

THE UNITED REPUBLIC OF TANZANIA



OFFICE OF THE TREASURY REGISTRAR

**GUIDE FOR BOARD EVALUATION IN PUBLIC AND STATUTORY
CORPORATIONS**

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FOREWORD

The Office of the Treasury Registrar has prepared this Board Performance Evaluation Guide to serve as an important tool for guiding the Board Evaluation process in the context of the Public and Statutory Corporations (PSCs). The evaluation process covers the Board as a whole, its Committees, the Board Chairperson, each Individual Board Member and the Board Secretary. The Evaluation intends to assess the effectiveness of the Board of Directors as whole and its Committees, Chairperson, individual members as well as the Board Secretary and provide feedback to the Board and appointing authorities with regards to the Board performance. This Board performance evaluation tool shall therefore provide an opportunity for the Board to reflect on its own performance in pursuit of the Organization's core mandates. It will also enhance governance practices in PSCs and improve public service delivery.

May I take this opportunity to extend my sincere appreciation to all individuals who participated in preparing this important tool and I urge all key players responsible for overseeing the governance process in PSCs to use this tool as a means for improving Organizational performance and the quality of public service delivery.



Mgonya A. Benedicto

TREASURY REGISTRAR

PART I

1.0 BOARD PERFORMANCE EVALUATION

1.1 Introduction

This Chapter outlines background information with regards to Board performance evaluation, Board responsibilities and attributes contributing to the effective Board performance.

1.2 Background of Board Performance Evaluation

In order to ensure effective governance in Public and Statutory Corporations (PCSs), it is important to evaluate the performance of their respective Boards. The evaluation intends to focus on integral aspects of the Board performance in relation to their fiduciary responsibilities to ensure coherence with establishing instruments and adherence to regulatory requirements.

Board evaluation contributes significantly to improved performance at organizational, Board as whole, its committees and individual Board Member levels. It improves leadership, accountability, decision-making, communication, efficiency of the Board and standards of performance culture. Evaluation also improves teamwork by creating better understating of Board dynamics, board-management relations and thinking as a team within the Board. It helps to maximize individual Board member's contribution by encouraging participation in meetings and highlighting the skill gaps of the Board as a whole.

1.3 Board Responsibilities

The Board of Directors' responsibilities have been stipulated in each Establishment Act/Instrument of each PSC. In general, these responsibilities cover but not limited to areas of;

(i) Direction

The Board sets strategic direction of the PSC by establishing internal policies and strategies and guiding implementation.

(ii) Control

The Board monitors the Management and ensures effectiveness and integrity.

(iii) Support and Advice

The Board provides foresight, oversight and insight to the Management.

Board performance evaluation examines how effectively these responsibilities are fulfilled.

1.4 Board of Directors Performance

Performance of the Board of Directors is attributed by the following:-

- (i) Board Composition; Board members are expected to represent independent and diverse perspectives. Board directors need to be well-informed and fully engaged with all major issues that are related to the respective PSC;
- (ii) Board structure and functions; The board is expected to be dynamic with clear functions supported by information availability, interactions among its members, cohesiveness and members' participation in board activities;
- (iii) Operational and strategic governance; Established structures must be effectively used to manage affairs and define the division of power and responsibilities among board members; and
- (iv) Policy implementation, monitoring and evaluation; Appropriate policies must be implemented and thereafter evaluated to determine PSCs effectiveness.

Evaluation of the performance of the Boards is essentially an assessment of how the Board has performed on all these parameters as stated under No.1.3. This Guide therefore provides standard procedures for undertaking board performance evaluation in PSCs. Thus: -

- (i) Each PSC shall prepare its own internal Board Evaluation Procedures to be used in Board performance evaluation exercises; and.
- (ii) Board evaluation exercises shall consider all relevant existing public sector guiding documents.

PART II

2.0 RATIONALE FOR BOARD EVALUATION IN PSCs

2.1 Introduction

This part outlines the legal mandate for Board performance evaluation and its importance in enhancing corporate governance practices in PSCs.

2.2 Legal Basis for Board Evaluation

In accordance with the Treasury Registrar (Powers and Functions) Act CAP 370, the Office of the Treasury Registrar is mandated with the responsibility of overseeing Government investments in Public and Statutory Corporations. In exercising this mandate, the Office, among other things, is mandated to evaluate from time to time the performance and effectiveness of Boards of Directors of Public and Statutory Corporations. This is in accordance with Section 10 (2)(e) and 10 (5) of the Treasury Registrar (Powers and Functions) Act CAP 370. The Office can also recommend remedial measures designed to ensure that proper and more efficient utilization of financial and material assets invested in such Corporations is adhered to.

2.3 Board Evaluation Instrument

The Office of the Treasury Registrar has issued Board Charter Guidelines to all PSCs for preparing their Board Charters as essential governance tools to regulate activities of Boards of Directors. One of the key matters of emphasis in such guidelines is the need for PSCs to conduct Board Evaluation in order to enhance Board effectiveness which in turn facilitate effective discharge of PSCs core functions. This Instrument is therefore intended to provide guidance and awareness to all PSCs on various key aspects to be considered during the Board Evaluation process.

2.4 Need for Board Evaluation

A Board of Directors is the top most decision-making organ at an Institutional level with the responsibility of guiding and shaping the strategic direction of PSCs. During execution of its core mandates, the Board in total and that of individual director must be evaluated on the basis of how well it performs its

fiduciary responsibilities and how well it oversees the functions of PSCs consistent to the requisites of laws and adherence to regulatory requirements for sustainability. Thus, the Board of Directors evaluation is conducted with the purpose of: -

- (i) Measuring the performance of boards in relation to Organization goals and objectives;
- (ii) Examining the extent to which the Board of Directors monitors the management to ensure smooth operations of the organization;
- (iii) Examining whether the Board provides relevant governance support and advice to the management of the PSC;
- (iv) Assessing the balance of skills, knowledge and experience of the Board;
- (v) Identifying the areas of focus for improvement of the Boards' performance;
- (vi) Identifying and creating awareness on the roles of Directors individually and collectively as a Board;
- (vii) Assessing the existence of Team work spirit and coordination among Board members and management; and
- (viii) Identifying shortcomings in skills, experience and expertise that would need to be filled to promote Board effectiveness.

PART III

3.0 BOARD EVALUATION PROCESS

This Chapter presents objectives, scope, methodologies, components and guide to the board evaluation process.

3.1 Scope of the Evaluation

- (i) The evaluation shall involve assessment of the board as whole, its committees, Board Chairperson, each individual member and Board Secretary;
- (ii) It is mandatory for a Board Member to attend evaluation session; and
- (ii) Depending on the tenure of the Board and the establishing law of the specific PSC, the evaluation shall be conducted annually and towards the end of the Board's tenure in order to have an overall assessment of the Board's performance throughout its lifetime.

3.2 Board Evaluation Methodologies

The following methodologies shall be applied in Board Evaluation process: -

- (i) **The use of Questionnaires**
With this approach, questionnaires containing various key issues related to assessment of the entire Board, its committees, Individual Board Members, Board Chairperson and the Board Secretary will be filled by each Board Member to gather specific information on how the Board functions.
- (ii) **Oral Interviews**
Oral interviews shall also be used as a means for receiving more information to compliment information provided through questionnaires.

This will be done through interaction with all Board Members including the Board Secretary.

3.3 Modes of Board Evaluation

In order to ensure objectivity, the Board Evaluation process in PSCs shall be conducted by public/ private experts under the supervision of the Office of the Treasury Registrar. However, the Office of the Treasury Registrar shall remain accountable for the results obtained from the evaluation.

3.4 Evaluation Components

The major components of the Board evaluation shall include the Board itself as a whole, individual Board Members, Board Committees in general, Board's Chairperson and Board Secretary. In the event where the Accounting Officer does not perform functional role as Board Secretary, the person executing the Secretarial role shall be evaluated. There shall be parameters to be considered in appraising each Board component as elaborated through **Annexure I**

PART IV

4.0 BOARD EVALUATION OUTCOMES

4.1 Introduction

This Chapter outlines outcomes of the Board Evaluation process and the manner in which findings obtained from the evaluation process will be disseminated to key stakeholders.

4.2 Outcomes of Board Evaluation

Regular evaluation of the Board in total and of individual directors has the following outcomes in improving corporate governance in PSC:-

- (i) Provides feedback on how the Board performs in different aspects and enables corrective action on weak performance areas;
- (ii) Through Board Evaluation, the Office of the Treasury Registrar as the oversight body will have an opportunity to assess the level of effectiveness of Boards of Directors in PSCs and recommend remedial actions to appointing authorities and
- (iii) It is a requirement to improve corporate governance by regulatory bodies such as the Bank of Tanzania and the Capital Markets and Securities Authority. PSCs that are regulated by those bodies such as Government owned Banks and Pension Funds should conform with the requirements.

4.3 Dissemination of Board Evaluation Findings

Upon receipt of the Board evaluation report, the Board of the respective PSC shall discuss the report for adoption within 30 days. The adoption process can be done through physical meeting, virtual meeting or circular resolution. Once the Board Evaluation process has been completed, within a period of 15 days, Board Evaluation findings shall be submitted to: -

- (i) The Permanent Secretary of the Parent Ministry of the respective PSC as feedback on the performance of the Institution under the respective Ministry;
- (ii) The Chairperson of the Board of Directors for information and appropriate actions with regards to recommended areas of improvement; and
- (iii) Relevant Regulatory Body and Authority.

1. BOARD AS WHOLE EVALUATION FORM (100 MARKS)
(To be filled by all Members of the Board of Directors)

Rating Scale: 1= Poor, 2 = Average, 3 = Good, 4 = Very Good and 5 = Excellent

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
1.	Board Effectiveness and Composition	1. The extent to which Board Members understand the Institutional Mandate, Vision, Mission, Core Values and Main Functions as stipulated in the Establishment Act/Instrument.					
		2. How well has the Board defined its roles and responsibilities?					
		3. Does the Board operate under a set of policies, procedures and guidelines of which all Members are familiar?					
		4. Does the Board have the right mix of Members with appropriate qualifications, skills and experience in relation to the Organization's core functions?					
		5. Is the Board actively engaged in the Organizational strategic planning process?					
		6. Does the Organization provide continuous training and development to Board Members in order to nurture their professional skills for					

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
		more effective discharge of their duties?					
		7. How effectively does the Board engage with key Stakeholders?					
		8. To what extent does the Board maintain the Management's independence to execute the core functions of the Organization?					
		9. Do Board Members timely receive Board papers and have ample time for review prior to Board meetings?					
2.	Governance and Accountability	10. Are Board Members provided with all the necessary operational instruments to effectively discharge their functions?					
		11. Are Board meetings conducted in accordance with appropriate procedures as stipulated in the Establishment Act/Instrument, Board Charter and other guidelines issued by the Government from time to time?					
		12. To what extent does the Organization embrace Corporate Governance practices?					
		13. How often does the Board evaluate its performance for continuous improvement?					

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
		14. How effective is the Board in overseeing the Management towards accomplishment of Organizational goals?					
		15. Does the Board conduct a formal performance assessment of the Accounting Officer					
		16. Does the Board periodically discuss human resource issues including Staff development and motivation.					
		17. Does the Board ensure existence and implementation of Organizational succession planning?					
3.	Planning, Monitoring and Evaluation	18. Is the Board actively engaged in the budgeting process and ensure annual budgets are consistent with Institutional and national long-term goals?					
		19. Does the Board closely monitor and review annual performance reports to ensure performance is in line with key priorities of the Organization?					
		20. Does the Board closely monitor implementation of major capital investments to ensure they are in line with required standards and worth the amount of capital invested?					

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
		TOTAL SCORE					

Please suggest aspects to be considered by the Board for improvement;

- (a)
- (b)
- (c)

**2. INDIVIDUAL BOARD MEMBER'S PEER EVALUATION FORM
(100 MARKS)
(To be filled by all Members of the Board of Directors)**

Rating Scale: 1= Poor, 2 = Average, 3 = Good, 4 = Very Good and 5 = Excellent

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
1.	Working Relationship	1. To what extent does the Board member promote team work with other Board Members and the Management Team?					
		2. How effective is the Member's participation in Organizational activities and other functions?					
2.	Management, Leadership and Personal Attributes	3. The extent to which the Member understands the mandate and strategic direction of the Organization.					
		4. The extent to which the Member is committed towards achievement of Organizational strategic goals.					
		5. How effective is the Member's ability to resolve conflicts?					
		6. How effective is the Member's ability to exercise leadership skills?					
		7. How effective are the Member's analytical skills?					
		8. How effective are the Member's problem-solving skills?					
		9. How effective are the Member's interpersonal skills?					

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
		10. How effective is the Member's contribution in Board meetings?					
3.	Integrity	11. Does the Member uphold high confidentiality standards in handling Organizational information?					
		12. Does the Member declare conflict of interest in matters related to the Board's affairs?					
		13. How does the Member behave in terms of protecting the image of the Organization and in consideration of cultural diversities of the University Community?					
		14. How effective is the Member's ability to act on the interest of the Organization?					
4.	Responsibility and Judgment	15. Effectiveness of the Member in terms of ability to accept and fulfil responsibilities.					
		16. Does the Member play an adequate role in the achievement of strategic objectives and key performance targets?					
		17. How effective is the Member in terms of his/her contribution in decision making?					
		18. How effective is the Member's ability in identifying problems					

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
		and suggesting appropriate solutions?					
		19. How effective is the Member's ongoing support to each other and the entire Management Team?					
		20. How adequate and appropriate is the Member's contribution towards the governance of the Organization?					
		TOTAL SCORE					

Please suggest aspects to be considered for improvement of the assessed Board Member's performance.

- (a)
- (b)
- (c)

Name of the Assessed Board Member:

3. BOARD COMMITTEES' EVALUATION FORM (100 MARKS)
(To be filled by all Members of the Board)

Rating Scale: 1= Poor, 2 = Average, 3 = Good, 4 = Very Good and 5 = Excellent

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
1.	Composition of Board Committees, Functions and Duties	1. Does the Board have all the necessary Committees to effectively discharge its functions?					
		2. Are Board Committees constituted by each Board Member?					
		3. Is there existence of terms of reference and clearly defined roles and responsibilities in each Board Committee?					
		4. Does each Board Committee have the right mix of Members with appropriate qualifications, skills and experience in relation to the key roles and responsibilities of such Committee?					
		5. Is the performance of each Board Committee assessed annually against the set goals of such Committee?					
		6. Does the Audit Committee adequately assist the Board in internal controls?					
2.		7. Are Board Committee meetings conducted in a manner that					

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
	Board Committee Meetings and Procedures	encourages open communication and participation of all Members?					
		8. Are Board Committee meetings conducted in accordance with procedures as stipulated in Board Committee Charters?					
		9. Do Board Committees receive sufficient information to make informed decisions?					
		10. Do Board Committees have all the necessary instruments for effective discharge of their functions? For instance, Board Committee Charters and other working instruments.					
		11. To what extent are Board Committees independent in discharging their key roles and responsibilities?					
		12. Does the Management adequately work upon directives of the Board through recommendations of Board Committees?					
		13. Does the Management provide adequate support to Board Committees in discharging their key roles and responsibilities?					
		14. Do Board Committees have clear understanding of the					

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
		Organization's internal controls systems?					
		15. How effective is the working relationship between Board Committee Members? Do they advocate teamwork spirit?					
		16. Do Board Committees have annual workplans necessary to guide them on key deliverables to be accomplished on quarterly basis and during the year?					
		17. Do Board Committees receive all the necessary support from the Board of Directors in execution of their key roles and responsibilities?					
		18. How effective are Management reports in terms of clarity, timely submission and context?					
		19. How effective are Board Committee meetings in terms of time management and frequency?					
		20. Do Board Committees provide sufficient input in setting agenda for Board meetings?					
		TOTAL SCORE					

Please suggest key aspects that can help in improving the performance of Board Committees.

- (a)
- (b)
- (c)

4. BOARD CHAIRPERSON EVALUATION FORM (100 MARKS)
(To be filled by all Members of the Board except the Chairperson)

Rating Scale: 1= Poor, 2 = Average, 3 = Good, 4 = Very Good and 5 = Excellent

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
1.	Leadership	1. Does the Board Chairperson effectively exercise leadership skills?					
		2. Is the Board Chairperson a visionary leader?					
		3. Does the Board Chairperson ensure that communication channels between the Board and Management are open and transparent?					
		4. Does the Board Chairperson adequately promote effective participation of all Board Members in the decision-making process?					
		5. Does the Board Chairperson promote good governance practices in relation to the Board's oversight function?					
		6. How is the Board Chairperson's working relationship with other Board Members?					
		7. How well does the Board Chairperson manage the conduct of Board meetings?					
		8. To what extent does the Board Chairperson ensure that the conduct of the Board is					

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
		consistent with its key obligations?					
		9. How well does the Board Chairperson enforce Board Members' adherence to standards of conduct?					
		10. How well does the Board Chairperson foster effective working relationships between the Board and Management?					
		11. To what extent does the Board Chairperson ensure that the Board is provided with relevant and adequate information to make decisions?					
		12. Does the Board Chairperson ensure that Board meetings are conducted in accordance with laid down procedures as stipulated in the Board Charter?					
		13. How well does the Board Chairperson engage with key stakeholders?					
		14. How well does the Board Chairperson ensure that timely and adequate feedback in relation to the Board's directives is provided by the Management?					
		15. Does the Board Chairperson ensure that clear demarcation of					

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
		roles between the Board and Management is observed?					
		16. How effective is the Board Chairperson's working relationship with the Management team?					
		17. How well does the Board Chairperson guide the Board towards accomplishment of the Organization's strategic goals?					
		18. How well does the Board Chairperson promote Organizational sustainability through innovations and best practices?					
		19. Does the Board Chairperson advocate Organizational team spirit?					
		20. Does the Board Chairperson have relevant experience and technical skills in relation to the Organization's core business?					
		TOTAL SCORE					

Please suggest aspects that can help in improving the Board Chairperson's performance.

- (a)
- (b)
- (c)

5. BOARD SECRETARY EVALUATION FORM (100 MARKS)
 (To be filled by all Members of the Board of Directors)

Rating Scale: 1= Poor, 2 = Average, 3 = Good, 4 = Very Good and 5 = Excellent

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
1.	Key roles and competencies	1. Does the Board Secretary display a clear understanding of the Vision, Mission, Core Values and Main Functions of the organization?					
		2. To what extent is the Board Secretary aware of his/her key roles and power in the Board?					
		3. Does the Board Secretary have relevant skills/experience to effectively deliver on his/her role?					
		4. Does the Board Secretary provide appropriate guidance to the Board in relation to various matters related to the Board's operations?					
		5. Does the Board Secretary ensure all Board Committees are properly constituted and provided with clear terms of reference?					
		6. Does the Board Secretary prepare and timely disseminate the annual meeting schedule?					
		7. To what extent does the Board Secretary ensure Board Members are timely notified about Board meetings and the respective agenda?					

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
		8. Does the Board Secretary ensure Board Members are timely provided with Board papers in order to have ample time for perusal prior to Board meetings?					
		9. How effective is the Board Secretary in recording minutes of Board proceedings?					
		10. How effective is the Board Secretary in maintaining the Board's records?					
		11. Does the Board Secretary ensure Board Members are provided with necessary operational instruments to guide their conduct? For instance; Board Charter, Corporate Strategic Plan and other operational instruments.					
		12. Does the Board Secretary provide appropriate guidance and advice to the Chairperson on proper conduct of the Board's affairs?					
		13. Does the Board Secretary ensure that the Board attendance register is accurately and timely filled?					
		14. Does the Board Secretary play a meaningful role in supporting the Chairperson of the Board and the Accounting Officer?					
		15. To what extent does the Board Secretary advise Board members on a broad range of best-practice corporate governance issues such					

No.	Evaluation Criteria	Key Performance Assessment Areas	1	2	3	4	5
		as voting processes and legal compliance requirements.					
		16. Does the Board Secretary effectively coordinate induction programs for new Board Members?					
		17. Does the Board Secretary facilitate mechanisms for providing continuous training and development of Board Members?					
		18. Does the Board Secretary ensure annual performance review of Board Members is conducted for continuous performance improvement?					
		19. How well does the Board Secretary engage with Members of the Board?					
		20. Does the Board Secretary manage external correspondence effectively by ensuring that requests (relevant to governance of the organization) made of/by the board is reported and responded to in a timely manner?					
		TOTAL SCORE					

Please suggest aspects for improvement of Board Secretary Performance.

- (a)
- (b)
- (c)