

# Promoting good financial governance in Tanzania



## Project full name:

Good Financial Governance: Accountability and mobilisation of state revenue

## Priorities:

Strengthening State Institutions

Protecting and Promoting Civic Space

## Phase II:

2020 - 2023

## Implementing partner:

German International Cooperation (GIZ)

## SDC contribution:

CHF 8,625,000

## Total phase budget:

CHF 17,825,000

## Co-funders:

- German Federal Ministry for Economic Cooperation and Development (BMZ)
- European Union (EU)

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<https://www.giz.de/en/worldwide/42511.html>

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## Project overview

A country's ability to provide good public services depends on the transparent and efficient management of its financial resources. Functional and accountable public finance systems have a positive impact on sustainable development and poverty reduction. In recent years, Tanzania's public finance system has made small, but steady progress. Domestic revenue mobilisation continues to grow in absolute terms, however remains well below targets - revenue collection stood at 89% in 2018/19, equal to only 14.4% of GDP.

There are still challenges in improving financial control, domestic revenue and overall financial accountability. Internal and external audit bodies continue to grow in their oversight functions, providing sufficient attention to aspects of efficiency and value for money. However, the implementation of audit recommendations remains a challenge.

The Good Financial Governance (GFG) programme aims to improve the capacity of these key accountability institutions, contributing to the increase in the efficiency of public spending which will ultimately improve public services, thus increase human development and reduce poverty.

## Overall goal

*Strengthening the public finance system in accordance with the principles of good financial governance, specifically transparency, efficiency and accountability leading to improved allocations for delivery of services that benefit the wider population, especially women.*

## Approach

The GFG programme – implemented by GIZ and co-funded by the EU, Germany and Switzerland - supports the Tanzanian Government's programme of public finance reform by enhancing the level of accountability provided by the government in the area of public finances and by increasing the demand among the

country's citizens for accountability. The focus is on four fields of activity:

- **Strengthening external financial control:** In particular the individual and institutional capacity of the National Audit Office of Tanzania (NAOT) to plan and carry out extended audits of accounts as well as audits in specialised fields.
- **Strengthening the internal audit system:** Internal audit reports of internal audit units in ministries, departments and agencies and Local Government Authorities (LGAs) fully achieve international standards.
- **Supporting local public revenue:** Increase local revenue levels - 15 selected local authorities get advice on how to increase and manage own-source income in an efficient and transparent manner.
- **Strengthening social accountability:** The programme promotes the reviewing and processing of easily comprehensible information provided by the government on accountability. The facilitation and capacitating District Business Councils is replicated and rolled-out to more LGAs.

## PHASE I RESULTS

- Roll out of a new comprehensive performance audit methodology in 33 LGAs by NAOT.
- Own-source revenue increased by 123% in 10 partner LGAs, from TZS 28 billion (CHF 10.7 million) in 2014/15 to TZS 63 billion (CHF 24.2 million) 2018/19.
- 92% of respondents in a mini-survey perceived an improvement in the dialogue between LGA and citizens.

## Expected outcomes

1. NAOT increasingly performs its role as a supreme audit institution efficiently.
2. Conditions for an effective internal audit function are improved.
3. Capacities for efficient and transparent management of local government revenue sources are increased.
4. Conditions for dialogue between the public administration and citizens on transparency and accountability of public funds at local level are improved.

## Beneficiaries:

Central Government departments: NAOT, IAGD; President's Office - Regional Administration and Local Government and LGAs; Tanzania Revenue Authority; and Civil Society Organisations.