

The CAG is not subject to discretionary cash ceilings that apply to the majority of the Government. Furthermore, the National Audit Office Tanzania expanded the scope of its audit general report to cover information systems audits, which is very timely given the modernization drive across government. NAOT maintained AFROSAI-E level 3 and received an award in 2019 for the best audit report in the region.

Finally, in terms of budget oversight, Tanzania's Open Budget Index for legislative oversight stands at 39 while audit oversight is at 39. The national assembly has established public hearings of the approval of the annual budget. It does not yet allow any member of the public or civil society to testify during budget hearings. The Controller and Auditor General created mechanisms through which the public can assist in developing the annual audit programme.

Based on the analysis, it is concluded that the General Condition related to Budget Transparency is met and that there is government commitment to improve the transparency of budgetary information.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
1. Political resistance to the implementation of ambitious electricity market reforms	M	Ex-ante agreement on realistic and gradual actions (see section 4.1); substantial support to TANESCO to restructure; continued regular policy dialogue at technical and political level
2. Tariffs not timely determined and adjusted to cost reflective levels	H	Support to improve the operational efficiency of TANESCO to reduce the cost-reflective tariff levels; Support to 'least-cost' development planning
3. TANESCO's reluctance to conclude PPAs with private investors	M	Regular continued policy dialogue; capacity building (e.g. energy project finance, negotiations); promote analysis of voltage support needs.
4. Rural electrification led by grid extension affecting mini grid deployment, stable grid supply and TANESCO's operating and maintenance (O&M) costs	M	Support to update rural electrification planning; support to assess contribution of distributed renewable generation, including for voltage support purposes; continued regular policy dialogue at technical and political level
5. Lack of capacity and leadership in TANESCO to steer restructuring	M	Corporate governance enhancement, capacity building on business management
6. Development of energy mega projects to lock-in resources and reform paths and to affect environmental sustainability and carbon footprint	H	Capacity building in environmental management and sustainable sector development; support to development of regional trade; support private sector involvement during the mega project investment lead time; scope of EU support clearly defined; continued regular policy dialogue at technical and political level