7.1.4 indicators may be derived from observational studies, routine administrative data, or surveys and questionnaires.

[11] A rise in farmer incomes could be caused by increased prices, rainfall, increased demand, and so forth. It is even possible that incomes could have gone down in both the control and treatment group. If they went down less in the treatment group, then the road still had a positive influence. There are many ways to create control and treatment groups, including randomized and non-randomised experimental methods, natural experiments and other statistical and econometric tools.

[12] Outcome evaluations always have assumptions concerning how long it is likely to take for an outcome to arise.

[13] Technically, a baseline value is the value prior to an intervention. When interventions are continuous, baseline values can be taken as historical. This, however, resembles the before-after case, because targeted values should be based upon historical, baseline values plus some level of improvement. The targeted value should (if possible) be based on baselines, but include some element of improvement.

information, and the cost of collecting information, assessing outcomes can be done by (amongst others):

1. Comparing indicators values before and after (without attributing the change). In this case, there needs to be baseline values.[12]
2. Comparing targeted indicator values to actual indicator values.[13]

PROCESS EVALUATION

Government institutions should assess, on a regular basis, whether standards are being met and rules and regulations are being followed. These process assessments are generally referred to as compliance inspections. The basis of the inspection is the collection of supporting "evidence," which is used to establish compliance. Evidence typically consists either of records and documents or physical verification and observation (for example, was a dispensary which was claimed to be constructed through a block grant actually built?).

Where possible, compliance inspections should have counterpart outcome evaluations. For example, accounting audits investigate whether accounting rules or procedures are being adhered to, while "value for money" audits look at the **efficiency** of expenditure (for example, was there waste?).

REVIEWS

Reviews are the "missing middle" between "M" and "E." They are used to collect **perceptions** (what people think: right or wrong).[14] Reviews are the best way to understand clients and to gauge their expectations. In Chapter Four Government institutions are enjoined to undertake annual reviews of stakeholders' perceptions. Key methods for collecting this information are provided in that chapter.

Methodologically, reviews often include informal interviews or focus group discussions that aim to understand people's opinions, to get their assessments of problems or areas of weaknesses, and to find out what they recommend.[15] Reviews may summarize or re-interpret monitoring information or make use of "expert opinion" (for example, when Programmes or Projects are reviewed). A good review is participatory, focuses on learning lessons, and attempts to incorporate the lessons learned into future action.

INTERNAL M&E INITIATIVES

In addition to the external reporting requirements documented above, Government institutions should undertake internal M&E initiatives in order to track their performance. Amongst others, Government institutions should:

- Review and Evaluate the design of its interventions, projects, and programmes
- Monitor activity implementation

These are discussed in more detail below

[14] In using reviews, it is essential to listen and consider, but not necessarily to agree.

[15] See Section 4.8 concerning focus groups and stakeholder analysis. In practice reviews can be done continuously and can consist of simple conversations with service users. In this sense they may blend with monitoring.

DESIGN

During the course of implementation institutions should continually assess and re-assess the design of their interventions. This may be done formally or informally. Though design influences performance, and though stakeholders will be interested in how programmes and projects are designed, Government institutions are not required to report the results of their reviews. The following tools are commonly used to review design:

- *Expert Review*, for example, mid-term or end-of-programme reviews. These may be done externally (i.e. independently) or jointly. These types of reviews are largely perception-based and should not be confused with evaluations, which are largely factual and largely concerned with performance. A good review consults with a wide range of stakeholders and produces feasible recommendations that convince management to adjust the course of implementation
- *Output to Purpose Reviews* assess whether the design of outputs are relevant—i.e. whether they are likely (in theory) to produce the desired outcomes.

ACTIVITY IMPLEMENTATION

Though there are no external reporting requirements at the level of activities, it is important to internally monitor progress in terms of activity implementation. However, since activities tend to be numerous and at a lower level of the results chain, activity monitoring is likely to occur primarily at departmental level. At this level it is important to monitor of whether activity implementation has started on time, whether sufficient resources have been made available, and during implementation whether the activity is likely to be completed on time. In making such assessments it is important to capture situations where the implementation of one activity may affect other activities (i.e. dependencies) and where activity implementation may have negative consequences on the production of outputs. Typically activity monitoring focuses on and identifies exceptions (activities which are late or will be postponed) together with their likely effects on other aspects of the plan.[16] This often involves an assessment of the action plan, work plans, schedules, or procurement activities. This corresponds to the monitoring of planning instruments discussed in more detail in Chapter 6.

Finally, there is a relationship between activity implementation and financial monitoring; as activities are implemented expenditures are made. In this sense, expenditure data can, in some circumstances, be used as an indicator of activity implementation. However, as was pointed out in Chapter 6 expenditure data may diverge from activity implementation data when:

- Actual expenditures are made on items or activities outside the plan (but are assigned to an activity in the plan)
- An activity has an extensive planning phase and a short expenditure phase; in this case the work done to organise an activity is not captured by expenditure data

Activity expenditures follow a procurement process whereby expenditures are back loaded; in this case an activity can be at an advanced stage (for example the implementation of a consultancy) but expenditures can be minimal.

[16] To recall from Chapter six activities may have dependencies, for example if the completion of activity A01C03 depends on the completion of activity A01S02.

Use of Logical Framework Approach and Logical Framework Matrix in Strategic Planning

The *Logical Framework Approach* (LFA) is an analytical process and set of tools used to support strategic planning and management. The Logical Framework has the power to communicate the essential elements of a complex plan clearly and succinctly throughout the plan cycle. The logframe is applied when planning, implementing and evaluating specific plans and programs within an action plan. It is valuable for carrying out logical checks during plan ***design*** as well as for ***monitoring*** progress and reviewing activities and output during plant implementation.

- It is used to develop the overall design of a plan, to improve the plan implementation ***monitoring*** and to strengthen periodic plan evaluation;
- It provides a set of interlocking concepts which are used as part of an iterative process to aid structured and systematic analysis of a plan or program idea
- LFA is best started early in activity design, and should be thought as an 'aid to thinking'.
- It allows information to be analyzed and organized in a structured way, so that important questions can be asked, weaknesses identified and decision makers can make informed decisions based on their improved understanding of the plan rationale, its intended objectives and the means by which objectives will be achieved
- A frequent problem with the application of the log frame approach is that the planning process and the preparation of the matrix are carried out separately from the plan proposal or the budget, resulting in inconsistencies between the contents of the log frame matrix and the description of the plan contained in the narrative of the main documents.
  - o Therefore, the application of the LFA should come first, and then provide the needed information for completing the other required documents.
- There is a clear distinction between the *Logical Framework Approach* and the Logical Framework Matrix. The first refers to the ***steps*** involved in planning and designing the plan. These ***steps*** include a ***stakeholder analysis***, cause-effect analysis, objectives analysis, and alternatives analysis culminating in the design of the plan.
- The matrix, which summarizes the final design of the plan, usually comprises 16 frames organized under 4 major headings (shown later below)

Logical Framework Approach (Analytical Process) (Adapted from AUSAID 2005[17])

Before starting with the activity design and the construction of the log frame matrix, it is important to undertake a structured analysis of the existing situation. LFA incorporates four main analytical elements to help guide this process:

1. Problem Analysis: involves identifying what the main problems are and establishing the cause and effect relationships which result in, and flow from, these problems (see also problem and preference ranking, or problem tree analysis as methods for problem identification).
2. *Stakeholder Analysis*: having identified the main problems and the cause and effect relationship between them, it is then important to give further consideration to ***who*** these problems actually impact on most, and what the roles and interests of different ***stakeholders*** might be in addressing the problems and reaching solutions (see also stakeholder identification).
3. Analysis of Objectives: ***objective trees*** should be prepared after the problem tree has been

[17] AUSAID (Editor) (2005): AusGuidelines 3.3 The Logical Framework Approach. Sydney: Commonwealth of Australia. URL [Accessed: 20 May 2017]. These guidelines present the Logical Framework Approach, with the analysis of the situation and how to prepare the related matrix.

completed and an initial stakeholder analysis has been undertaken. This will give an image of an improved situation in the future.

4. Analysis of Strategies: comparison of different options to address a given situation.

The Logical Framework Matrix (Logframe)

The results of the ***stakeholder***, problem, objectives and ***strategy*** analysis are used as the basis for preparing the Logical Framework Matrix. The Logical Framework Matrix (or more briefly the logframe) consists of a matrix with four columns and four (or more) rows, which summarize the key elements of a plan and should generally, be between 1 and 4 pages in length. However, this will depend on the scale and complexity of the plan.

Table 1: Typical logical framework matrix

Plan description		Objectively verifiable indicators of achievements	Sources and means of verification	Assumptions
Goal	What is the overall broader impact to which the action will contribute	What are the key indicators related to the overall goal	What are the sources of information for these indicators	What are the external factors necessary to sustain objectives in the long run
Purpose Or objective	What is the immediate development outcome at the end of the plan	Which indicators clearly show that the objective of the plan has been achieved	What are the sources of information that exist or can be collected? What are the methods required to get this information	Which factors and conditions are necessary to achieve that objective? (external factors)
Outputs	What are the specifically deliverable results envisaged to achieve the specific objectives	What are the indicators to measure whether and to what extent the action achieves the expected results	What are the sources of information for these indicators	What external conditions must be met to obtain the expected results on schedule
Activities	What are the key activities to be carried out and in what sequence in order to produce the expected results	What are the means required to implement these activities e.g. personnel, equipment, supplies	What are the sources of information about action progress What are the action costs	What pre-conditions required before action starts

Source: *BARRETO (2010[18]).*

[18] Leonellha Barreto Dillon 2010," Logical framework Approach". second international gmbh, accessed on 20 May 2017.

How to Prepare the Logical Framework Matrix?

First Stage - TOP DOWN:

Project Description	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions
Goal			
Purpose			
Outputs			
Activities		Means and Costs	

- **Goal**: starting at the top and using the information from the *Objective Tree* write the overall objective of the plan. The overall objective may be beyond the reach of this plan on its own, for instances: "To contribute to improved family *health* and the general *health* of the rive ecosystem".
- **Purpose/objective:** it describes the desired outcome that the plan will achieve. This should be clear and brief. Example: "Improved *river* water quality".
- **Outputs:** describe the plan intervention *strategy*. There may be several outputs. Example: "1) Reduced volume of *wastewater* directly discharged into the *river* system by households and factories".
- **Activities:** these are the tasks that are needed to achieve these outputs. There may be several for each output. Statements should be brief and with an emphasis on action words. Examples: " Conduct baseline survey of households and businesses; Complete engineering specifications for expanded *sewerage* network", etc.
- Inputs: when required to do so provide additional information, such as the means and costs, which are needed to carry out these activities.

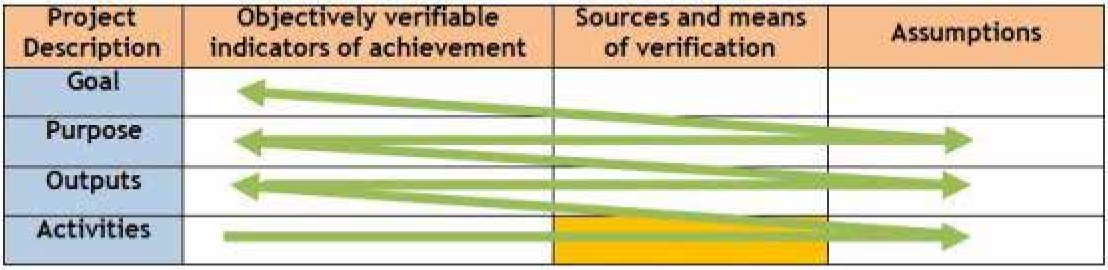
Second Stage - WORK ACROSS

Project Description	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions
Goal			
Purpose			
Outputs			
Activities		Means and Costs	

- **Objectively verifiable *indicators* of achievement:** starting from the top to the bottom of the hierarchy of the objectives, begin to work across the logframe identifying the Objective Verifiable *Indicators* for measuring the progress in terms of quantity, quality and time. There are two kinds of *indicators*:
    - o Impact *indicators*: related to the overall goal, helps to monitor the achievement and the impact of the plan. Example: "Incidence of *water borne diseases*, skin infections and blood disorders caused by *heavy metals*, reduced by 50 % by 2020, specifically among low income families living along the *river*".
    - o Process (our outcome) *indicators*: related to the purpose and results. These measure the extent to which the stated objectives have been achieved.
- **Sources and means of verification:** the source of verification should be considered and specified at the same time as the formulation of *indicators*. This will help to test whether or

not the ***indicators*** can be realistically measured at the expense of a reasonable amount of time, money and effort. The SOV should specify how, ***who*** and when the information will be gathered.

Third Stage - BOTTOM UP



Assumptions: reflecting up from the bottom of the log frame, consider how, if each assumption holds, it will be possible to move to the next stage of the plan. Assumptions are external factors that have the potential to influence (or even determine) the success of a plan, but lie outside the direct control of plan managers. Assumptions are usually progressively identified during the analysis phase. The analysis of ***stakeholders***, problems, objectives and strategies will have highlighted a number of issues (i.e. policy, institutional, technical, social and/or ***economic issues***) that will impact on the plan 'environment', but over which the plan may have no direct control. In the case of the ***river*** water pollution example, important assumptions might include issues related to: 1. Rainfall and ***river*** flow (beyond the plan 's control, but potentially critical in terms of changes in levels/concentration of pollutants found in the ***river***); 2. Householders and businesses willingness to pay for improved ***sewerage*** connection

(Footnotes)

[1] TECHNICAL NOTE: Traditionally, evaluations are broken into two types: formative and summative. Formative evaluations are used in the development of a plan (or Programme) and thus tend to occur earlier in the planning cycle. They link analysis to "what should be done." Summative evaluations tend to occur after the fact. The terms "summative" and "formative" roughly correspond to issues of decision making and accountability. Specific definitions of Monitoring and Evaluation, and several related terms, can be found in the beginning of the manual, while background material on M&E can be found at: http://www.mande.co.uk/sources.htm, http://www.eval.org/EvaluationLinks/ onlinehbtxt.htm, or http://www.resources4evaluators.info/.

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