

REVOLUTIONARY GOVERNMENT OF ZANZIBAR

OFFICE OF TREASURY REGISTRAR AND PUBLIC ASSET MANAGEMENT

PERFORMANCE CONTRACTING GUIDELINES

2024

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FOREWORD

For the purpose of enhancing effective management and oversight Public Investment Entities, the Office of Treasury Registrar has issued these guidelines that will be used by all Public Investment Entities and any Public Institution designated by the Minister responsible for finance under section 2(c) of the Office of Treasury Registrar and Public Asset Management Act No. 6 of 2021.

As part of initiatives to ensure strong Public Investment Entities which will work effectively, meeting the expectations of its establishment and provide quality services to the public, the Government through Office of Treasury Registrar has embarked on developing strategies and plans for performance management effectiveness in the Public Investment Entities through re-engineering of the current performance management framework including performance contracting.

Performance contracting is part of the broader Public Investment Entities reforms aimed at improving efficiency and effectiveness in the management of the Public Investment Entities. Thus, all Public Investment Entities and any Public Institution designated by the Minister responsible for finance under section 2(c) of the Office of Treasury Registrar and Public Asset Management Act No. 6 of 2021 shall be prepared to use these guidelines for identification of the performance indicators and targets, negotiations, vetting and implementation of the Performance Contracts.

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WAHEED MUHAMMAD IBRAHIM SANYA

TREASURY REGISTRAR

LIST OF ABBREVIATIONS

CEO - Chief Executive Officer

FY - Financial Year

HR - Human Resource

OTR - Office of Treasury Registrar

PC - Performance Contract

PIEs - Public Investment Entities

RGoZ - Revolutionary Government of Zanzibar

TR - Treasury Registrar

CHAPTER ONE

1.0 AN OVERVIEW OF THE OFFICE OF TREASURY REGISTRAR

1.1 Introduction

The Office of Treasury Registrar was established in 2021 under the Office of Treasury Registrar and Public Asset Management Act No. 6 of 2021 which repealed the Public Investment Act No. 4 of 2002.

The main objective of establishing the Office of Treasury Registrar is to manage Public Investments, Public Assets in Government Institutions and Organizations and companies in which the government hold shares or which are of public interest.

Section 6 of The Office of the Treasury Registrar and Public Asset Management Act Number 6 of 2021 provides for functions of the Office of Treasury Registrar whereby among others, the Office of Treasury Registrar is mandated to issue guidelines, procedures and operating manuals for the oversight of Public Investment Entities. These guidelines set out procedures to be followed by PIEs in preparation and reporting on implementation of the performance contract.

1.2 Interpretation

Cascading of Performance Contracts – refers to the process of extending performance contracting to downstream by signing lower level Contracts with departments and linking specific deliverables and targets to individual officers through work plans and the staff performance appraisal tool.

Exogenous Factors – Occurrences that cannot reasonably be planned for, controlled or predicted.

Performance Criteria – is a principle or standard for evaluating achievement, represented by a range of performance indicators on which performance is evaluated.

Performance Evaluation – the process of ascertaining the extent of achievement of the agreed performance targets using the prescribed performance evaluation methodology.

Performance Indicator – is a measurable variable by which the performance of PIEs is assessed.

Performance Monitoring – is the consistent tracking of performance and provision of feedback to management, work groups and employees on progress towards achieving the set performance targets.

Performance Target - is the desired level of achievement for a performance indicator.

Vetting – refers to the process of scrutinizing negotiated performance contracts to establish conformity to the Performance Contracting Guidelines. The process ensures quality assurance and is undertaken by the OTR

1.3 Vision

“To be an effective tool for productive investment and management of public assets”.

1.4 Mission

Establishing policies, guidelines and management criteria to ensure that Public Investment Institution and Public Assets are productive at the best level.

1.5 Core values

In day-to-day operations, the OTR is guided by the following core values:

i. Integrity

We commit to act honestly, fairly and openly, to honor our commitments and will not use public office for personal gain.

ii. **Respect**

We are committed to treat each other and the general public with respect by ensuring fairness, upholding merit principle and ensuring non-discrimination in the handling of the affairs of the office.

iii. **Objectivity**

We commit to act impartially in the execution of our duties and will provide the government with objective and honest advice.

iv. **Excellence**

We strive for excellence and work to the best of our abilities with pride, skill, dedication and we are committed to provide service to the public that is timely, competently, fairly, efficiently and effectively by acting objectively, professionally and lawfully.

v. **Creativity**

We support continuous learning and encourage creativity and innovation with a view to improve knowledge and skills of all staff so as to improve service rendered to OTR's stakeholders and the general public.

vi. **Teamwork**

We believe in teamwork and participatory management and we are committed to promote citizen-centered service by collaborating with stakeholders across departmental and Governmental boundaries.

CHAPTER TWO

2.0 AN OVERVIEW OF THE GUIDELINE

2.1 Introduction

PC is a written agreement between the TR and the Board of PIE on the objectives that the respective PIE shall implement within one FY.

The objectives contained in the PC shall contain criteria, targets and indicators to be used to measure the performance of the PIE at the end of the FY. PC shall outline the roles of the PIE in implementing the PC and the roles of the TR in enabling the respective PIE to achieve the objectives and targets contained in the PC.

PC aims to reinforce the concept of results-oriented performance, improving economic and social services, and increasing the accountability of PIEs' leaders at the policy and executive management level.

2.2 Scope

These guidelines shall apply to;

- i. Public Investment Entities (PIEs)
- ii. Any public institution designated by the minister in accordance with section 2(c) (Applicability) of The Office of the Treasury Registrar and Public Asset Management No. 6 of 2021.

2.3 Objective of the Guidelines

Objective of these guidelines is to support PIEs in identification of the performance indicators and targets, negotiations, vetting and implementation of the Performance Contracts. The Guidelines are also intended to ensure clarity and standardization of the Performance Contracts. Specifically, the guidelines are intended to achieve the following:

- i. To comply with Section 35 of the Act;
- ii. To define objectives and targets to be performed by the Board of Public Investment Entities entering the contract;
- iii. To monitor and measure performance against targeted output;
- iv. To use Performance Contracts as the basis for assessing efficiency and effectiveness of the Board;
- v. To use Performance Contract as a tool to Improved Organizational Results;
- vi. To control and enhance employees' performance and thus the performance of the whole institution.

2.4 Roles and Responsibilities of Key Players in the PC Process

2.4.1 Treasury Registrar

- i. Receives quarterly performance progress reports
- ii. Analyzes them and provide feedback to the respective PIE
- iii. Undertakes physical verification of the achievements in order to ensure credibility of reports
- iv. Provides technical support to PIEs in implementation of the relevant performance indicator(s) including capacity building; and assess the annual performance of PIEs and communicate the results to each PIE.

2.4.2 Chairperson of the Board of PIE

Provides oversight to the performance contracting process including negotiations, performance monitoring and reporting, and annual performance evaluation.

2.4.3 CEO of the PIE

- i. Identifies performance indicators and targets
- ii. Negotiates the PC for the PIE in consultation with the Board.

- iii. Overseeing cascading of the PC targets, monitoring and reporting, and annual performance evaluation.

NB: PIEs should in all cases be represented by officers who are trained and fully conversant with the performance contracting process during negotiations and evaluation of performance.

2.5 Key Elements of the Model Performance Contract

The standard structure of the performance contract is provided in **Annexes I** (Model Performance Contract) of these guidelines. The following is an explanation of the key elements of the Model Performance Contract for which PIEs are required to provide relevant information when preparing their performance contracts in readiness for negotiations/vetting:

I. PART ONE

- a. Name of the parties involved, address and preamble of the PC.

II. PART TWO

- a. Interpretations
- b. Vision and Mission Statements and Strategic Objectives of the PIE
- c. Statement of Strategic Intent

III. PART THREE

- a. Objectives of the PC
- b. The agreement between the parties
- c. Key Performance measurement for PIEs

IV. PART FOUR

- a. Obligations of the parties
- b. Performance evaluation and feedback
- c. Reward and Penalties
- d. Commencement and Duration of PC
- e. Termination of the PC
- f. Signatories of the PC
- g. Attachment

2.6 Assignment of Weights across Performance Criteria and Indicators

The weights for various Performance Criteria categories should be applied as assigned here below:

Performance Criteria	Weight (%)
People Management	10
Good Governance and Control	10
Customer Service	10
Core Functions of Institution Mandates	50
Financial Stewardship	20
Total	100

PIEs should note the following:

- i) The performance criteria sub-weights have been pre-set and should not be altered. In addition, performance indicator weights have been pre-set for Good governance and control, Customer service and People management.
- ii) The sub-weight under the Core functions of institution mandates and Financial Stewardship criteria should be distributed in negotiated proportions to the various performance indicators and should reflect the relative importance of each performance indicator. PIEs should focus on the most critical output-based performance indicators guided by the hierarchy of results.

2.7 Performance Contracting Cycle and Timelines

The Performance Contracting Cycle is a detailed representation of the PC process that entails planning, implementation, review and planning for the subsequent cycle. The cycle comprises:

- i. Review of the guidelines.
- ii. Identification of performance targets,
- iii. Negotiations and vetting of the performance contracts.
- iv. Signing of the performance contracts; implementation of the contracts.
- v. Monitoring and reporting of performance; Quarterly performance review.
- vi. Performance evaluation.
- vii. Release of the results and review of the performance contracting guidelines to inform the succeeding year's performance contracting cycle.

The timelines for completion of the various phases of the performance contracting cycle are provided in the table below, with an illustration in the form of a flow chart provided in **Annex II**:

Activity	Timeline
Identification of Performance Targets	By 30 th May/November
Pre-Negotiation Consultations	1 st June-15 th June/December
Negotiation of Performance Targets	16 th June-22 nd June/December
Vetting of Performance Contracts	23 rd June-30 th June/December
Signing of Performance Contracts	1 st July-5 th July/January
Implementation of Performance Contracts	1 st July-30 th Jun of the following year/ 1 st Jan-30 th Dec of the following year
Performance Evaluation	
Submission of Performance Reports	By 15 th July/January
Evaluation/Moderation	1 st Aug-15 th Oct/ 1 st Feb – 15 th April
Release of Results	31 st Oct/30 th April

NB: The timelines for completion of the various phases of the performance contracting cycle depend on financial year of certain PIEs.

2.7.1 Pre- Negotiation Consultations and Negotiations

I. Pre-Negotiation Consultations

In this stage PIEs are required to create a common understanding of the scope of their operations, core business, financial and human resources, emerging issues and other factors that may affect performance. The consultations should also involve other Institutions whose operations may affect achievement of the PIE's performance targets. The Treasury Registrar will provide any required support to ensure that the pre-negotiation consultations are undertaken smoothly in order to comply with the stipulated timelines for the negotiations, vetting and review of the performance contracts.

II. Negotiations of Performance Contracts

During this stage, it should be ensured that performance indicators and targets are in line with priorities set by the Government for each PIE, they support achievement of the mandate of the organization and are aligned to:

- i. Zanzibar Development Vision 2050 (ZDV 2050);
- ii. Sustainable Development Goals (SDGs), 2030;
- iii. Implementation of various Presidential Directives;
- iv. PIE's Strategic Plan; and
- v. The approved budget estimates for the financial year.

It is a requirement that The Office of Treasury Registrar participates in the negotiations of the Performance Contracts for PIEs.

The CEO of the relevant PIE will be responsible for ensuring that annual targets for the performance indicator are identified and communicated to the PIE early for incorporation in the negotiated performance contracts.

2.7.2 Vetting of Performance Contracts

The Office of Treasury Registrar will be responsible for the vetting of the PIEs performance contracts. The purpose of vetting is to ensure:

- a. Compliance with the performance contracting guidelines;
- b. The performance contract is anchored on Zanzibar Development Vision 2050 (ZDV 2050), Sustainable Development Goals (SDGs), 2030, Implementation of various Presidential Directives, PIE's Strategic Plan, PIEs priority performance indicators and other national development priorities;
- c. Performance indicators comprehensively address the core functions of institution mandates of the PIEs and are aligned to the budgetary allocations.

2.7.3 Signatories to the Performance Contracts

This stipulates the persons who shall sign the PC between OTR and board of PIE. The Treasury Registrar will sign on behalf of the Government and the Chairperson of the board will sign on behalf of the board of PIE.

NB: It should be ensured that delay in signing the vetted Performance Contract does not affect commencement of its implementation.

2.7.4 Implementation of Performance Contracts

The vetted Performance Contract should be cascaded by signing lower level Contracts with departments and linking specific deliverables and targets to individual officers through work plans and the staff performance appraisal tool. It is also required to align other planning tools such as the Action, Procurement and Cash Flow Plans to the vetted Performance Contracts.

2.8 Performance Monitoring and Reporting (Including Quarterly Performance Review)

2.8.1 Performance Monitoring and Reporting

Good practice in performance management requires that implementation of Performance Contracts is monitored and reports prepared to assess the extent of achievement of the set targets and inform the Government and Management of PIEs in decision-making. It is encouraged that PIEs undertake self-reporting as a part of advancement of good governance practice.

2.8.2 Submission of Performance Reports

All PIEs are required to prepare and submit quarterly performance reports to OTR within fifteen (15) days following the end of a quarter and the annual performance reports within fifteen (15) days after the end of the contract year. The reports should be in the prescribed formats as provided in **Annex III**

2.8.3 Quarterly Performance Review

The purpose of the Quarterly Performance Review is to track progress of achievement, identify and address challenges and constraints affecting performance to ensure that PIEs are on the course to achieve their annual performance targets. OTR will develop a quarterly Performance Review team to undertake the exercise. To facilitate the exercise, PIEs are required to:

- i) Participate in the quarterly Performance Review.
- ii) Avail the quarterly performance reports and verifiable documented evidence of performance.
- iii) Ensure the reported achievement is based on verifiable documented evidence of performance.

2.9 Annual Performance Evaluation

Performance evaluation is the culmination of the process of performance contracting and is carried out in a manner that ensures objectivity and integrity of the results. PIEs will be required to undertake a self-evaluation (in-house evaluation) based on the annual achievement for each performance indicator.

According to OTR Act there are two (2) kinds of Assessment of PC (Sect. 34 and 35 of the OTR Act). Assessment conducted by TR for the PC between TR and Board; and Assessment conducted by Chairperson of PIE for the PC between Board and CEO.

2.9.1 Assessment conducted by TR

The TR shall conduct evaluation of the PC of the Board and within 60 days from the date of receipt from PIE, submit report to the responsible Minister for recommendation. PIEs are expected to provide verifiable documented evidence of achievement of the agreed performance targets. Performance evaluation for each KPI should reflect the "actual" performance status even in instances where exogenous factor(s) may have been experienced. Any exogenous factor(s) should be objectively established and documented.

2.9.2 Assessment conducted by Chairperson

Chairperson of the Board shall annually conduct assessment of PC between the Board and the CEO and prepared assessment report which shall be submitted to TR within 60 days after the end of the contract period. Where the CEO fails to perform as per terms and conditions prescribed in the PC, the Chairperson of the Board shall report to responsible Minister and TR with full details on lack of performance of the CEO.

2.9.3 Key Documents Required in Evaluation of PC

To facilitate performance evaluation, PIEs are expected to provide verifiable documented evidence of achievement of the performance targets. The required documents are:

- i. SP of PIE;
- ii. Approved budget of the PIE;
- iii. Annual Work Plan;
- iv. Reviewed/A PC signed at the beginning of the year;
- v. Annual implementation PC Report;
- vi. Annual financial statements;
- vii. Internal Audit Reports for respective year;
- viii. External Audit Report for the respective year;
- ix. Annual Self-Evaluation Performance Report (compiled and submitted);
- x. Documentation of any exogenous factors that could have affected the performance of the PIE;
- xi. Evidence to confirm the success of the implementation of the PC as set out in the assessment report of the respective PIE; and
- xii. Illustrations show the reasons why the PIE has been not able to implement the Performance Contract appropriately.

2.9.4 Performance evaluation methodology

Achievement for performance indicator can fall under any of the following performance grades: Excellent, Very Good, Good, Fair or Poor.

No.	Performance Grades	Performance Score	Raw Score Range
1.	Excellent Grade	$1.3T \leq X_a \leq 2T$	1.00 up to 2.40
2.	Very Good	$T \leq X_a < 1.30T$	2.40 up to 3.00

3.	Good	$0.7T \leq X_a < T$	3.00 up to 3.60
4.	Fair	$0.5T \leq X_a < 0.7T$	3.60 up to 4.00
5.	Poor	$0 \leq X_a < 0.5T$	4.00 up to 5.00

Excellent

Achievement ranging from 130% to 200% of the performance target i.e., $1.3T \leq X_a \leq 2T$.

Very Good

Achievement ranging from 100% to less than 130% of the performance target i.e., $T \leq X_a < 1.3T$.

Good

Achievement ranging from 70% to less than 100% of performance target i.e., $0.7T \leq X_a < T$

Fair

Achievement ranging from 50% to less than 70% of the performance the target i.e., $0.5T \leq X_a < 0.7T$

Poor

Achievement ranging from 0% to less than 50% of the performance target i.e., $0 \leq X_a < 0.5T$

Where T= Target and Xa= Actual Achievement

2.10 Guidelines Review

The OTR may review provisions of these Guidelines when the need arises and shall notify Board and CEO on changes to these Guidelines in a prescribed format.

2.11 Effective date

These Performance Contract Guidelines 2024 shall be effective from the date signed by the Treasury Registrar.

ANNEXES TO THE PERFORMANCE CONTRACTING GUIDELINES

ANNEX I: Model Performance Contract



THE REVOLUTIONARY GOVERNMENT OF ZANZIBAR

OFFICE OF THE TREASURY REGISTRAR

PERFORMANCE CONTRACT

BETWEEN

TREASURY REGISTRAR

AND

BOARD OF DIRECTORS OF

XXXX

MM/YYYY

INTRODUCTION

The Contract is made on **DD/MM/YYYY** between **The Treasury Registrar**, a body corporate, established under Section 4 of Act No. 6 of The Office of Treasury Registrar and Public Asset Management Act, 2021, (Establishment of Office of Treasury Registrar of P.O. Box 1154, Zanzibar, of one part

AND

The Board of Directors of **(Name of PIE)** of P.O. Box, Zanzibar, established under the Act No. of YYYY.

PREAMBLE:

- (i) **WHEREAS The Treasury Registrar** as a sole owner of all Public Investments, is vested with the responsibilities inter-alia, is to hold and oversee all Public Investments Entities and other properties including investments comprised of Share Capitals of Public Entities as well as in private investments where the Government owns shares or interests in trust for the President and for the Revolutionary Government of Zanzibar (RGoZ) given responsibilities to the Board to ensure that **(Name of PIE)** meets the objectives of its establishment; and
- (ii) **WHEREAS**, in accordance with Section 35 of The Office of Treasury Registrar and Public Asset Management Act, 2021, Chairperson and other Board members shall enter into a Performance Contract with The Treasury Registrar in accordance with Terms and conditions specified by the Office of the Treasury Registrar.

NOW WHEREFORE, the Parties herein agree as follows:

1. INTERPRETATIONS

For the purpose of this Performance Contract, the following terms will have the meanings ascribed:

Term	Definition
Act	Act No. 6 of 2021 of The Office of Treasury Registrar and Public Asset Management;
Board	Means the Board of the (Name of PIE)
Chief Executive Officer	Means the Head of (Name of PIE) who is responsible for the day-to-day operations;
Manuals and Guidelines	Scheme of Services, Staff Rules, Financial Regulations, Board Charter, Code of Ethics and Conduct, Client Service Charter, Accounting Manual;
Parties:	Treasury Registrar and Board of Directors of (Name of PIE) ;
Performance Contract:	Means an agreement between the Treasury Registrar and Board of Directors of The (Name of PIE) , which sets targets for measuring performance;
Strategic Objectives:	Refers to a statement that translates the vision, mission and goals into realistic, clearly defined and measurable targets, which can be achieved within a specified period;

2. VISION AND MISSION STATEMENTS AND STRATEGIC OBJECTIVES

- Vision Statement of the PIE
- Mission Statement of the PIE
- Strategic Objectives of the PIE

3. STATEMENT OF STRATEGIC INTENT

In carrying out my/our duties, I/we intend to put all my/our efforts towards contributing effectively and efficiently to the achievement of the

national development agenda as espoused in the Zanzibar Vision 2050, keeping in mind the specific priorities of the PIEs.

Bearing in mind the imperative of inclusivity, I/we will implement the following Strategic Intentions during the Financial Year:

- i.
- ii.
- iii.
- iv.

4. OBJECTIVES OF PERFORMANCE CONTRACT

- 4.1 To comply with Section 35 of the Act;
- 4.2 To define objectives and targets to be performed by the Board of **PIE** entering the contract;
- 4.3 To monitor and measure performance against targeted output;
- 4.4 To use Performance Contracts as the basis for assessing efficiency and effectiveness of the Board;
- 4.5 To use Performance Contract as a tool to Improved Organizational Results;
- 4.6 To control and enhancement of employees’ performance and thus the performance of the whole institution.

5. THE AGREEMENT BETWEEN THE PARTIES

- 5.1 The Treasury Registrar is entering this Performance Contract with the Board to clearly define the working relationship between itself and the Board regarding the achievement of the national development goals and objectives stipulated in its establishment instrument, as well as Zanzibar Development Vision 2050 (ZDV 2050) and various national policies, and the agreed Key Performance Indicators are as provided in this contract.

- 5.2 The Board is responsible to formulate policies, procedures, rules, and facilitating timely service delivery and ensures prudent management of resources in accordance with the policies and procedures in place;
- 5.3 Parties recognize the need for adequate and reasonable managerial and operational autonomy to facilitate achievements by The Board of Directors with the Treasury Registrar of the agreed and freely negotiated performance objectives and targets set out in this Contract;
- 5.4 The parties also recognize the responsibility of the Treasury Registrar, as the shareholder, to assist and facilitate the availability of the required financial resources in line with the supervisory and regulatory requirements, and for the attainment of Public Institutions' Strategic Plans.
- 5.5 Parties are desirous of enhancing transparency in the management of public resources, improving service delivery and enhancing accountability for positive results;
- 5.6 The Board has indicated its capacity and competence to perform duties and commitments stipulated in the provisions of this Contract; and
- 5.7 Parties have agreed that the performance of the Board in relation to this contract shall be reviewed annually.

KEY PERFORMANCE MEASUREMENT FOR (Name of PIE)

This section will have five parts: People Management, Customer Service, Good Governance and Control, Core Functions of Institution Mandate, and Financial Stewardship.

1. PEOPLE MANAGEMENT (10 scores)

This criterion measures the efficiency of various Human Resource Management practices towards enhancing organizational productivity and sustainability. It covers aspects such as human capital utilization, human capital development, Performance Management Systems, employee welfare, promotion of an inclusive working environment, and improve care and fight against non-communicable diseases.

SN	Objectives/Strategies	Key Performance Indicators	Weight (%)	Unit of Measure	Benchmark	Status previous year	Indicator target value (current year)
1	Enhance human capital utilization and development	Employee productivity rate	2	TZS			
		% of employee participating in training	1	%			

2	Enhance Performance Management Systems	% of employee receiving regular performance feedback	1	%			
		% of HR functions automated	1	%			
3	Improve employee welfare	% of employee retention rate.	1	%			
		% of employee satisfaction level achieved.	1	%			
		% of grievance resolved	1	%			
4	Promoting Inclusive Working Environment and Improve Care and fight against Non-Communicable Disease	Diversity headcount ratio: • Gender	1	Ratio			
		Number of awareness programs conducted during the year	1	No.			
	TOTAL		10				

2. GOOD GOVERNANCE AND CONTROL (10 scores)

This criterion measures the adherence to Good Governance and Accountability principles and practices by an Institution. It covers several parameters of accountability, including anti-corruption measures, Board efficiency and effectiveness, risk management and controls, and compliance with laws and regulations.

SN	Objectives/Strategies	Key Performance Indicator	Weight (%)	Unit of Measure	Benchmark	Status previous year	Indicator target value (current year)
1	Reduce corruption practices at the workplace	No. of corruption awareness programs conducted during the year	1	No.			
		Number of corruption cases reported	1	No.			
2	Enhance board efficiency in the provision of oversight function to the Institution	Compliance to Internal Audit Recommendations	1	%			
		Compliance to statutory Audit Recommendations	2	%			

SN	Objectives/Strategies	Key Performance Indicator	Weight (%)	Unit of Measure	Benchmark	Status previous year	Indicator target value (current year)
		Overall rating of annual board assessment	1	%			
3	Enhance efficiency in risk management and accountability	% of risks with valid mitigations	1	%			
		% of business processes with the business continuity plan	1	%			
4	Enhance Compliance with laws, regulations, directives, and standards	Number of non-compliance incidences reduced	1	No.			
		Total regulatory compliance Cost	1	TZS			
	TOTAL		10				

3. CUSTOMER SERVICE (10 scores)

This criterion measures the capacity of the institution to provide quality and innovative services to its customers, including the growth of its customer base. Key parameters of interest include efficiency in service delivery, patient satisfaction, service automation, and efficiency in complaints handling.

SN	Objectives/Strategies	Key Performance Indicator	Weight (%)	Unit of Measure	Benchmark	Status previous year	Indicator target value (current year)
1	Improve service delivery	% of services automated	1	%			
		Average response time in serving customers	1	Hrs.			
		No. of new services/products provided	1	No.			
		New alternative service delivery channels introduced	1	No.			
		Number of new customers/client	1.5	No.			
2	Increase customer satisfaction	Customer complaints resolved on time	1	%			

SN	Objectives/Strategies	Key Performance Indicator	Weight (%)	Unit of Measure	Benchmark	Status previous year	Indicator target value (current year)
		Customer satisfaction score	1.5	%			
		Customers retention score	1	%			
		Customers Effort Score (CES)	1	Score			
	Total		10				

4. CORE FUNCTIONS OF INSTITUTION MANDATES (50 scores)

This criterion measures performance in the implementation of the core mandate of an institution. Specific variables for this indicator include but are not limited to efficiency in managing an institution.

SN	Objectives/Strategies	Key Performance Indicator	Weight (%)	Unit of Measure	Benchmark	Status previous year	Indicator target value (current year)
	Total		50				

5. FINANCIAL STEWARDSHIP (20 scores)

This Indicator will measure compliance with financial Regulations, Circulars, Standards, and Best Practices. It measures how an entity ensures profitability, liquidity, solvency and return to shareholders while serving its core service delivery.

SN	Financial Criteria	Key Performance Indicator	Weight (%)	Unit of Measure	Benchmark	Status previous year	Indicator target value (current year)
1	Cost efficiency	Cost Recovery Ratio <i><u>Total revenue (excl. Gov't grant)</u></i> <i>Operating expense</i>					
		% Publicity/marketing expenses incurred to total revenues (excl. Gov't grant)					
		% of Operating cost incurred to total revenue					
2	Revenue collection efficiency	Percentage increase in revenue earned during a year					
		Percentage of revenue collected compared to total revenue earned (supposed to be collected) during a year					

SN	Financial Criteria	Key Performance Indicator	Weight (%)	Unit of Measure	Benchmark	Status previous year	Indicator target value (current year)
		Percentage of total revenue incurred to finance capital related expenditures/projects					
5	Cash Flow	Cash Flow Margin <i>(Operating CF less Capital expenditure) / Own Source Revenue)</i>					
6	Employee efficiency ratio	Employee costs/Operating revenue (excl. Gov't grant					
7	Relationship with Shareholders	Remittance to the Government/Total revenues or collections.					
	Total		20				

4.0 OBLIGATIONS OF THE PARTIES

4.1 THE TREASURY REGISTRAR:

- i. The Treasury Registrar shall approve all relevant documents as stipulated in the Act, and other Laws governing Public Investment Entities;
- ii. Advises on the review, amendment and harmonization of laws in order to empower the Board to achieve its mandate;
- iii. Promotes and creates an enabling environment for the Board to meet the agreed objectives;
- iv. Proposes to the appointing authority on the termination of the Board in the event of failure to meet the agreed objectives;
- v. To ensure that the appointed Board Members have the relevant skills;
- vi. Carries out quarterly monitoring and evaluation of the agreed objectives;
- vii. To ensure that there is timely appointments of Board and the Chief Executive Officer upon expiry of their respective tenures; and
- viii. To do any other act necessary to be done in the execution of the duties of the Treasury Registrar as required by the Act or any other written Law.

4.2 THE BOARD OF (Name of PIE)

For the Financial Year YYYY₀/YYYY₁ the Board will ensure that is committed to achieve the following: -

- i. Prioritization of the targets in line with the envisaged level of resources to be made available;

- ii. Mobilization of adequate funding from different sources: Internal, National, Regional and International ones;
- iii. Full development of each comprehensive target with its activity or activities and its cost as part of the Annual Business Plan and Budget;
- iv. Getting relevant Stakeholders involved in the as deemed necessary. Efforts will be made to ensure that the plan is well understood by the stakeholders, especially the Staff and potential financiers;
- v. Taking steps to effectively cascade the strategic objectives and targets in Directorates, Units and individual employee objectives and targets and to formulate objectively verifiable employee performance contracts;
- vi. Based on the Strategic Plan and Business Plan, each member of management team to prepare a detailed annual action plan (performance Objectives) for his/ her performance written contract;
- vii. Preparation and implementation of the M & E Policy and Plan for the Corporate Strategic Plan;
- viii. To improve control on expenditure and asset management of the institution;
- ix. To institute effective internal controls of the Institution Business Operations;
- x. To create conducive environment where employees can perform and contribute to organization objectives and performance target;
- xi. To enhance adherence to good governance and prudent financial management practices;

- xii. To ensure that the Members of the Board are trained in principles and pillars of Corporate Governance by the recognized Institute such as the Institute of Directors of Tanzania or any other regional relevant institute;
- xiii. To ensure that, the Board conducts its activities and meetings in line with approved Board Charter;
- xiv. To ensure that the Institution has Staff Succession plan
- xv. To ensure that, the Board conduct annual performance evaluation for each individual board member, Board Chairperson and the Board
- xvi. To establish the mechanisms for Board, enter into Performance contract with the Chief Executive Officer (CEO); and CEO with all staff and Conduct performance evaluation annually; and
- xvii. To provide quarterly progress reports on the Performance of the Institution's business operations.

5.0 PERFORMANCE EVALUATION AND FEEDBACK

The Office of Treasury Registrar shall make evaluation of the performance contract after the end of respective financial year. The evaluation shall base on Key Performance Indicators provided in this contract. Upon completion of the evaluation, the Office of Treasury Registrar shall make formal communication to the Institution on the outcome of the evaluation made thereto.

6.0 REWARDS AND PENALTIES

The Treasury Registrar after assessing the performance of the Board against the set out and agreed objectives may, recommend reward or sanction to the Board.

7.0 COMMENCEMENT AND DURATION OF PERFORMANCE CONTRACT

The Contract shall commence on the **DD/MM/YYYY** and shall remain in force until a new performance contract entered or this performance agreement is concluded between the parties, whichever is the latter.

8.0 TERMINATION

This contract will end upon the termination of the Board either by completing the tenure as per section 23(1) of the Act or due to its failure to comply with terms and conditions of this Contract.

IN WITNESS WHEREOF THE PARTIES HEREIN have set their names and signatures on the dates and manner herein after appearing.

SIGNED at.....On this..... day of.....YYYY

by:

Signature.....

Name:

Designation: TREASURY REGISTRAR

IN THE PRESENCE OF:

Signature:

Name:

Designation:

Signed for and on behalf of THE BOARD OF
.....aton
this..... day ofYYYY

by:

Signature:

Name:

Designation: CHAIRPERSON

IN THE PRESENCE OF:

Signature:

Name:

Designation: MANAGING DIRECTOR/CEO

ATTACHMENT

DESCRIPTION OF SOME TERMS (PEOPLE MANAGEMENT, GOOD GOVERNANCE AND CONTROL AND CUSTOMER CARE).

1. PEOPLE MANAGEMENT

- a) **Employee Productivity Rate** - Total revenue divided by the total number of employees. (May consider own source revenue divided by the number of staff directly related with generation of this source).
- b) **Employee Satisfaction Rate** - This indicator is derived from the annual employee satisfaction survey conducted. The survey can measure both overall satisfaction level and satisfaction with different facets of the job and organization. The parameter of interest shall be the overall satisfaction level measured by the percentage of employee extremely satisfied with their jobs (depending on the measurement scale).
- c) **Training Hours per Employee** - The number of hours existing employees (does not include new employees) spend training divided by the number of employees undergoing training over the same period.
- d) **Number of Employees participating in Training** - This is obtained by taking the total number of employees trained during the year as per training Program.
- e) **Percentage of employees receiving regular performance feedback** - This is calculated by the total number of employees receiving performance feedback / the total number of employees in an organization eligible for receiving performance feedback.
- f) **Percentage of HR functions automated** - This is calculated by the number of HR functions and processes automated / total HR functions in an organization.
- g) **Employee Retention rate** - This is calculated by the number of employees who remained employed for the entire measurement

period / number of employees at the start of the measurement period x100. The Benchmark retention rate is 70%-80% depending on the nature of the industry. When determining employees remained for the entire measurement period, include only employees on the first and last date of the measurement period. Do not include positions added during the year.

- h) **Percentage of grievances resolved** – This is calculated by Total grievances reported during the measurement period/ number of grievances resolved during the measurement period.
- i) **Percentage of staff HIV provided with care and support** – This is calculated by the total number of staff HIV provided with care and support/ total number of staff HIV in an organization x 100 (the ideal target is 100%)
- j) **Number of new reported HIV cases** - If an Institution has strengthened HIV awareness, advocacy, testing, and other intervention measures, it is expected to see a declining number of new infections
- k) **Number of awareness programs conducted during the year** – Is aimed at sensitizing employees on HIV/AIDS prevalence and non-communicable diseases interventions.

2. GOOD GOVERNANCE AND CONTROL

- a) **Number of corruption awareness programs conducted during the year** – Is aimed at sensitizing employees on corruption at workplace and effect of it to the economy.
- b) **Number of corruption cases reported** – It is assumed that if an organization has strengthened policies, procedures, and capacity for tracking, preventing, and combating corruption the number of corruption cases reported will be declining year on.
- c) **Audit Opinion Resolved** - This is measured by the quality of audit opinion derived from the audit report. The most favorable opinion receives the highest weight in rating. Is calculated

- d) **Percentage of audit findings resolved by the deadline** -this measure is calculated by total audit findings resolved in the measurement period/ total audit findings raised in the measurement period. The benchmark % is 100%
- e) **Overall rating from the annual board assessment** - this is the overall score extracted from the annual board self-assessment survey. The score can also be calculated as an average score from the rating of each facet of the board assessment tool. The benchmark rating should be 70%-80%
- f) **Percentage of risks with valid mitigations** - total risks with valid mitigation/ total organizational risks x100%. The benchmark level is 100%. To ensure objectivity in developing this measure there must be an objective verification of the organization's risk register.
- g) **Percentage of business processes with business continuity plan** - Business processes with business continuity plans/ total business processes x100. A business process is a collection of linked tasks and activities which finds their end in the delivery of a service or product to the customers or accomplish an organizational goal.
- h) **Total Regulatory Compliance Expense** – the total amount of money spent on fines from compliance issues over a set period of time. This is obviously a top line figure and does not take into account extraordinary events to explain the level of expense, but it is still helpful to understand the direction of travel of this KPI. To calculate the rate, No. of employees who have been found to have acted in a non-compliance manner divided by number of total employees.

3. CUSTOMER SERVICE

- a) **Number of financial services automated** - number of customer-focused services automated within the measurement period. The ideal benchmark is 100% automation of customer-focused services

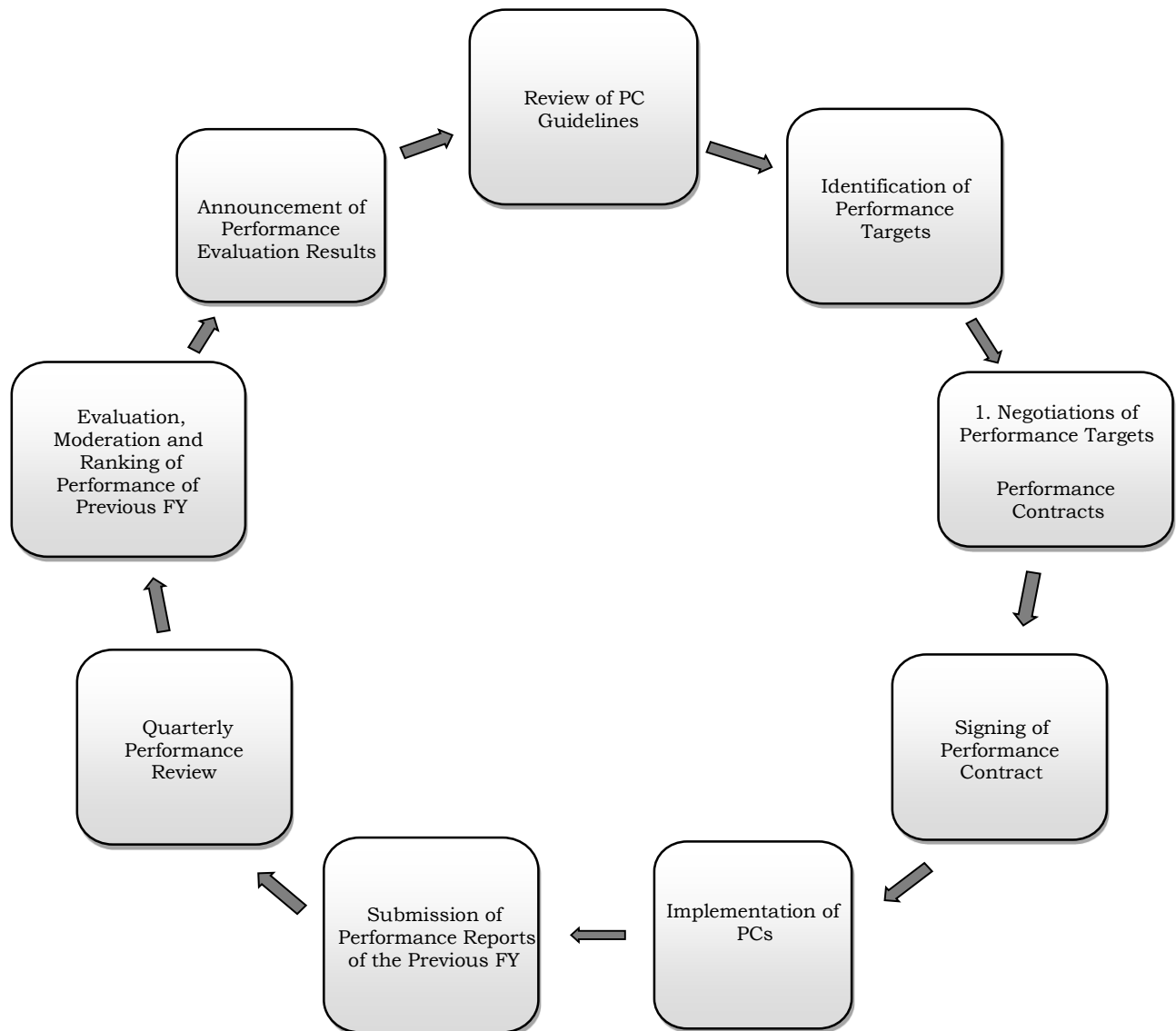
- b) **Customer Satisfaction score** - is a basic measurement of customer satisfaction with a product or service. Customer satisfaction is generally calculated by the % of overall satisfaction with a product or service from a survey of customers. This can also be measured on different aspects of service or products. The ideal level of satisfaction should be not less than 80%
- c) **Customer retention score** - this is calculated by using the following formula: $(E-N)/S \times 100$. Whereby;
 E = Total number of customers at the end of the measurement period
 N = Number of customers acquired during the measurement period
 S = Total number of customers at the beginning of measurement period.
- d) **Customer efforts score (CES)** - is a customer experience survey metric that enables service Institutions to account for the ease of customer interaction and resolution during a request. By tracking CES and what drives it, service leaders can make changes to improve the customer experience. It measures how hard a customer has to try to get an issue resolved. This is measured through a survey of customers by using an itemized rating scale of 1-5 by asking customers “on a scale of 1-5 how much efforts did you have to put forth to handle your issue”.

Itemized rating scale

Rating	1	2	3	4	5
Description	Very low effort	Low effort	Neutral	High effort	Very high effort

The desirable score is 1-2

ANNEX II: Flowchart of the Annual Performance Contracting Cycle.



ANNEX III: Performance Reporting Formats

QUARTER PERFORMANCE REPORT FOR THE FINANCIAL YEAR YYYY₀/YYYY₁

- 1.0 Cover page
- 2.0 Table of contents
- 3.0 Introduction (an *overview of PIE*).
- 4.0 An overview of implementation of targets
 - 4.1 Progress on people management
 - 4.2 Progress on good governance and control
 - 4.3 Progress on customer services
 - 4.4 Progress on core function
 - 4.5 Progress on financial performance
- 5.0 Progress on projects implementation status

PROJECTS IMPLEMENTATION STATUS

S/N	DESCRIPTION	BUDGET	ACTUAL	STATUS OF IMPLEMENTATION	REMARKS

- 6.0 Implementation of performance contract

This part provides the prescribed format for reporting quarterly performance on each Key Performance Indicators in a manner that captures the trend as follows: -

S/N	Objectives	Key Performance Indicators	Weights	Indicator Target value	Performance					Remarks
					Q1	Q2	Q3	Q4	Cumulative	

7.0 Problems/Challenges Encountered and Measures Taken