



THE REVOLUTIONARY GOVERNMENT OF ZANZIBAR

THE TREASURY REGISTRAR OFFICE

PERFORMANCE CONTRACT GUIDELINE

OCTOBER 2024

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FOREWORD

For the purpose of enhancing effective management and oversight of Public Investment Entities, the Treasury Registrar's Office, under section 6 of the Treasury Registrar Office and Public Asset Management Act No. 6 of 2021, issues these guidelines that will be used by all Public Investment Entities in preparing performance contracts as essential performance management tools.

The Guidelines are intended to provide a framework by which the performance of Public Investment Entities will be evaluated, based on Key Performance Indicators relevant to the Public Investment Entities strategic objectives.

It is expected that, these Guidelines will be adhered to by all the Public Investment Entities in order to ensure effective performance management.



.....

WAHEED MUHAMMAD IBRAHIM SANYA

TREASURY REGISTRAR

LIST OF ABBREVIATIONS

CEO - Chief Executive Officer

FY - Financial Year

PC - Performance Contract

PIEs - Public Investment Entities

TR - Treasury Registrar

TRO - Treasury Registrar's Office

INTERPRETATION

In these Guidelines, unless the context otherwise, requires:

Cascading of Performance Contracts – Refers to the process of extending performance contracting to downstream by signing lower level contracts and linking specific deliverables and targets to individual officers.

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

Minister – means Minister responsible for finance.

Performance Criteria – a standard for measure performance by a range of indicators.

Performance Evaluation – process of assessing the extent of achievement, efficiency and effectiveness of the agreed performance targets.

Performance Indicator – a quantifiable measurement of performance for which the performance of PIEs is assessed.

Performance Monitoring – the consistent of tracking performance and provision of feedback towards achieving the set performance targets.

Performance Target - the specific, planned level of a result to be achieved within an explicit time frame with a given level of resources.

Vetting —the process of scrutinizing negotiated performance contracts so as to establish conformity to the Performance Contracting Guidelines.

THE TREASURY REGISTRAR OFFICE AND PUBLIC ASSET MANAGEMENT ACT NO. 6 OF 2021

PERFORMANCE CONTRACT GUIDELINES

(Made under Section 6)

1.0 INTRODUCTION

1.1 Overview of the Guidelines

These Guidelines provide a practical guide for effective and efficient execution of performance contracts and performance evaluation in Public Investment Entities (PIEs).

The Guidelines set up (out) procedures to be followed by PIEs in the preparation, implementation, monitoring, evaluation and reporting the performance contract. All Boards of PIEs are required to adhere to these Guidelines.

1.2 Performance Contract

Performance Contract (PC) is a written agreement between the Treasury Registrar (TR) and the Boards of PIEs on the objectives that the respective PIEs shall implement within a specified financial year (FY).

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

1.3 Performance Contract Evaluation

Performance Contract Evaluation refers to the process of assessing the extent to which the PIEs objectives and targets, as stipulated in the PC, have been achieved.

1.4 Applicability of the Guidelines

These Guidelines shall apply to the Public Investment Entities.

2.0 PERFORMANCE CONTRACT MANAGEMENT

2.1 Objectives of the Performance Contract

Performance contracts are aimed at improving efficiency and effectiveness in PIEs. Specifically, a performance contract has the following objectives:

- i) To comply with Section 35 of the Act;
- ii) To assess the efficiency and effectiveness of the Boards in overseeing the performance of PIEs;
- iii) To build results oriented culture;
- iv) To measure effective utilization of resources in PIEs;
- v) To improve productivity in PIEs; and
- vi) To improve good governance in PIEs.

2.2 Roles and Responsibilities of Key Players in the PC Process

2.2.1 The Treasury Registrar

- i) Issuing Guidelines for the preparation of PC in PIEs;
- ii) Receiving quarterly and annual performance reports;
- iii) Assessing the annual performance of PIEs and communicate the results to each PIE;
- iv) Undertaking physical verification of PC implementation; and
- v) Providing technical support to PIEs in the implementation of the relevant performance indicator(s), including capacity building.

2.2.2 Board of PIE

- i) Signing performance contract on behalf of the PIE;
- ii) Overseeing implementation of agreed performance targets; and
- iii) Submitting performance contract implementation reports to TR.

2.2.3 Chief Executive Officer of the PIE

- i) Identifying performance indicators and targets;
- ii) Negotiating the PC in consultation with the Board; and
- iii) Cascading of the PC targets, monitoring performance and submitting an implementation report.

2.3 Key Elements of the Model Performance Contract

The performance contract shall involve various key performance assessment criteria and weights as indicated in Table No. 1. Such criteria comprise key performance indicators as provided in Annex I of these Guidelines.

Table No. 1: Performance Criteria and Weights

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

2.4 Performance Contracting Cycle and Timelines

The Performance Contracting Cycle shall comprise the following:

- i) Review of the Guidelines;
- ii) Identification of performance targets;
- iii) Preparation of draft performance contracts;
- iv) Negotiations and vetting of the performance contracts;
- v) Signing of the performance contracts;
- vi) Implementation of the performance contracts;
- vii) Monitoring and reporting of performance; and
- viii) Performance evaluation and feedback.

The timelines for completion of various phases of the performance contracting cycle are provided in **Table No. 2** below with an illustration in the form of a flow chart provided in **Annex II**.

Table No. 2: Performance contracting activities and timelines

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

2.5 Pre- Negotiation Consultations and Negotiations

a) Pre-Negotiation Consultations

- i) PIEs shall 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;

- ii) The consultations shall also involve other institutions whose operations may affect achievement of the PIEs performance targets; and
- iii) The TR shall provide any required support to ensure that the pre-negotiation consultations are undertaken smoothly in order to comply with the stipulated timelines for negotiations, vetting and review of the performance contracts.

b) Negotiations of Performance Contracts

PIEs shall ensure that performance indicators and targets are in line with priorities set by the Government for each PIE, such as:

- i) The Zanzibar Development Vision 2050 (ZDV 2050);
- ii) The Sustainable Development Goals (SDGs), 2030;
- iii) The CCM Election Manifesto 2020/2025;
- iv) The implementation of various Presidential Directives;
- v) PIEs Strategic Plan;
- vi) The approved budget estimates for the financial year; and.
- vii) Any support document from the regulator.

2.6 Vetting of Performance Contracts

TRO shall be responsible for the vetting of the PIEs performance contracts. The purpose of vetting is to ensure:

- a) Compliance with the Performance Contracting Guidelines; and
- b) Compliance with the National and International Guidelines and Standards.

2.7 Signatories to the Performance Contracts

The PC shall be signed by The Treasury on behalf of the Government and the Chairperson of the Board on behalf of the Board of the PIE.

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

2.8 Implementation of Performance Contracts

The PC shall 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.

2.9 Performance Monitoring and Reporting

PIEs shall prepare performance reports as part of the assessment of the performance contract implementation. Such reports shall be prepared on quarterly basis and submitted to the TR.

In monitoring the implementation of the performance contracts, the TR shall also conduct physical performance verification to validate the performance reports of the PIEs.

2.9.1 Submission of Performance Reports

PIEs shall submit quarterly performance reports to TRO within fifteen (15) working days following the end of a quarter and the annual performance reports within fifteen (15) working days after the end of the contract year. The reports shall be in the prescribed formats as provided in **Annex III**.

2.9.2 Quarterly Performance Review

The purpose of the quarterly performance review is to track progress of achievement, identify and address challenges and constraints affecting performance so as to ensure that PIEs are on course for achieving their annual performance targets. TRO shall formulate 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; and
- iii) Ensure the reported achievement is based on verifiable documented evidence of performance.

Annual Performance Evaluation

PIEs shall undertake self-evaluation (in-house evaluation) based on the annual achievement for each performance indicator.

2.10.1 Assessment conducted by Treasury Registrar

The TR shall conduct annual evaluation of the PC of the Board and submit report to the responsible Minister for further action(s).

2.10.2 Assessment of Chairperson

The Chairperson of the Board shall annually conduct assessment of PC between the Board and the CEO and prepare assessment report which shall be submitted to the TR for evaluation.

Where the CEO fails to perform as per terms and conditions prescribed in the PC, the Chairperson of the Board shall submit a report with full details on lack of performance of the CEO to the responsible Minister and the TR.

3.0 EVALUATION OF PERFORMANCE CONTRACT

The TR shall conduct annual evaluation of performance contract aimed at determining the level of effectiveness of the Board in overseeing the performance of PIE in relation to key performance targets as stipulated in the PC.

The evaluation of performance contract shall involve the TR receiving annual performance contract implementation reports from PIEs. The TR shall analyze the reports and provide feedback to the responsible Minister on the actual performance in relation to key performance targets stipulated in the performance contract. Such feedback shall be used to improve performance of PIEs.

3.1 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) Strategic Plan of PIE;
- ii) Approved budget of the PIE;
- iii) Annual Work Plan;
- iv) The PC signed at the beginning of the year;
- v) Annual PC implementation Report it should include the reasons for not being able/ failing to implement the PC appropriately)
- vi) Annual financial statements;
- vii) Internal and External Audit Reports; and
- viii) Relevant documents supporting implementation of key performance targets.

3.2 Performance Assessment

The following performance assessment grading shall be considered when evaluating performance of PIEs in relation to implementation of key performance targets shown below in **Table No. 3**. The computation of performance indicators is provided in **Annex IV**.

Table No. 3: Performance Grades, Score and Raw Score Range

No.	Performance Grades	Performance Score	Raw Score Range
1	Excellent	130% to 200%	1.00 up to 2.40
2	Very Good	100% to less than 130%	2.40 up to 3.00
3	Good	70% to less than 100%	3.00 up to 3.60
4	Fair	50% to less than 70%	3.60 up to 4.00
5	Poor	0% to less than 50%	4.00 up to 5.00

3.3 Review of the Guidelines

The TRO may review provisions of these Guidelines when the need arises.

3.4 Effective date

These Performance Contract Guidelines 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**

THE TREASURY REGISTRAR OFFICE

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, to hold and oversee all Public Investments Entities and other properties.

These include 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). The Board has the responsibility of ensuring 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 mean as ascribed below:

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, bearing 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 which enters** 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 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 as stipulated in its establishment instrument, as well as the Zanzibar Development Vision 2050 (ZDV 2050), various national policies.

The agreed Key Performance Indicators are as provided in this contract;

- 5.2 The Board is responsible for formulating policies, procedures, rules, 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 shall also recognize the responsibility of the Treasury Registrar, as the shareholder, to assist and facilitate 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	%			
		Overall rating of annual board assessment	1	%			
3	Enhance efficiency in risk management and accountability	% of risks with valid mitigation	1	%			

SN	Objectives/Strategies	Key Performance Indicator	Weight (%)	Unit of Measure	Benchmark	Status previous year	Indicator target value (current year)
		% 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	%			
		Customer satisfaction score	1.5	%			

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

SN	Financial Criteria	Key Performance Indicator	Weight (%)	Unit of Measure	Benchmark	Status previous year	Indicator target value (current year)
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					
		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					

SN	Financial Criteria	Key Performance Indicator	Weight (%)	Unit of Measure	Benchmark	Status previous year	Indicator target value (current year)
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 knowledge and the relevant skills so as to effectively manage to serve the PIE;
- 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 take any other action necessary 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 it 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 ;

- 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 the management team shall 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 a conducive environment where employees can perform and contribute to the objectives of the organization 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 a 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 an 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 mechanisms for the Board, enter into a 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 Treasury Registrar's Office shall make evaluation of the performance contract at the end of the respective financial year. The evaluation shall be based on Key Performance Indicators provided in this contract.

Upon completion of the evaluation, the Treasury Registrar Office shall make formal communication to the institution on the outcome of the evaluation made thereto.

6.0 REWARDS AND PENALTIES

After assessing the performance of the Board against the set out and agreed objectives, the Treasury Registrar 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 there is a new performance contract 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 OF THE 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 the generation of this source).
- b) **Employee Satisfaction Rate** - This indicator is derived from the survey conducted on the annual employee satisfaction. 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, only including those employed within 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 the total number of 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** – This is aimed at sensitizing employees on HIV/AIDS prevalence and interventions on non-communicable diseases.

2. GOOD GOVERNANCE AND CONTROL

- a) **Number of corruption awareness programs conducted during the year** – The programmes are aimed at sensitizing employees on corruption at workplace and its effects on 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.
- 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. It 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** – The total risks with valid mitigation/total organizational risks is x100%. The benchmark level is 100%. To ensure objectivity in developing this measurement 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 is $\times 100$. A business process is a collection of linked tasks and activities that winds up with the delivery of a service or product to the customers or accomplish an organizational goal.
- h) **Total Regulatory Compliance Expenses** – The total amount of 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, the number of employees who have been detected to have acted in a non-compliance manner divided by the number of total employees.

3. CUSTOMER SERVICE

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

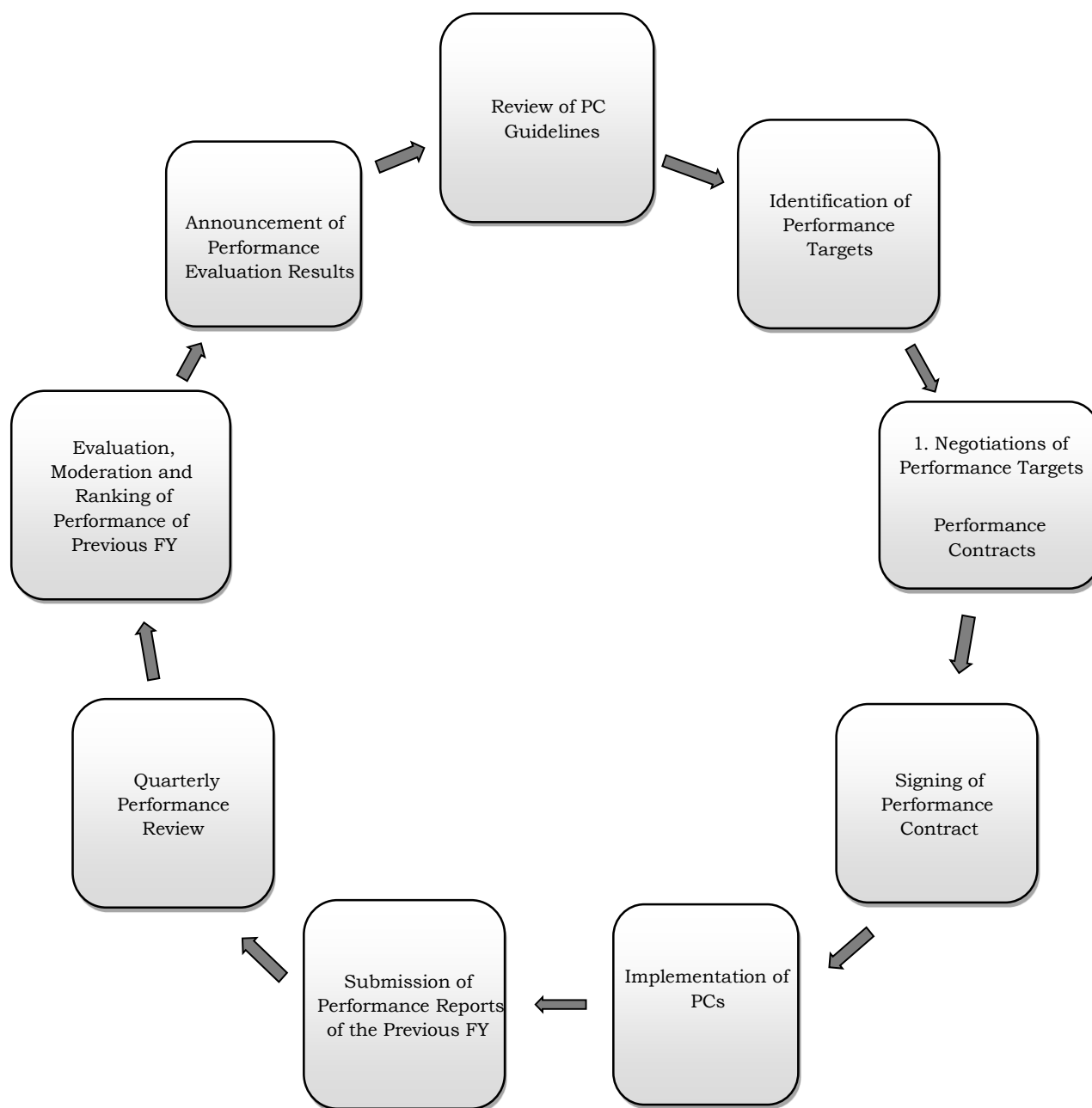
It measures how hard a customer has to try to get an issue resolved. This is measured through a survey of customers by using an itemized rating scale of 1-5 by asking customers “on a scale of 1-5 how much efforts did you have to put forth to handle your issue”.

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

ANNEX IV: Computation of Performance Indicators

1. Computation of Performance Criteria Values

Performance is rated on a scale of 1.00 to 5.00 where 1.00 represents achievement equal to or greater than 2T and 5.00 represents "zero" achievement. This means that an achievement of 2T and above attracts a raw score of 1.00, while an achievement of "Zero" attracts a raw score of 5.00 in situations where achievement of a higher value is desirable.

2. Computation of the Raw Score When Higher Achievement is Desirable

Computation of the raw score entails determining the point at which the achievement falls within the range 1.00 to 5.00. The value of the raw score determines the performance grade.

Step 1: *Determine the Actual Achievement, X_a*

Step 2: *Apply the Formula*

$$\text{Raw Score} = \text{Upper Criteria Value Limit} + \text{Span} \{(X_u - X_a) / (X_u - X_L)\}$$

Where, Upper Criteria Value Limit = 1.00, Span = 4.00 (5.00 - 1.00), T = Target, X_L = Lower criteria Value which is 0, and X_u =.

Step 3: *Compute the Weighted Score*

In this step, multiply raw score by the weight assigned to the indicator (expressed as a percentage) to obtain the Weighted Score, i.e.

$$\text{Weighted Score} = \text{Raw Score} \times \text{Indicator Weight as a percentage.}$$

Step 4: Compute the Composite Score

The composite score is computed by adding up the weighted scores of all the performance indicators in the performance contract. The composite score should range from 1.00 to 5.00.

Thus, Composite Score = Sum of all the Weighted Scores.

3. Computation of the Raw Score When Declining Achievement is Desirable,

Examples: The number of corruption cases reported, total regulatory compliance costs, average response time in serving customers, customers effort score (CES), etc.

Determine criteria value range where actual performance falls

(Where T= Target and Xa = Actual achievement):

No.	Performance Grades	Performance Score
1.	Excellent	$0.7T \leq Xa \leq 0$
2.	Very Good	$T \leq Xa < 0.7T$
3.	Good	$1.3T \leq Xa < T$
4.	Fair	$1.5T \leq Xa < 1.3T$
5.	Poor	$2T \leq Xa < 1.5T$

Computation of the Raw Score

Raw Score = Upper Criteria Value Limit + Span $\{(Xa-XL)/(Xu-XL)\}$

Indicators Whose Achievements Don't Exceed 100%

There are performance indicators for which the achievement beyond 100% is not feasible. For such indicators, achievement is capped at 100% and attracts a raw score of 3.00. e.g., capacity utilization, absorption of allocated funds, etc.