

- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

b) The performance indicators for disbursement to be used for variable tranches may focus on the following policy priorities: Concerning the main policy framework, the indicators will focus on the main dimensions of the Blue Economy policy, in particular a strategic approach to donor and private sector engagement, the set up of a cost benefit system, and the set up of an harmonised governance structure. As for the National integrated coastal and marine environment management, indicators will cover the establishment of baseline for coastal resources, the development of coastal risks management tools, and the extension of marine protected areas. Concerning the tourism sector, the criteria will look at the milestones of the implementation of the Comprehensive COVID 19 Recovery and Sustainability Plan for Tourism Sector in Tanzania 2020/21-2025/26 and the budget allocations for the sector. Finally concerning the climate change policy, the indicators will focus on the National Carbon Monitoring Center development, the support to GHG inventory processes, and the functional coordination mechanisms of the Nationally Determined Contributions.

c) Modifications

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action. However, in duly justified cases, the partner country and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised in writing ex-ante, at the latest at the beginning of the period under review applicable to the indicators and targets.

In exceptional and/or duly justified cases, for instance where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. The use of this provision shall be requested by the partner country and approved in writing by the Commission.

d) Fundamental values

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

4.3.3 Budget Support Details

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into Tanzanian Shillings will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

The action includes both fixed and variable tranches over 4 years. The fixed component covers the first year and variable component starts in the second year and covers the last 3 years. The overall amount of variable tranches is 75% of the total. The incentive to deliver on the sector policy targets, through the variable tranches, starts from year 2. The total amount available each year is the same.

| | Year 1 (2022/23) | Year 2 (2023/24) | Year 3 (2024/25) | Year 4 (2025/26) |
|------------------|------------------|------------------|------------------|------------------|
| Fixed tranche | 8 | | | |
| Variable tranche | | 8 | 8 | 8 |

The preliminary disbursement schedule is as follows:

- Year 1 disbursement in 2022/23 fixed tranche after signing FA
- Year 2 disbursement in 2023/24 (n) based on eligibility assessment of 2022/23 (n-1)
- Year 3 disbursement in 2024/25 (n) based on eligibility assessment of 2023/24 (n-1)
- Year 4 disbursement in 2025/26 (n) based on eligibility assessment of 2024/25 (n-1)