Background

Tanzania’s Public Expenditure Review (PER) process provides a forum where working groups comprising of representatives from the Government, development partners, academia, the private sector and civil society organizations agree on an analytical agenda, guide and finance its implementation and review all outputs. The overall objective is to improve fiscal policy formulation and management.

The 2014 studies are now nearly complete with final drafts available on arrears, pensions, contingent liabilities, tax incentives and the Public Investment Manual. Two other studies are ongoing on non-tax revenues and PPPs in the transport sector. The 2015 pipeline will be discussed at the PER Champions Group meeting in February.

For more details please see the MoF or DPG website:
http://www.tzdpg.or.tz/index.php?id=1229

Upcoming Events

27th February, 2015 Ministry of Finance PER Champions Group Meeting
5th -7th March, 2015 University of Dar es Salaam Technical meeting for developing the 2015 study TORs

PER Secretariat Contact Information

The PER Secretariat is headed by the Deputy Permanent Secretary (Ministry of Finance) and consists of staff from the Government and representatives of Development Partners:

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Please do not hesitate to contact the PER Secretariat if you have any questions or comments.

PER 2015 Pipeline

Four PER study proposals have been made. These are efficiency gains in infrastructure investment projects; implications of the GDP rebasing on macroeconomic, fiscal and public expenditure planning; environment and climate change; and social protection. The proposals will be presented for approval to the PER Champions Group meeting scheduled in February, 2015 and up to three studies will be chosen.

Action Plans

Actions plans have been drafted for the NAIVS, tax exemptions and fiscal inequities report. For more details, please contact the PER Secretariat. These will be discussed at the forthcoming technical and PER Champions meeting.
PER 2014 Studies

The 2014 PER has produced 3 comprehensive studies to date (contingent liabilities, arrears and public investment management operational manual) with three ongoing (pensions, non-tax revenues and PPPs in the transport sector). The text below sets out the key findings from the completed studies.

Contingent Pension Liabilities (December 2014)

This study looks at the pension system in Tanzania and aims to assess its sustainability. The study revealed that the Government pension liabilities consist of two streams – obligations to repay the PSPF for pre-1999 benefit payments made on its behalf and contingent liabilities of all funds whereby government would make benefit payments should the funds not be in a position to do so. Further, the report suggested that, if the pensions new harmonization rules are applied in full the Government contingent pension liabilities will be significantly reduced. PSPF was reported as the main liability both in the short and the long term. To secure the financial position of the PSPF will require both a reduction in outstanding liabilities and increased payments from the Government. It was further recommended that a merger of funds would reduce government contingent pension liabilities in future and should allow for efficiency gains. Another suggested option is to reduce Government pension liabilities going forward by gradually increasing the retirement age. The Government has prepared a strategy for clearing pensions’ liabilities especially the pre 1999 PSPF liabilities.

Payment Arrears: (November 2014)

The arrears study aims to find solutions to avoid accumulation of payment arrears in order to improve the credibility of budget execution. Currently, regular reporting by the Accountant General’s Department suggests the scale of government arrears to have significantly increased from 1.4 percent to 2.3 percent of GDP over the period since December 2010. The report suggests that, deterioration in compliance to financial rules and regulations, budget discipline and lack of effective enforcement have contributed to or failed to prevent the accumulation of payment arrears exist at each stage in the budget cycle. The report recommended various measures to be adopted by the Government to clear the existing stock of arrears and prevent their re-occurrence. Some of the recommended measures include: Government to issue an updated guideline on the definition and reporting of payment arrears and provide associated training; update and disseminate the financial regulations and other instructional materials to support the revised legal framework; improve revenue forecasting capacity and expand the role of the independent assessment of revenue forecasts; and to prepare and publish arrears clearance strategy and timeframe. In response to the consultant’s recommendations, the Government has prepared a strategy for clearance and prevention of arrears.

Contingent Liabilities (December, 2014)

This study looks at the management of contingent liabilities in Tanzania, an essential component of fiscal risk management. The study identifies and estimates contingent liabilities in different categories; one-off guarantees, standardized guarantees, pension guarantees, PPP guarantees, litigations and on-lending that includes credit risks (the final borrower is responsible for repaying the loan). The report provides a series of recommendations. These include: the need to set a properly defined debt limit and prepare guidelines and procedures based on a credit rating methodology for the issuance of guarantees; disclosure and reporting of guarantees should adhere to relevant IPSAS and IFRS standards and the verified debt from transformation of provident funds to pension funds, which have immediate implication to the government’s fiscal policy, to be restructured into long term maturities and acknowledged through Consolidated Financial Statement.

The studies will soon be available on the MoF and DPG websites, but if you would like to have the final versions before this, please contact the PER Secretariat.