

**Tanzania:
A Case Study in
Comprehensive and
Programmatic
Approaches to Capacity
Building**

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Abbreviations and Acronyms used

ADR	Alternative Dispute Resolution
Anti-C	Anti-Corruption
CBOs	Community Based Organisations
CCM	Chama Cha Mapinduzi
CG	Consultative Group
CHR	Commission for Human Rights
CHRGG	Commission of Human Rights and Good Governance
CPIA	Country Policy and Institutional Assessments
CPS	centralised payment system
CSOs	Civil Society Organisations
CSRP	Civil Service Reform Program
DPG	Development Partners Group
FILMUP	Financial and Legal Sector upgrading project
GGCU	Good Governance Coordination Unit
ICT	information communication technology (
IFMS	integrated financial management system
IMG	Independent Monitoring Group
IMF	International Monetary Fund
JAS	Joint Assistance Strategy
DANIDA	Danish International Development Agency
DFID	Department for International Development
FILMUP	Financial and Legal Sector Management Upgrading project
GoT	Government of Tanzania
HIPC	Highly Indebted Poor Countries
IFMS	integrated financial management system
IHRMIS	Human Resources Management Information System
IT	Information technology
LGCDG	Local Government Capital Development Grant system
LGRP	local government reform program
LSRP	Legal Sector Reform Program
MDAs	ministries, departments and agencies
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
MTEF	Medium Term Expenditure Framework
MTS	Medium Term Strategy
NACSAP	National Anti-Corruption Strategic Action Plan
NDS	National Debt Strategy
NGOs	Non Governmental Organisations
OPRAS	Open Performance Appraisal System
PC	Planning Commission
PCB	Prevention of Corruption Bureau
PER	Public Expenditure Reviews
PFMRP	Public Financial Management Reform Programme
PIM	Performance Improvement Model
PIUs	project implementation units
PO-PSM	President's office for Public Service Management
PRBS	Poverty Reduction Budget Support

PRSP	Poverty Reduction Strategy Paper
PSRP	Public Service Reform Program
QSP	Quick Start Project
RASs	Regional Administrative Secretariats ()
RDDs	Regional Development Directorate
SASE	Selective Accelerated Salary Enhancement
SIDA	Swedish International Development Agency
SSA	Sub-Sahara Africa
SWAps	sector wide approaches
TA	technical assistance
TANU	Tanganyika African National Union
TAS	Tanzania Assistance Strategy
UNDP	United Nations Development Programme

1 Introduction

1.1 Background

The World Bank has embarked on a review and to update its approach to helping develop the capacities of African states and societies to secure the economic and social fundamentals of poverty reduction. To this end, an Operational Task Force has been established to focus on the practical and operational challenges of improving the responsiveness, efficiency, and efficacy of Bank support for Africa's ongoing capacity development efforts.

The Task Force is relying on extensive consultations with African institutions and on three main study methodologies: a review of the literature on capacity development achievements and challenges; a set of sector and thematic studies; and a set of fourteen country specific desk and field studies. In this context, the author was requested to prepare a reflective note on why and how Tanzania adopted the approach of comprehensive reforms related to capacity development. The reflections would seek to respond to such questions as:

- λ In the context of Tanzania's history, what led to the adoption of the multi-sectoral approach and why has it been sustained?
- λ What has been the dynamics, turning points and drivers of the public sector reforms trajectory in Tanzania/ What successful incentives did they have?
- λ What has been progress in Tanzania with the partnership agenda; i.e. harmonization, simplification and mutual accountability?

1.2 Methodology

This paper is not based on systematic research or study of capacity development in Tanzania. It is essentially a derivative of the author's reflections and his review of the literature; in the form of reports on the policies, strategies, design and implementation progress on the major public sector reform and capacity development programs and projects.

2 Capacity Indicators

2.1 A historical perspective on capacity development and depletion

There can be discerned four epochs of capacity development and depletion in Tanzania since independence, in 1962: first, the post-independence phase of 1962 to 1972; second, the “crisis” phase of 1973 to 1985; third, the structural adjustment phase of 1985 to 1995; and fourth and current phase of comprehensive reform programs, which started in 1996.

The reform initiatives of the post-independence phase adapted by the new Government were intended to respond to three situations:

- First, there was need to create new institutions and organisation to handle new responsibilities occasioned by the country’s new statehood. Prior to independence, the Colonial Government was organised primarily to maintain law and order, and facilitate extraction of resources by the agents or citizens of the colonial power. Independence brought about the responsibility for maintaining national sovereignty and security, which gave rise to the need for, for example, the ministries of foreign affairs and defence and enabling legislation.
- Second, given the fact that the colonial government had been concerned only with law and order and the development of economic infrastructure only in so far as this supported its extractive function, an independent government had to spearhead development in the economic and social spheres to respond to the expectations of the country’s overall population. This entailed not only setting new organisational units at the centre, it also involved setting up structures at regional, district, division, and ward levels. The goal was to build a fully “developmental” state. The promulgation of a shift to socialist (“ujamaa”) as the national ideology rendered momentum and urgency to rapidly create new state institutions, including the establishment of state enterprises.
- Third, the efforts involved building from scratch a cadre of public service personnel to man new and expanded functions. In this regard, the country was starting from a zero base in terms of numbers and quality of skilled personnel i.e. teachers, doctors, engineers, veterinarians, agronomists, accountants as well as administrators. Training institutions, including a University, had to be created in the 1960’s and 1970’s to meet the ever more gaping human resource capacity gaps.

The post independence phase is notable not just for the great accomplishments in institutions’ building but also for its enduring legacies of state building which impact on capacity building in Tanzania up to this day. Some of these legacies are

positive, and others negative. On the positive side, and most fundamental, was the deliberate effort by the national political leadership, under President Mwalimu Julius Nyerere (now venerably and popularly referred to as Father of the Nation) to forge a cohesive, peaceful, stable and proud nation state out of the colonial inheritance of tens of tribal chiefdoms. To this end, there was sustained political and social mobilisation to conscientize and educate citizens about the essences of nationhood and patriotism, and the evils of ethnic chauvinism and disunity. In this campaign, aggressive promotion of Kiswahili as a uniting national language was a very effective instrument. The successes around these initiatives are still the bedrock of Tanzania's comparative success in state capacity building today.

A few years after independence, in 1967, President Nyerere also led the new nation in launching an ambitious program (the Arusha Declaration) to transform Tanzania to a socialist state. The program involved inter alia,; the nationalisation of all modern economic and social development and production entities (from commercial enterprises to church sponsored schools and health facilities); the collectivization of peasants and small holder farming through establishment of collective (ujamaa) villages; and the domination of national political and social initiatives by the ruling party (then Tanganyika African National Union - TANU, and now the Chama Cha Mapinduzi - CCM) which monopolizes political power to this day. However, the socialist economic model ultimately failed, stagnated state capacity development and fed to the crisis of the next phase. Furthermore, the subsequent structural reforms and comprehensive public sector reform programs' phases, have had to address the negative legacies of the "ujamaa" program.

The crisis phase in state capacity building is characterized by five milestone events. The first was the abolishing of local governments in 1972. The aim was to consolidate the "ujamaa" revolution and improving public service delivery. Central government ministries and state corporations, supported by regional development establishments took over from the local governments the delivery of all public services. However, in the following decade, public services deteriorated, and in 1984, local governments (district and urban councils) were reinstated.

The next three milestone events of the crisis phase were externally triggered and significantly contributed to the collapse of the economy, and depletion of capacity. In 1973 and 1978, there were sharp increases in world oil prices that severely shocked the economies of Tanzania. Then in 1979, Tanzania went into war to counter aggression by the despotic regime of Idi Amin in neighbouring Uganda. Although Tanzania emerged victorious, with the uprooting of the Amin regime, the war effort diverted resources and precipitated a very serious national economic crisis of the first half of the 1980s. There was a steep decline in production capacity, extremely limited capacity to import goods, and public service delivery deteriorated in all sectors. In the circumstances, Mwalimu Nyerere was persuaded to relent on the "ujamaa" revolution, and to quit the Presidency in 1985, which is the last milestone event of that phase.

A new epoch was ushered in by the government of the new President, Ali Hassan Mwinyi, in 1986. Then, Tanzania embarked on a structural adjustment program. The two primary goals of the program were: to reduce the role of the public sector in the economy; and to reverse the economic decline in the previous decade. The adjustment interventions entailed the dismantling of the “ujamaa” edifice, especially through economic liberalization, privatisation of public enterprises. These interventions did ameliorate the state of the nation’s economy, including the realization of modest but steady economic growth, at an average of about 4.5 percent over the ten years. However, other macro-economic and fiscal indicators remained either negative or significantly far below targets. The country’s economic situation remained pathetic in both absolute and comparative terms. The supply of goods and services was tight, erratic, and inaccessible for the majority of the people. Per capita incomes were low, at about US\$180, economic growth was virtually stagnant, large budget deficits were the norm, inflation was 30 percent and above, and macro and fiscal instability were the order of the day.

The public service was in a similar pathetic situation through much of the 1990s. It was bloated in terms of the number of institutions and employees. The policies and systems for management of both finances and human resources were in disuse, and generally outdated. Indiscipline in its many facets was a common feature; “ghost” workers were in tens of thousands in the Government payroll, wage bill and other public expenditures were out of control, etc. Corruption in the public service found roots. The Civil Service Reform Program (CSRP) launched in 1991 did not yield any significant results until the second half of the 1990s. Thus, at the start of the last decade, Tanzania was, in the eyes of many internal and outside observers, just another Africa basket case.

The fourth phase in state capacity building is associated with the reign of President Benjamin William Mkapa, who became President in November 1995. Over the past decade, the capacity and performance of Tanzania has radically changed for the better. **Table 2.1** below shows the impressive and steady macro-economic and fiscal performance in the past few years, which is a result of the vigorous and consistent pursuit of comprehensive economic, public finance and public service reforms over the past decade. Today, the Tanzania Public Service has turned the leaf and has fully functioning “state of the art” systems including, for example, information communication technology (ICT) based systems for payroll and human resources management, and integrated public finance management.

Table 2.1 - Tanzania: macroeconomic indicators, 2003 - 2006

	2003 (Actual)	2004 (Actual)	2005 (Estimated)	2006 (Projected)
GDP at market prices:				
• Normal (in billions Tshs.)	10,692	11,821	13,105	14,583
• Real (animal percentage change)	5.6	6.3	6.6	7.0
• CPI Inflation (animal average)	4.4	4.1	4.0	4.0
Gross official reserves (in months of imported goods and services, next year)	6.8	6.2	7.1	6.0
Current account deposit, including official current transfers (as percent of GDP)	5.9	-5.1	-6.6	-6.1
Aid dependency (as percentage of GDP)	13.5	13.0	12.4	12.9
Direct foreign investment (as percent of GDP)	2.4	2.3	2.5	2.6

Source: IMF (April 2005)

Tanzania has also significantly improved on its social development indicators, especially in the past five years [data to be inserted]

2.2 Country Policy and Institutional Assessments Ratings

The World Bank's Country Policy and Institutional Assessments (CPIA) ratings depict Tanzania as strong and consistent performer.

3 Trajectories and Accountabilities

3.1 Trajectories and Accountabilities

After the First World War, Tanganyika, what is now mainland Tanzania moved to a trust territory status under the British colonial empire. A significant consequence of this “trust territory” status was that the colonial power gave minimum attention to development of state institutional and organisational structures in Tanganyika compared to, for example, the neighbouring Kenya, which was a colony with many British settlers. At independence, in 1961, Tanzania had minimal state capacity. Moreover, the state was then a fragile conglomeration of tribes and other ethnic groupings.

Thus, at independence, the ruling elite, lead by Mwalimu Julius Nyerere recognised that a primary challenge was to establish a unitary, peaceful and stable state. In this regard, virtually every political analyst on Tanzania acknowledges that through deliberate policies and strategies, the leadership of Mwalimu Nyerere, which ended in 1985 achieved for Tanzania what is the envy of most states in the continent. The Nyerere regime also accorded priority to building state capacity. Indeed, under the regime, before the onset of collapse of socialist economic system in late 1970s, Tanzania had performed commendably well human resources development, through particularly strong programs in primary education and adult literacy, water and primary health care. Many Tanzanians then also benefited from technical and professional skills development at both overseas and newly developed local training institutes. Unfortunately, during the long drawn decline and stagnation of the economy, which lasted until early 1990s, capacity building stagnated for a long period.

The next regime of President Ali Hassan Mwinyi, gradually reversed the socialist policies, introduced liberalisation of both the economy and politics, and can be credited with the onset of Tanzania’s economic recovery and democratisation in the early 1990s. However, as a 1997 assessment of the capacity building impact of the World Bank portfolio concluded, the improvement in economy during the Mwinyi regime was not accompanied by similar improvement in the capacity of government¹. It is the so called, “Third Phase” government of President Mkapa, which has been in office since the end of 1995 that has transformed Tanzania’s placed the country on a trajectory of high rates of economic growth, poverty reduction and sustainable state capacity building.

¹ The World Bank (1998), Tanzania Assessment of the Capacity Building Impact of the World Bank Portfolio, The Partnership for Capacity Building in Africa.

3.2 Mkapa's Presidency, critical decisions and the drivers of capacity development

Clearly, President Mkapa came to power with a vision and commitment to set Tanzania on a path of macroeconomic stability, rapid economic growth and poverty reduction. The most dramatic organisational changes he introduced on coming to office were in the Ministry of Finance (MoF) and the State House. In MoF, he brought a complete new team of managers. A few of the key positions (including one of the two permanent secretaries and the treasury manager - accountant general) in the ministry were taken over by highly qualified and experienced officers seconded from the Central Bank (Bank of Tanzania). He also hastened the establishment of the quasi-autonomous Tanzania Revenue Authority and went out in search of meritorious top class professionals to lead and manage the new organisation. At the central bank, he brought into the helm a national from the IMF. Further, he established a small policy analysis unit at the state house, which is headed by an ex-IMF senior professional. He also strengthened the Cabinet secretariat, which is the policy analysis, coordination and quality assurance office with smart professionals from other government departments.

President Mkapa gave a clear sign to the technocrats in the Government bureaucracy that he was committed to reform. This inspired and gave confidence to the technocrats to seriously embark on the development of strategies and implementation of comprehensive reforms. The MoF launched a fundamental redesign of government's treasury and accounting management systems through the introduction of a computer-based centralized payments and sub-treasury systems. The objective of this initiative, i.e. accelerated achievement and sustaining of fiscal controls and stability, was achieved early in President Mkapa's reign. This latter development provided a sound basis for subsequent launch of an integrated financial management system (IFMS) and a comprehensive public financial management reform program. In tandem, the ministry responsible for civil service administration deepened and scaled up public service reform. To complement the fiscal stabilisation measures by the MoF, the size of the government workforce was reduced by about 32 percent between 1995 and 1998 through retrenchment of redundant personnel and improvements in establishment control and payroll management. Meanwhile, a comprehensive public service reform program (PSRP), with a strong and strategic focus on capacity and performance enhancement were launched. From the latter, a decentralisation policy was promulgated in 1997, and comprehensive local government reform program (LGRP) was launched in 1998. President Mkapa's Government also adopted a policy to reform the legal and Judicial sector when, in 1996, the Cabinet adopted all the recommendations of Legal Sector Task Force that had been appointed in 1993 by his predecessor to review performance of the sector and make recommendations for its reform. On this basis, the Legal Sector Reform Program (LSRP) was formally launched in December 1999.

3.3 Donor involvement and aid modalities

A recent review of aid effectiveness in capacity development commissioned by the Ministry of Foreign Affairs of Japan correctly observes that Tanzania is one of the pioneer countries in articulation and implementation of aid harmonization and alignment process². Evidence of the comparable success of this initiative is reflected in the increasing volume of aid channelled through the budget support modality, as well as sectoral programs and basket funding. Programmatic approach is more of the norm today. Sector basket funding has been implemented in health, primary education, agriculture, local government reform, public service reform, public financial management reform and legal sector reform.

The Japanese report also observes that during the recent brainstorming session on Joint Assistance Strategy (JAS), the government emphasized that technical assistance (TA) should be demand-driven, executed by the government responsibility, untied to financial assistance and procured openly. According to the same report, furthermore, Tanzania is now facing many new opportunities and challenges in the harmonization agenda. In 2003, the previous informal group of donors was formalized as Development Partners Group (DPG) with comprehensive terms of references. DPG is mandated to provide coherence amongst donors according to TAS and the Rome Declaration, thus reducing transaction costs for both parties. The government and DPG have underdone a series of discussions of formulating JAS which aims to operationalize principles in TAS by promoting a better division of labour among development partners.

These developments follow the launch by the Government of the Tanzania Assistance Strategy (TAS), in 2002. TAS is a three-year national development framework for managing external resources. TAS is an action plan setting out the following four priority areas for aid harmonization: (i) improving the predictability of external resource flows; (ii) integrating donor fund in the government exchequer system; (iii) harmonization and rationalization of processes; and (iv) capacity building for aid coordination and external resources management³. TAS is monitored through the biennial assessment of the Independent Monitoring Group (IMG) involving the private sector, academics and Civil Society Organisations (CSOs). The first assessment was carried out in 2002 and since then IMG has been the vital part to provide autonomous evaluation of development partnership.

In the TAS policy framework, the Government prefers open (general) budget support for all technical co-operation. However, untying TA from financial resource allocation will put a major challenge to many donors. Furthermore, until there are

² The Ministry of Foreign Affairs of Japan / KRI International Corp (March 2005), Voices of the Partners – Making capacity Development More Effective.

³ Government of the United Republic of Tanzania/Ministry of Finance (2002), Tanzania Assistance Strategy

further improvements in the budget processes for prioritization and allocation of expenditures, the budget support mode could deny crucial support to institutional reforms and capacity building programs. This is illustrated by the results of a review of modalities for funding the PSRP that was carried out in 2003.

Four alternative modalities were evaluated in the context of the objective to enhance coordination and integration of technical co-operation in support of the PSRP. The four modalities were: (i) open (general) budget support, i.e. donor partners' funds budgeted, utilised and accounted for as integral part of recipient Government revenues (ii) ring fenced (earmarked) budget support, i.e. donor partners' funds channelled through government budget but earmarked for specific activities (iii) basket funding within the government exchequer system, and (iv) Basket funding outside the Exchequer system i.e. donor partners' funds are utilised and disbursed outside the Government procurement and accounting system. The results of the analysis of the pros and cons of the four modalities are presented in **Table 3.1** below. The review concluded that funding of the PSRP could not be guaranteed through the budget support modality, and that if donor partners were to provide funding in the form of open budget support, PSRP would most likely be exposed to programme funding risks⁴.

Table 3.1 – Assessment of alternative modalities for aid to the PSRP, 2003

Aid modality	Pros	Cons
1 – Open (general) budget support.	<ul style="list-style-type: none"> • Most consistent with Tanzania Assistance Strategy • Enables MTEF-based allocation of funds • Enables strategic allocation of funds/resources among the program components • Makes use of the existing financial management systems/infrastructure 	<ul style="list-style-type: none"> • Institution reforms and capacity building outputs have low political visibility and can be politically risky in the short to medium term • High risk that the PSRP institutional reforms will be politically low rated among priorities for resources allocation. Therefore, funding for PSRP may be rather low and less predictable • Shortcomings in fiscal management, including uneven or interrupted flow of funds will disrupt program implementation processes • Availability of donor partners' funds be subject to policy conditionalities/benchmarks. Therefore, policy failures elsewhere could affect availability of some funds • Donor partners will miss on transparency in use of their funds.
2 – Ring-fenced (earmarked)	<ul style="list-style-type: none"> • Consistent with Tanzania Assistance Strategy – just a step before open budget support 	<ul style="list-style-type: none"> • Reduced transparency from a donor partners' perspective • GoT prefers no ring-fencing

⁴ PricewaterhouseCoopers (2003), Design of an Integrated Technical Co-operation Mechanism in Support of the Tanzania PSRP

Aid modality	Pros	Cons
budget support.	<ul style="list-style-type: none"> • Facilitates strategic allocation across program components • Enhances prospects for increased donor partners' support • Makes use of the financial management existing systems infrastructure • Ensures guarantee of funding, subject to Government meeting policy conditionalities 	<ul style="list-style-type: none"> • Could to a degree, undermine MTEF • Funds availability usually tied to policy conditionalities
3 – Basket funding within the Exchequer.	<ul style="list-style-type: none"> • Consistent with Tanzania Assistance Strategy • More & more donor partners in favor of these modalities • Strategic allocation across program components • Enhances prospects for increased donor partners support • Takes advantage of existing systems infrastructure 	<ul style="list-style-type: none"> • Increases management burden on the Accountant General • GoT prefers budget support • There are donor partners whose policy favors budget support • Given MTEF ceilings, may not suit PSRP with its low priority ranking
4 – Basket funding outside the Exchequer.	<ul style="list-style-type: none"> • Constitutes progress in the TAS framework • Can make additional resources available outside the MTEF, e.g. Currently IDA credit disbursements are outside MTEF • PSRP is not among priority sectors in MTEF 	<ul style="list-style-type: none"> • Increases management burden on the Accountant General • GoT prefers budget support • There are donor partners whose policy favors budget support • Given MTEF ceilings, may not suit PSRP with its low priority ranking • Contradicts GoT policy direction in public expenditure management reform

Source: PricewaterhouseCoopers

Furthermore, the analysis concluded that a basket arrangement within the Exchequer system would be the best way forward for co-ordinating and integrating technical co-operation for most PSRP activities. It is a modality that: (i) would promote better allocation of resources across PSRP's components than is the case at present; (ii) has strong donor partner support; and (iii) would be based on existing government systems. So far, it appears that basket funding is the popular modality for aid to the public sector reform programs. The majority of donors are supporting the PSRP, PFMRP, LGRP and LSRP through basket funding.

However, the assessment concluded that ring fenced budget support was the better modality for supporting the Selected Accelerated Salary Enhancement (SASE) scheme of the PSRP. Its key advantages are that it: minimises the risk of fungibility and the impact of government cyclical liquidity problems; goes some way towards meeting MoF's preferred modality, budget support; enhances GoT's ability to monitor implementation of pay reform. However, from some donor partners' perspective, this mode is less transparent than basket funding. Also, ring-fencing (earmarking) budget support has the potential to limit strategic orientation in

allocation of resources in the Medium Term Expenditure Framework (MTEF) because that support is not subjected to the expenditure prioritization process.

3.4 Checks and balances

In Tanzania today, formal checks and balances are clear and effective in economic and fiscal management. Fiscal management responsibilities are defined on the basis of clear separation of roles between the executive, legislative, and judicial branches. The constitution assigns the responsibility for fiscal transfer to the executive and legislative; it also provides the legal basis for appropriating and specific spending of public funds. Parliament approves the national budget. It also enacts laws for the impositions of taxes. The national Audit Office formally sanctions expenditure out of the Consolidated Fund, where all Government revenues must initially be deposited. The Cabinet of ministers, on the basis of authority conferred by the President (the Executive), is responsible for formulating the budget, and submitting to Parliament for approval. The Executive spends according to the budget, and subsequently accounts to Parliament through the National Audit office. A 2002 public finance enabled full autonomy of the National Audit office from possible interference by the Executive.

The independence of the Judiciary, as well as its processes and procedures, including composition of courts, are clearly defined in the Constitution. However, for many years, the Judiciary was starved of resources so that it had serious shortage of: qualified and motivated staff; facilities including office accommodation; funds needed to enable its day-to-day operations. In the past few years, however, significant measures to redress the situation have been implemented. The operations budget of the judiciary has more than trebled in the last three years. The role of the Judiciary is being strengthened within the framework of the Poverty Reduction Strategy Paper (PRSP), where the legal sector has been identified as one of the priority sectors.

At the political level, however, Tanzania has significant gaps in checks and balances. The country acceded to multiparty democracy only in the global wave that followed the collapse of the Berlin Wall. However, the ruling party, Chama Cha Mapinduzi (CCM), dominates political space. The opposition is weak and fragmented, although Parliament is beginning to flex its muscles and build internal capacity to enable it to scrutinize the Executive. Local governments also remain weak, and dependent on the center. The rule of law is also not firmly established as the access to modern justice system is largely confined to the relatively affluent in the urban areas. Nonetheless, there are more checks and balances these institutions than ten years ago, and further progress is likely to be planned.

It is more significant, however, in my view that one of the factors underlying the strength of the ruling party (CCM) is a legacy of fair degree of constitutionalism, rule of law, and avoidance of bad governance excesses that the successive regimes

have observed in the dominant mainland Tanzania. In countries where abuse of the constitution, violence against citizens and other excesses were rampant before the onset of multipartism, the ruling parties have since been thrown out of power, or the ruling party remains in power by rigging elections and/or use of coercive means. This is manifestly not the case of CCM in Tanzania. In this context then, there is in Tanzania, within and between Government and the ruling party, and with other state organs, a significant factor of checks and balances, however subtle.

Still, by conventional standards of even third world countries, formal domestic accountability systems in Tanzania remain extremely weak. The ruling party, whose members are risk-averse to antagonising the government, which is established by their party, dominates parliament. Civil society organisations have limited capability; they have no rural penetration and have yet to establish their legitimacy and credibility with the general populace. However, the mass media is slowly emerging as the effective independent, credible, and nationwide organ for demanding accountability from government. There are several privately published daily and weekly newspapers and magazines that reach rural towns, and several independent private radio and television stations that are encouraging and facilitating debate of government performance and demand for accountability.

It is nonetheless remarkable how the successive regimes in Tanzania have felt compulsion to be, at least in appearance, close and accountable to the citizens. Besides the use of the ruling party machinery, which is active down to the grassroots, the regimes have strived to continuously communicate and explain policy agenda's to the public. A review of President Nyerere's addresses to the nation reflects strenuous efforts to inform and educate the citizens of Government policies and their responsibilities, including the need to seek accountability of public servants. To the same end, it is noteworthy that President Mwinyi had reserved a day every week when he would meet any citizen who wished to consult with him. In his turn, President Mkapa makes monthly radio broadcasts to the country whereby he explains his Government's policies, communicates on his engagements and seeks to educate the citizens on national, regional and global developments.

4 Entry Points and Strategies for Capacity Development

4.1 Overall Government Strategy and Priorities

The primary motive force behind the strategy and programs for capacity development is the vision and commitment of the national leadership, and particularly the President, to achieve high rates of economic growth and poverty reduction. The leadership also recognized that a fundamental reform of the public sector was a national strategic imperative. Furthermore, the reforms needed to be comprehensive, covering: a shift from a socialist command and control to a market economy, privatisation of non-strategic enterprises, public service reform, public financial management reform, legal and judicial sector reform, and other major sectoral initiatives to improve physical, economic and social infrastructure, and improve delivery of primary human development services. It is against this broad-based state transformation vision and policy that programs for capacity development evolved in the second half of the 1990s.

The key strategic initiatives for capacity development, as earlier indicated comprise: PFMRP, PSRP, LGRP LSRP and the NACSAP. Government priorities are reflected in the strategies and implementation plans of each of these reform programs. The genealogy and key features of each of these programs are summarized in the sections below.

4.2 Public Financial Management Programme

In the middle of the 1990s, there were at least nine different donor-sponsored projects aimed at improvements in Tanzania public financial management systems. However, a cursory but authoritative assessment of these initiatives in 1997 concluded that they had little, if any, impact. According to this assessment, “one major shortcoming in the past and on-going initiatives in the public financial management reform is that they are designed piecemeal and fragmented in their implementation. In other words, these projects lack a fully systematic and strategic perspective in design and implementation. In the same sense, also, it could be argued that the Government has not articulated a vision for the development of its financial management system. Yet another major factor underlying the ineffectiveness of past initiatives in public financial management reform has been to underplay the significance of systems and processes.⁵ It is in the context of the above that the need and relevance of a comprehensive and programmatic approach were established, and a public financial management reform program (PFMRP) was launched in FY1997/98.

⁵ Kithinji Kiragu (November 1997), Tanzania Public Financial Management Reform: The Strategic Way Forward (a technical discussion note).

At the beginning, it was difficult to achieve a full programmatic approach to PFMR because of the difficulties of coordinating both the donors and the enclave administrative and project implementation units (PIUs) in the MoF and the Planning Commission (PC). However, the two largest donors to the program, SIDA and DFID saw early the need to coordinate and collaborate in their support to the MoF. On its part, the MoF, with the technical support from the two donors, identified its priority objectives and developed a strategy around these objectives, which were: (i) expenditure control and revenue mobilisation as prerequisite to fiscal and macroeconomic stability; and (ii) improved accounting as a basis for budgetary control and enhanced accountability for public expenditure.

Government (MoF) correctly determined that the basics of effective expenditure control should be in place before commencing the implementation of the integrated financial management system (IFMS). To this end, as a starting point, a computerised centralised payment and expenditure control system was introduced. Until then, ministries, departments and agencies (MDAs) operated their separate bank accounts from which they made cheque payments. Under the centralised payment system (CPS), the MoF supervised all MDAs' accounts and all cheques for ministries in Dar es Salaam were made at the Treasury. This was the foundation of the macroeconomic and fiscal stability that Tanzania has well sustained since about FY1997/98. It has also provided a sound basis for the implementation of the IFMS.

The IFMS installation has been gradual and modules-based. The initial software platform, called "platinum" system supported the CPS, and the real-time tracking of government expenditures. Subsequently, a more robust IFMS platform, "EPICOR", replaced the "Platinum". By 2002, all government MDAs' expenditures were on the system. The system enabled a most effective expenditure control system. For example, a ministry cannot issue a valid local purchase order for supply of goods or services if its vote has exhausted its approved budget limit. At present, IFMS is operational in: all 47 government ministries/departments; all 20 regional sub-treasuries; all 20 regional administrative secretariats; and 32 local governments.

A full IFMS implementation is not yet in place. For example, the budget preparation process and fiscal database are still outside the IFMS. Still, the successes so far have been comparatively spectacular. The newly revamped strategy for the PFMRP has the strategy for achieving a full IFMS in the medium term, and to roll it to all local governments.

To achieve the comparatively impressive implementation of IFMS in Tanzania, considerable capacity building has taken place at individual, organisation and institutional levels. The structures and establishment of the MoF were changed. New legislation and complementary rules and regulations for public financial management have also been introduced. Government had to allow recruitment of tens of fresh graduates on special pay to support the IT and accounting aspects of

the implementation. There were also many months of training of the fresh graduates as well as existing employees. In all, 800 staff has been trained.

Significant outcomes have also been recorded in other areas of public finance management, including: budget reform, external resources management and debt management. The MTEF was the start point in budget reform. It was introduced in the late 1990s, operates on a three-year rolling basis and has been instrumental in guiding the allocation of resources. Not only has this framework supported improved integration of the recurrent and development budgets but it is also complemented by rigorous and participatory Public Expenditure Reviews (PER).

Broad-based participation in budgeting is enshrined in PER which have been carried out since 1997/98. Through the PER process, Government budgeting has been taken to the public domain by promoting wide participation of all key stakeholders in the policy debate and budgetary allocation of public resources. The PER process is led by the Ministry of Finance (MoF) and operates through a Working Group comprising representatives from the Government, the private sector, members of parliament, development partners, research and academic institutions, faith organisations, NGOs and the media. The Working Group sets the agenda for the PER process. The involvement of this independent, professional and diverse group of stakeholders enhances the chances for strategic prioritisation of public expenditures across programmes and projects, taking into account both allocative efficiency and poverty reduction issues. The PER has also provided an independent (external evaluation) forum for reviewing fiscal developments in the country.

The PER processes have enhanced accountability and transparency in planning and budgeting. Greater accountability and transparency have been achieved through client surveys, contestability in Government service delivery, disclosure of Government financial reports, budget allocations and expenditure to the media and on the MoF website.

Capacity building has also resulted in improvements in external resources management. A rising proportion of external resources are untied. In conformity with the spirit of the Rome Declaration on Harmonisation, programming of external resources into the budget has improved. For example, in 2003/04, ten bilateral partners and two multilateral partners pledged resources under the Poverty Reduction Budget Support (PRBS) framework to the tune of US\$ 370 million, equivalent to nearly 40 percent of external aid.

Improvements in capacity for external resources are also encapsulated in Tanzania's comparatively speedy accession to the completion point under the Highly Indebted Poor Countries (HIPC) initiative, which was attained in November 2001. As a consequence, Tanzania benefited from the cancellation of debt to the tune of US\$ 3 billion. The impact of this cancellation was that debt service

payments will substantially reduce, by an average of 47 percent, over time⁶. Furthermore, in 2002, Government promulgated a National Debt Strategy (NDS) that “is geared towards eliminating the debt burden, slowing the build up of Tanzania’s debt and alleviating poverty”⁷. The NDS articulates the magnitude and types of debt. It also assesses the long-term sustainability of debt and the “current status of financial markets” as well as measures for their development⁸.

While PFMRP has a comparatively tremendous performance, major challenges remain. Broadly, these challenges include:

- coordination and synchronizing effectively with other reforms: PSRP, LGRP, and LSRP
- ensuring adequacy and sustainability of implementation capacity
- the need to consolidate and sustain the gains made
- Tanzania’s high donor dependency. External support accounts for about 40% of the government budget

4.3 Public Service Reform Program

In 1991, Government with the support of the UNDP launched a civil service reform programme (CSRP). In the next two years, the program conducted some so different consultancy studies of the problems and issues of the public service. In 1993, the World Bank approved a project to support the implementation of the CSRP and the privatisation of public enterprises. However, there were no significant results out of the CSRP for the next three years. In those early years, excessive efforts were put into analysis of the issues and almost none into serious implementation. Between 1991 and 1994, as many as 80 different studies and consultancies were carried out. Neither the political leaders nor the technocrats had the clarity of vision, purpose, strategy and commitment to take bold reform measures, except for a recruitment freeze in 1992.

The momentum for serious, results-oriented, implementation of the program came following coming into office of President Mkapa, in November 1995. Following a clear signal of commitment to change from the President, top technocrats and several donors collaboratively supported the implementation of the CSRP and achieved significant outcomes in the next four years. The most notable outcome was the reduction of the size of government workforce from a high of about 355,000 members in 1995 to 260,000 by the end of 1998. The CSRP also initiated a fundamental review of the role of the state, and the role and functions of individual MDAs through an organisational and efficiency reviews program. This resulted in

⁶ International Monetary Fund (2001), Press Release No.01/48

⁷ University of Dar es Salaam (2000), Tanzania Strategy Profiles,

⁸ Government of the United Republic of Tanzania (2002) - Joint PRBS Annual Review

leaner government structures, a contracted establishment, debureaucratization of some systems of service delivery and a new mindset on the role of the private sector. It is also under the program that the policy and strategy for decentralisation were developed and promulgated. The CSRP very much supported the cost containment measures needed to achieve sustainable fiscal discipline and stability under the PFMRP. The program also involved a fairly comprehensive capacity building effort. The size of the civil service today has risen slightly to 280,000, but on the whole the reductions achieved have been maintained.

The CSRP phase ended about 1999. It was replaced by a broader Public Service Reform Program (PSRP), which emphasized a shift from the cost containment and structural reforms under the CSRP, to capacity and performance enhancement. The essence of the shift was to enhance prospects for the reform to impact on service delivery. The impetus for this new focus arose from:

- the need to demonstrate early results;
- public demands for transparency, integrity and accountability;
- the shift to market economies and private sector-led economic growth;
- influence of “new public management”;
- the need for PSRPs to support sector-wide approaches; and
- pursuit of an integrated systems approach⁹.

The PSRP medium programme emphasises the following strategic features:

- shifting primary implementation responsibility of the reforms to MDAs;
- a strong focus on service delivery improvements;
- emphasis on institutional pluralism in the delivery of public services;
- ensuring the program is linked with other public sector reforms; and
- improving staff incentives framework under severe budgetary constraints.

PRSP takes a long-term perspective in recognition of the fact that the transformation of the public service would require a decade of sustained reform to fully realise the programme’s development objectives. It entails progress beyond structural and process changes in the operational of the public service organisations, to a cultural behavioural re-orientation of the public servants as well as the general public of Tanzania. In this perspective, the program is planned to have three overlapping phases:

- Phase 1: Instituting Performance Management Systems (2000-2005)

⁹ Kithinji Kiragu and Jeremy Clarke/DFID (July 2002), Public service reform impact on service delivery in Sub-Saharan Africa: Lessons of experience from five select countries

- Phase 2: Instituting a Performance Management Culture (2005-2008)
- Phase 3: Instituting Quality Improvement Cycles (2008-2010).

The first Phase of the PSRP programme was launched with fan-fare by President Mkapa in 2000. It is organised around six components: Performance Management Systems; Restructuring and Private Sector Participation; Executive Agencies; Management Information Systems; Leadership, Management and Governance; and Programme Co-ordination, Monitoring and Evaluation (M&E).

A comparative study of PSRPs in three countries of Africa has highlighted three comparatively successful features of the Tanzania program. These are: effectiveness of the leadership and management of the program; the introduction of an incentives and capacity backed performance management system; and a bold and pioneering pay reform initiative of SASE scheme¹⁰. An elaboration of these three features serves to underscore the strong capacity building features of the program strategy.

4.3.1 Leadership and management of the program

The leadership and management of the Tanzania is mainstreamed. The program is led out of the President's office for Public Service Management (PO-PSM) by the Permanent Secretary and his team of departmental directors. Although the PSRP began with an enclave project secretariat of seconded public servants and consultants, all implementation activities are now embedded in the departmental structure of the PO-PSM. It is in this regard, significantly, that the PS and his team enjoy the full confidence of the Minister for Public Service and the President himself.

At the same time, responsibility for implementation of the reform activities have been shifted to the individual MDAs, where again there is further mainstreaming into the structures of individual MDAs. The comparative study¹¹ concluded that, on the face of it, Tanzania would appear to have the most effective model, principally, because it was able to make the transition from a project team of advisers to leadership fully integrated into the department directly responsible for public service matters. By contrast, in Ghana a disconnect appears to have arisen between a Secretariat and key ministers and their chief directors in the central management agencies so great that the current government is at the point of terminating all programs and beginning afresh. Again, in Zambia where an enclave project implementation unit enjoyed the full confidence of the Head of Service but was not embedded in departmental structures reform implementation had not yielded any

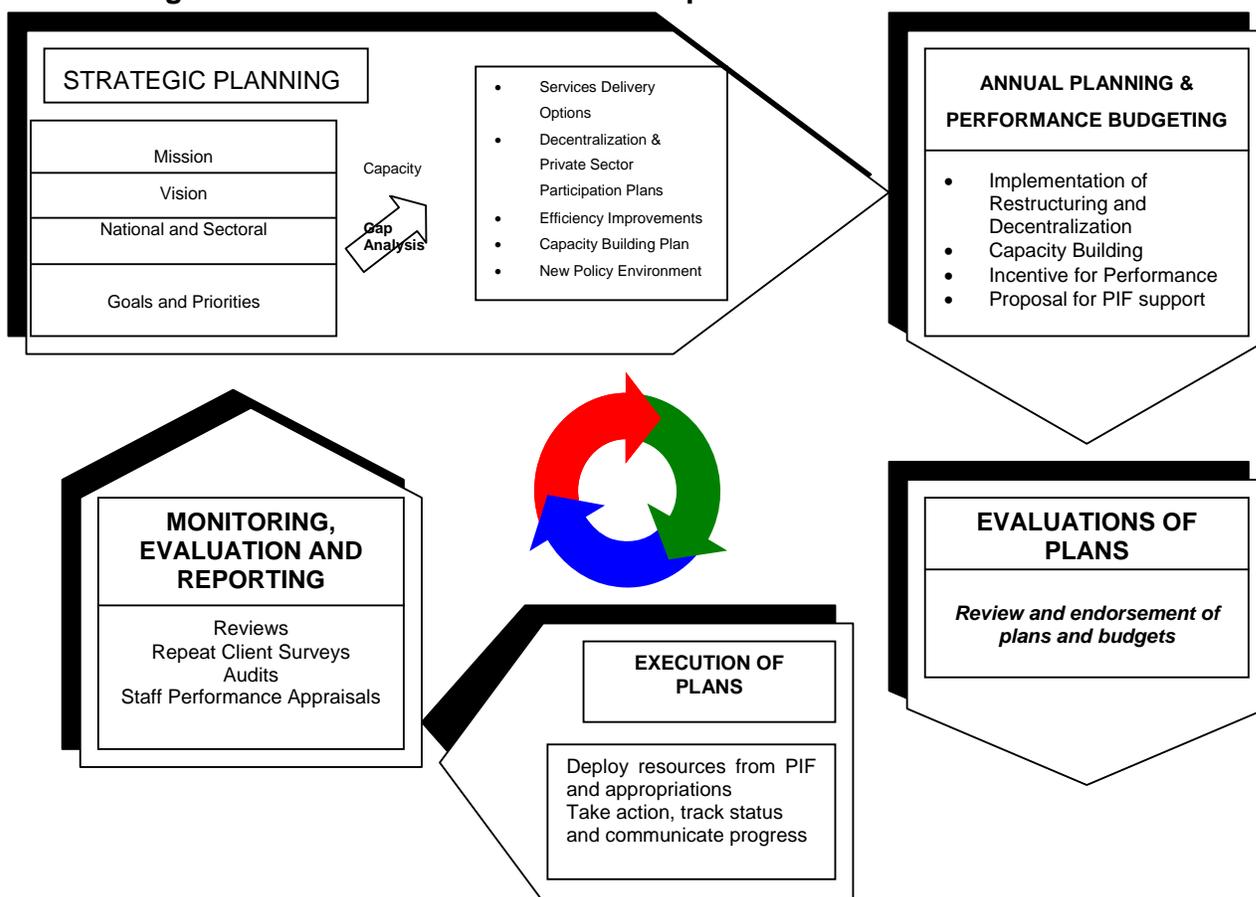
¹⁰Mike Stevens and Stefanie Teggemann,/World Bank (2003), Comparative Experience with Administrative Reform in Ghana, Tanzania and Zambia.

significant results. In this context, mainstreaming may not ensure better outputs and outcomes but enhanced and sustained capacity development.

4.3.2 A home-grown model for introducing performance management

Much the same approach has been adopted in Tanzania, where the PIF is set up to support the application of the Performance Improvement Model (PIM). This model guides managers through a cycle of strategic planning, annual planning and performance budgeting, evaluation of plans, execution and M&E, which ultimately feeds back into strategic planning (see **Figure 4.1** below). According to the model, performance improvement is sustained through a combination of incentives, support and checks and balances.

Figure 4.1: Tanzania’s Performance Improvement Model



There are strong budgetary incentives for reforming institutions as the MoF commits itself to funding the plan fully and predictably if the PIM is approved, and MDAs may be allowed to retain a significant portion of cost-savings. To not raise the bar beyond reach, in the early stages of the project, incentives are linked to the

achievement of reform measures, not better service delivery. However, in future program phases this will be linked to performance outcomes, for which an elaborate M&E system has been developed by PO-PSM. Thus, MDAs will be held accountable for the implementation of their plans within budget through beneficiary surveys on the quality of service delivery and self-assessments by senior management teams. Citizens' Charters define and publicize minimum service standards for each MDA. Every staff will be held accountable for achieving their individual performance agreements, starting with the Permanent Secretary downwards.

The above is not to suggest that there are no serious difficulties or challenges. One of the consulting teams that supported the initiative over an 18-month period observed that there were significant challenges in the way forward in sustaining progress in the implementation of performance management, and the planned transition to the desired culture change in public service management. In brief, these challenges included:

- maintaining interest and commitment of MDAs' top management in the implementation of the new management system;
- sustaining a proactive and effective PO-PSM leadership and coordination role, which was critical;
- the need to deepen and broaden knowledge and skills in MDAs so that they could sustainably sustain the changes;
- the imperative to firmly interface the performance management system and the budget process, so that: (i) the changes did not further burden the management of the MDAs, and (ii) the basic incentive framework remained in place;
- using an electronic platform to simplify some of the performance management routines, which may be crucial to sustaining them; and
- ensuring flexibility and adaptiveness of the "blue print" guidelines in use by the MDAs, so that they did not become redundant and undermine the changes¹².

4.3.3 Selected Accelerated Salary Enhancement (SASE) Scheme

The SASE scheme was a technocrat's (PO-PSM) initiative to progress and sustain public service pay reform in Tanzania in the face of severe budgeting constraints¹³. The PSRP's Medium Term Public Service Pay Policy adopted by the Cabinet in January 1999 set the stage for a SASE scheme. The scheme targeted key professional, technical and managerial staff who play crucial roles in service

¹² PricewaterhouseCoopers (2004), Report on Completion of Assignment to support the Installation of Performance Management System in Ministries in Tanzania.

¹³ Kithinji Kiragu and Rwekaza Mukandala (2004), Politics and Tactics in public Sector Reforms: The dynamics of Public Service Pay in Africa, University of Dar es Salaam Press.

delivery, reform implementation and the production of strategic government outputs. It also sought to reduce the reliance on expatriate experts. The SASE strategy is to achieve rapid improvement of compensation to competitive levels to attract and retain key technical and professional staff. SASE is a bridging scheme that allows the Government to retain and motivate key staff in the short term while it is building a lasting competitive salary regime. It also encourages performance as it is not an entitlement but tied to performance. At the same time, it provides an alternative to the wide-spread donor practice of salary top-ups with its well-known distortion of labor market and draining of talent from mainstream government functions. SASE starts as a wholly donor funded scheme, which progressively should be taken over by government. Donors provide funding on a sliding scale, with the Government contributing savings from down-sizing.

The scheme was introduced in 2000. To date, it has been implemented in only four MDAs. Cabinet suspended rolling-out SASE to other ministries in 2004, but stopped short of abolishing it. Implementation of SASE in Tanzania benefited from a number of positive factors. First, there was a proper records management system, which made for a smooth introduction. In addition, economic growth has been stable and predictable, which has made SASE, at least in theory, affordable and sustainable. Second, donor-government coordination has been relatively successful to promote the implementation of the scheme. Thirdly, and probably most important, the political governance environment was enabling¹⁴.

While it is still too early days to judge the success of SASE in Tanzania, a few issues became apparent that are of importance to other countries which consider introducing SASE. First, due to its limited scope, SASE has not managed to prevent salary top-ups by donors, and donors have been reluctant to pool resources. Close donor cooperation as well as donor-Government cooperation is necessary to make SASE work. Second, on the Government side, salary rises have not materialized as planned, prolonging the reliance on donors. Sincere progress on pay reform is necessary to ensure the successful transition of SASE – in its absence, all achievements to date would be lost. Third, SASE pay is still below market for some classes of professionals such as IT specialists, suggesting the need for additional measures to prevent them from leaving to the private sector¹⁵.

4.4 Local Government Reform Program

Local government in Tanzania has had a long and chequered history. The early forms of local self-government were based on chiefdoms and sub-chiefdoms. The British colonial local government model was, in the 1920s, super imposed on the chiefdoms. In pursuit of the goals of the socialist (ujamaa) evolution launched in 1967, and ostensibly to improve public service delivery, local governments were

¹⁴ Kithinji Kiragu and Rwekaza Mukandala (ibid)

¹⁵ Mike Stevens and Stefanie Teggemann, World Bank (ibid)

abolished in 1972 in favour of a more centralised system of government. Central government line ministries were put in charge of the administration of basic government services at the local level, including primary education and health care. However, the delivery of public services actually deteriorated under this system of deconcentration, and local governments were technically reintroduced in mainland Tanzania in 1984 under a Local Government Act of 1982, the system was a top-down one and local governments were tightly constrained by central government bureaucracy. In addition, local government had lost many of its senior management and technical staff. Central government ministries, through their regional administrative offices, were delegated strong powers to continue to direct almost all aspects of the affairs of local government. However, this system also failed to yield the desired improvements in the delivery of local services, while stifling local democracy, and, by the early 1990s it had become clear that fundamental reform of the system was needed.

The rationale and vision for a new phase of decentralization and the LGRP was technically hammered out of the CSR. There was a realization that the CSR would not effectively impact on frontline service delivery without the active participation of local governments and communities. Limitations of central government capacity and the imperative for institutional pluralism in service delivery were clearly acknowledged. In 1996, the CSR hosted a two-day national conference on decentralization. At the end of the conference, which was attended by ministers, top public officers and representatives of a wide cross section of community and NGOs' leaders, it was resolved to decentralize to local governments, though devolution.

In 1997, the policy framework for decentralization was completed and in 1998 a local government reform program (LGRP) was formally launched. The "Policy Paper on Local Government Reform" spells states that the vision is to have a system in which local governments are largely autonomous institutions. The core of the strategy is decentralisation by devolution. Implementation of the strategy was launched in 1997 with an initiative to strip the Regional Development Directorate (RDDs) of powers, functional responsibilities and resources and transfer of the same to local governments. The RDDs were the deconcentrated centres of power of central government in the regions. However, there was considerable bureaucratic resistance and inertia to the course of devolution. It is only the persistent pressure from political leaders that has ameliorated the resistance (see **Box 4.1** below).

Following the restructuring of the bloated RDDs to lean Regional Administrative Secretariats (RASs), interventions to effectively empower local governments, through the LGRP, were planned to take off on a phased basis beginning in January 2000. The other two phases would be launched in the subsequent two years, so that each phase took off with roughly 35 districts per year. That was the technocrats implementation strategy. Politicians seriously challenged it because of

the potential repercussions from the voters in the local 3 areas that would be left out. It is in this context that the program took off in 39 instead of 35 districts.

Box 4.1: How political pressure ameliorated bureaucratic inertia and resistance to devolution: The case of stripping Regional Development Directorates to facilitate devolution to Local Governments

Until the promulgation of the policy of decentralization through devolution in 1997, deconcentration of central government, through Regional Development Directorates (RDD) co-existed with quasi-devolved local governments (district councils). Upon adoption of the policy of devolution, it was clear to political leaders (ministers) that the transfer of responsibilities, authority and resources to local governments necessitated the stripping of RDDs of the same. To this end, a technical task force of public servants supported by two consultants was in late 1997 commissioned to restructure the RDDs and identify the staff and other resources to be transferred to the local governments. Sooner, it was the view of the political leaders that there was inertia and resistance by central government officers to the effective implementation of the devolution policy. This is best exemplified by the differences between the political leaders and the top civil servants in the subsequent exercise of restructuring the RDDs to become administrative secretariats.

Political leaders in the majority wanted to have RDDs reduced to the role and capacity of regional advisors to local governments. According to this model, all staff from the RDDs (an average of 700 at the point), except 50, were either to transfer to the local governments or to be retrenched. However, the task force was guided by the top public servants (permanent secretaries, directors, etc) to keep the establishment in the RDDs to a minimum of about 250. However, political leaders kept their foot down, and in the end the new Regional Administrative Secretariats (RAS) had an establishment of 83 employees. It is a mark of the resilience of bureaucratic power that in spite of the determination of political leaders to achieve devolution, resistance among technocrats still manifests itself.

By the end of the first year of LGRP implementation, however, it was clear, that even the implementation plan of the technocrats was too ambitious and had to be changed. Indeed, the view of most donor partners and some technocrats, the implementation of the program in the remaining districts was to wait for at least another year. The political leaders would not entertain that proposition. Following a GoT/donor review of the program in 2001, the modalities for introducing the program to the remaining councils were consequently refined, and renamed "Batch 2.", which would cover the balance of 58 district councils, 7 town councils, municipal councils and two city councils. Batch 2 was the basis of a new PO-RALG Medium Term Plan and implemented from 2002 to 2005.

38 LGAs which were in “Batch A” of LGRP implementation have now completed a comprehensive restructuring programme. They have developed strategic plans, using the same approaches and methodologies applied nationally by the PSRP. In addition, ongoing initiatives such as the OPRAS have been incorporated into the LGA restructuring processes, so ensuring quality and commonality with national norms. These LGAs have carried out staff audits, and have also developed new structures more in line with local needs. Half of these proposed structures have been submitted to the Minister for approval, and the remainder are under discussion with the remaining LGAs.

A recent “Comparative Analysis of Decentralization in Kenya, Tanzania and Uganda” has observed that, “the overall evaluation is that the decentralisation process in Tanzania has made important achievements. However, if all the overall balance between decentralisation of tasks and responsibilities, finance, personnel and capacity is not ensured, the reform process will face serious challenges. Particularly, the development of the framework for management of local government staff in a manner that ensures accountability between politicians and local staff, will be crucial for a successful deepening of the process. Furthermore, it is important to keep up the momentum, recently obtained within the systemic fiscal reforms, and further to develop the discretionary funding available for local governments linked to improved performance, accountability (downwards, horizontal and upwards) and incentives for the local governments to improve on their performance”¹⁶.

It is not yet clear that the LGRP is impacting significantly in improving service delivery. However, the program was seen to be enabling and facilitating the implementation of the Primary Education Development Program¹⁷. Furthermore, the program is supporting institutional development and capacity building in several important fronts.

In fiscal decentralization, for example, major steps forward have been taken in the area of fiscal decentralisation through which LGAs will be allocated grants in a transparent and equitable manner thus rectifying the historical imbalance in the allocation of resources between LGAs. The LGAs will also be given greater flexibility in the use of those resources in line with the vision of autonomous local government authorities set out above. Thus, the Government has now approved a formula based system for the allocation of resources between LGAs and this has been implemented for the recurrent grants for Health and Education for 2004/2005.

¹⁶ J. Steffensen, P. Tidemand, H. Naitore, E. Ssewankambo and E. Mwaipopo (August 2004), A Comparative Analysis of Decentralization in Kenya, Tanzania and Uganda, Final Synthesis Report – sponsored by the World Bank/Danish Trust Fund

¹⁷ PricewaterhouseCoopers (2003), Institutional and Financial Analysis for the Implementation of the Tanzania Primary Education Development Program – A report to Government of Tanzania and the World Bank

Furthermore, the principle of LGAs earning the right to greater autonomy has been extended to development grants, where the Local Government Capital Development Grant system (LGCDG) will provide capital development grants from January 2005 to LGAs on a formula basis, but only where they have met certain performance criteria. They will be provided with capacity building grants to assist them to meet these criteria and other performance measures. Moreover, to strengthen the LGA;s financial management capacity Zonal Reform Teams of Government officers supported by consultants have been supporting the implementation of improved financial management systems. In addition, the national IFMS is gradually being introduced in close collaboration with the Ministry of Finance. At present, nearly a half of the LGAs are on the “Epicor” based system. These efforts are beginning to bear fruit as evidenced by the quality of annual financial reporting by LGAs. In the year 2000, 65% of LGAs received adverse audit reports. In the year 2002, only 23% received adverse audit reports by the National Audit Office.

Capacity building is also taking place in the area of human resources management. LGAs are, albeit slowly, assuming responsibility over human resources management. It is suggested that, autonomy in human resources management by local governments as the “Achilles’ heel” of devolution, as centrally controlled and transferred civil servants have no personal stake in the success of devolution. Yet central governments are often reluctant to let go of the power and patronage potential of centrally appointing and managing all key public service staff in the country. Implementation of government policy in this area saw some early success with the signing of the Local Government Service Regulations, 2000, whereby LGAs were given a framework for the hiring, managing and firing of its own staff. However, the passing of the Public Service Act No. 8 of 2002, and the Public Service Regulations of 2003 effectively curtailed progress in this regard, and indeed, in some respects, reversed it.

Meanwhile, through the LGRP, Government is building capacity at LGA level. Over the last three years, specially tailored training programmes were developed and targeted nation-wide. Training was provided for: 72,000 elected grassroots leaders; 2,537 Ward Executive Officers; 3,447 Councillors; 106 Council Directors; and 104 District Commissioners. A nationwide programme for Village Executive Officers is currently underway, and one for Manpower Officers, (as well as for all Heads of Department), in all LGAs is planned for this financial year. Each of the programmes, although differing in terms of duration and depth, has a common orientation towards embedding the reforms through an emphasis on leadership, administrative functions and the management of change.

LGRP has also introduced legislation to give effect to the reforms, particularly through the Local Government Act No. 6 of 1999. Complementary regulations to support the reforms have also been passed.

However, although efforts to harmonise central and sector legislation with government policy on decentralisation have been ongoing since 1999, little progress can be recorded. Constraints on this front have included: (i) the sheer scale and complexity of the undertaking, (ii) the reluctance, or at least the lack of enthusiasm in central government and the sectors for harmonisation and the changes that will involve. In the circumstances, the PO-RALG has plans for: (i) amending the Constitution to enshrine the decentralisation policy; and (ii) preparing and bringing into effect a comprehensive Local Government Act.

4.5 Legal Sector Reform Program

Government endorsed a comprehensive approach of the legal sector when, in 1996, they approved the recommendations of a Legal Sector Review Task Force that had been appointed by the previous Government three years earlier. The task force comprised eminent Tanzanians. The Chair of the task Force was a former Attorney General and judge of the High Court. The work of the task force was supported by various donors, including the World Bank through a Financial and Legal Sector Management Upgrading project (FILMUP), which closed in 1999.

In tandem with the work of the Task Force, considerable capacity building took place. Under the FILMUP, the Laws of Tanzania were published in an updated and harmonized version for the first time since the 1980s. The Law Reports and the High Court Digest edited by members of the University of Dar es Salaam's Faculty of Law were also updated and published, and disseminated to the judiciary. Many magistrates were also trained.

In the second half of the 1990s, a DANIDA project supported what is probably the most notable reform intervention in the sector so far, i.e. the establishment of the Commercial Division of the High Court. The court is comparatively well equipped, including the installation of a voice recognition system for keeping records of court proceedings, the first of its kind in Tanzania. This court "fast-tracks" the hearing of cases pertaining to commercial law. The Court's first full year of operation was 2000 when it received 89 cases and processed 58. In 2004 it received 124 new cases and completed 190 (including pending cases from 2003) with 112 additional cases pending at the end of the year. The average time between the date of filing and final determination has reduced from an average of over 60 months to about 12 months.

The DANIDA project also provided substantial support to both the Human Rights Commission and the Law Reform Commission including funds for a new building, IT equipment and the hiring of additional staff. On its part, Government in the late 1990s constructed a school of administrative justice, where paralegals are trained. In other initiatives, the Judiciary introduced the Alternative Dispute Resolution (ADR) system.

Nevertheless, the impact of these reforms on access to justice for poor is considered to be minimal. It was therefore decided in 1999 to adopt a comprehensive approach to the reform, based on the implementation of the 1996 Legal Task Force report. The Task Force made wide and far-reaching recommendations, and estimated the total cost of implementing the recommendations at about US\$ 212 million. However, due to a paucity of resources, developments in the country's national framework and changes in the economic trends, the strategy could not be implemented as expected. In 1999, with encouragement from the donors, it was decided to implement a Legal Sector Reform Program (LSRP) in phases, beginning with a three-year phase.

In December 1999, the Government launched the first LSRP Medium Term Strategy (MTS) for the period 2000-2005. The main thrust of the MTS of the LSRP is to strengthen the overall capacity of the legal system. The MTS aims to address the following five key result areas: (i) National legal framework; (ii) access to justice for the poor and the disadvantaged; (iii) human rights and administrative justice; (iv) knowledge and skills of legal professionals; and (v) service delivering capacity in key legal sector institutions.

The LSRP is being approached in the context of the broader public sector reform framework to respond to the on-going rapid transformation of the public sector being ushered in by among others, the PSRP, the PFMRP and the LGRP. These and other public sector reform programmes have given rise to the need for extensive changes in the legal and regulatory framework. On the other hand, LSRP will promote achievements of the initiatives under the PSRP that contribute to quality service delivery in the sector institutions. In principle, the LSRP also supports the initiatives under the LGRP's goal of decentralisation of public service delivery and promotion of participatory development.

While the MTS was well received by donors, it did not immediately attract any substantial funding support. A group of five bilateral donors teamed up to establish a "Quick Start Project " (QSP) of about US\$ 3million as an interim channel of basket funded support to the LSRP. The QSP was to fund priorities and pilot low-cost and community-based infrastructure improvements under the program. The project was to last only 18 months. However, somehow, it took the donors more than 12 months to agree on the modalities of basket funding, and some three years to implement the project. Furthermore, the project implementation was not satisfactory. It is also took the government some five years to complete preparatory work for a project by the World Bank to support the implementation of the LSRP. Consequently, many of the basic problems constraining the judiciary have not been adequately addressed so far.

While many in government could attribute the slow progress in implementation of the LSRP to lack of funds, a more objective assessment would most probably point out two underlying problems. The first and most fundamental problem is weak

leadership of the program by the Government (Ministry of Justice and Constitutional Affairs). This problem is exacerbated by the diversity of institutions under the program, which include Ministry of Justice and Constitutional Affairs (MOJCA), the Judiciary, the Law Reform Commission, Commission of Human Rights and Good Governance (CHRGG), the Police, the Prisons, the Council for Legal Education, the Universities and The Tanganyika Law Society. The second problem was the initial hesitancy on the part of donors, who in the absence of a donor with substantial resources diverted attention to the narrow QSP and thereby undermined the take-off of the LSRP.

However, by adopting a sector-wide approach, the institutions in the sector have started receiving due attention from both donors and the MoF. Thus, for example, the program received a boost three years ago when the sector was placed in the priority list under the PRSP. As a result, the budget for sector institutions, especially the Judiciary, has risen significantly in the past three years. Also, at last, about half a dozen donors have now completed consultations with Government on the establishment of a basket fund to support implementation of the program. The World Bank plans to contribute to this basket in a project scheduled for Board presentation in FY2005/06.

4.6 National Anti-Corruption Program

President Mkapa was elected into office on a popular Anti-Corruption (Anti-C) platform. Upon assuming office, he proceeded to appoint a commission to investigate corruption. The Commission submitted a comprehensive report to the President in 1996. The report was expected to be the basis of the anti-corruption efforts of President Mkapa's regime. There were high expectations following the President's acceptance of the recommendations. However, there has been only one significant case of prosecuting of leaders implicated in the report to be corrupt. The President has since provided the explanation that most of the cases could not stand the test of judicial scrutiny. Therefore, he could only act where executive/administrative authority was adequate, as in the case of compulsory retirement of hundreds of the revenue authority staff. Still the early expectations that President Mkapa would decisively exorcise the ghost of grand corruptions have been dashed.

The government's fight against corruption is anchored in the National Anti-Corruption Strategic Action Plan (NACSAP) the program aims at initiating comprehensive anti-corruption legislation, identifying areas of government activity most prone to corruption and redressing them, and identifying legal and administrative corruption remedies that provide adequate deterrence. The program has four principles: prevention; enforcement; public awareness including creative partnerships between government, civil society organizations, the private sector professions and religious organizations in fighting corruption; and institution building. Furthermore, NACSAP has specifically identified seven areas of focus: the

rule of law and legal framework; financial discipline and management; procurement, public education awareness and sensitization of people's rights, public service reforms; whistle blowers and witness protection, and the media.

Within the above framework, anti-corruption structures have been created. MDAs have developed sector strategic action plans, and have also appointed focal points that coordinate anti-corruption activities and routinely submit reports. A Good Governance Coordination Unit (GGCU) has been created, which reports directly to the Chief Secretary and Secretary to the Cabinet. There has also been notable increase in legal frameworks. The Public Procurement Act has been passed by Parliament and efforts are under way to reform the Central Tender Board into a regulatory agency. A Public Finance Act as well as a Public Service Act has been enacted. There has also been increasing transparency in government finances as transfers from the Treasury to local governments are now published in the print media.

The Prevention of Corruption Bureau (PCB) has been strengthened. Its budget has increased from about US\$ 4 million in 1996/97 to US\$ 50 million today 2002/03. The number of its staff has increased from about 140 to more than 700 in the past 10 years. PCB has also opened offices in all regions and districts of the country. Nonetheless, the effectiveness of the NACSAP implementation and of the PCB is questioned. Many fewer cases of corruption are reported and investigated than public surveys suggest. PCB reports to have received about 2,300 complaints only over the past ten years. However, so far, there have been only 192 prosecutions, and only 9 convictions. Therefore, establishment of many anti-corruption agencies and strengthening of the PCB, and wide-ranging institutional and systems interventions, appear to have had minimal impact. Corruption is still a major problem that undermines good governance and capacity building.

4.7 Issues and challenges of implementation

Capacity development through the reform of institutions of governance, which is what is the strategy of the PSRP, PFMRP, LGRP, LSRP and NACSAP constitute, is a complex, knowledge-demanding and long-term process that generates challenges all along the way. A presentation of these issues for the PSRP in a recent national consultative conference of public sector reforms, as reproduced in summary below, appears to have picked these issues well¹⁸.

The challenge of ensuring coherence among the reform programs: The various public sector reforms were initiated at different times, and in response to specific problems confronting various sectors. As a result, they operate as discreet initiatives and are not linked and joined-up which may lead them to focus on trees

¹⁸ United Republic of Tanzania (October 2004), Report of the Proceedings at the 1st Annual Conference on Public Sector Reforms.

rather than forest. Consequently, they could be less effective in terms of achieving overall improvements in public service delivery and the reduction of poverty. Furthermore, developing a comprehensive and integrated framework, covering both the various crosscutting reforms and the sector reforms, would be difficult, if not feasibly impossible. Still, there is need for greater coherence and linkages among the reforms so that all of them pursue the objective of achieving the goals of Vision 2025 and the reduction of poverty.

Challenge of creating public demand for reforms and accountability: There are no effective mechanisms for citizens and other stakeholders to voice their concerns and demand action on the nature of the reforms and the pace and results of implementation. Under the PSRP, MDAs are required to publicly commit themselves to minimum standards of performance and service delivery through clients' service charters. The relevance of the charters is reinforced through independent service delivery surveys, which are sponsored by the program, and whose results are to be widely disseminated. The next step is that these commitments are effectively in the public domain through multimedia systematic information, education and communication programs. The challenge is to make these mechanisms work. In that connection, in the design of the next phase of PSRP, it may be useful to build efforts to facilitate select NGOs and Community Based Organisations (CBOs) to assume advocacy roles for clients/citizens in specific service delivery areas. Also, ICT, which the Government has now recognised as an important tool in improving public service performance, should be tapped to enable citizens to obtain information and react to government actions in a timely and appropriate manner.

The recent decision by the Government to adopt an e-government policy should now be followed up by well-articulated implementation strategies that would then go a long way to support the creation of demand for information and accountability from both leadership as well as citizens. It would also make lighter the task of providing feedback and information from the MDAs to both leadership and general public.

The client service charters service delivery surveys and publication of the M&E system under the PSRP are intended to support demand for accountability at institutional level.

The installation of the Open Performance Appraisal System (OPRAS) is intended to support an accountability regime on part of individual public servants. The new Public Service Act, 2002 requires each MDA to report annually on general performance of their staff to the Public Service Commission with a view for the latter to demand corrective action as necessary. The challenge remains on how to empower both management and staff to use it effectively to support improved performance. There is also need to enhance the capacity and competence of the

Public Service Commission to enable it to perform its monitoring and supervisory role.

The challenge of building an affordable, effective and sustainable incentive framework: A country that is faced with long-term severe budgetary constraints, such as Tanzania, has difficulties building an affordable, effective and sustainable incentive system for the organizations as well as staff. That is the challenge of pay reform, which is a component of the PSRP. Under the program, two important initiatives have been taken. First, a medium-term pay policy that contains pay targets aimed at achieving a competitive pay for technical and professional civil servants in comparison with the private sector was adopted in 1999. While the longer-term pay policy objective is to achieve a “living-wage” for all civil servants, the policy reflects the reality that the limited resources in the medium term have to be used in the most effective way.

Second major initiative was the launch of the Selective Accelerated Salary Enhancement (SASE) scheme. The scheme seeks to replace in a harmonised framework the opaque incentives previously paid under donor-funded projects, as top-ups and allowances. The SASE scheme enables the Government to top-up the salaries of individuals based on the priority or criticality of their function. The top-up is equal to the difference between current pay and the medium-term targets. The top-ups range from 50 to 100% of basic salary in year one, but as government gets closer to those six-year targets, the top-ups reduce until they eventually reach zero. The new OPRA system checks whether objectives are being achieved and targets met, on the clear understanding that poor performance will result in the withdrawal of the individual from the SASE scheme.

Improvements in performance of individuals receiving SASE have been reported. In particular, for example, the Ministry of Finance has noted the much-improved quality of planning and budget submissions from the ministries that have installed Performance Management Systems and whose key staff are receiving payments under the SASE scheme. SASE was to last five years, by when it was expected that Government would achieve the target pay levels for all public servants. However, the pace of enhancing salaries is far below what was targeted in the pay reform strategy at the time of the launch of the scheme. Furthermore, Government has last year curtailed the rollout of the scheme beyond the original five ministries. SASE also for now depends on donor funds. Therefore, the sustainability of the SASE scheme is in doubt.

5 Program Design, the Role of Aid and Evaluation

5.1 Program Design

The dominance of the programmatic feature in the strategy for capacity development in Tanzania has been an evolutionary process that is still on going. It has taken hold over the past seven years. This shift towards programmatic strategies has been informed by two experiences. Firstly, there has been experience of failure to achieve sustainable outcomes with piecemeal, fragmented and uncoordinated projects. While success may record within initial phases of such projects, it has been common to observe the outputs and outcomes dissipate over time for three main reasons: there may be lack of complementary institutional and physical incentives needed to sustain the outputs and outcomes. For example, a project to impart knowledge and skills may be assessed to have satisfactory outputs but if pay is demoralizing low, and the facilities and tools of trade are not available, knowledge and skills gained may remain unutilized and ultimately useless. Therefore, a results-oriented training project should be complemented by interventions to enhance incentives and improve the work environment.

This is the rationale behind programmatic approaches to capacity building, since no singular sector intervention is exclusively attributable, a sustainable capacity building or other development sustainable outcome, programmatic and sector-wide approaches have a better chance of impact than discrete and narrowly focused project interventions. Often there is need to update or replace outputs overtime. Short-term (one-two year) projects, which have been popular logical-framework based donor designed interventions, rarely provide for such eventualities.

Secondly, for example, programmatic and sector wide approaches (SWAps) generally deliver large and more reliable flow of donor funds that facilitate wider scope of capacity building interventions.

Thirdly, besides the merits of transparency and accountability in participatory capacity building, as in other development initiatives, explicit acknowledgement by government of its budgetary and other capacity related constraints to delivery of adequate and quality services to the public, entails embracing institutional pluralism and the subsidiary principles in delivery of essential social services. These principles demand participation and coordination of stakeholders in planning and delivery of services, which are facilitated through programmatic and SWAps.

Fourthly, the need for broad-based implementation of the programs. For example, under successful implementation of the PSRP is predicated on effectively devolving the ownership and responsibility to MDAs. The program design essentially provides a strategic framework, and model (illustrated below) for assessment, planning and implementation of capacity building in the individual organisations. The

programmatic approach places coherent and coordinated strategic framework what would otherwise be a scattering of tens of uncoordinated stand-alone projects.

However, programmatic and SWAp based design of capacity building interventions, Tanzania style today, is not a panacea. These approaches are viable only if the following conditions prevail:

- there is strong government ownership, leadership and coordination, as elaborated in the next section on lessons of experience,
- implementation is mainstreamed in government structures, systems and incentives. Enclave project implementation units (PIUs) may work for outsourced large-scale construction programs but they have limited chances of success with capacity building interventions; and
- donors are willing to coordinate and cooperate in pooling of funds either through basket or earmarked budget support modalities.

5.2 The role of AID

Until fairly recently, most donors were resistant to programmatic approaches not just because of unwillingness to cooperate and coordinate among themselves for aid effectiveness. In my experience and considered view, donors instruments for design and evaluation of their projects were either not facilitating or reflected higher risks of failure when applied to a program compared to when utilized in the design and evaluation of narrower and short term projects. Furthermore, the initial efforts of coordination among the development partners, especially when government is not effectively leading and managing the process can be too demanding for the donors to bother.

Today, most donors are on the look out for opportunities to collaborate in SWAps and basket funding. Sometimes, they pool funds because there are not enough funds from any of them to create an impact. This was the case, for example, underlying the choice by several donors to adopt a minuscule programmatic initiative to support the LSRP, through the “Quick-Start Project”. However, although it was a comparatively small-scale program, it was not successful because it was predominantly donors-driven. Therefore, while donor support can be crucial, success of a programmatic approach is predicated on:

- (i) government-led design and implementation of the program;
- (ii) willingness of the donors to collaborate with a critical level of inputs of technical assistance and long term program funding.

5.3 Monitoring and evaluation

The overarching national framework for monitoring and evaluation has been developed around the Poverty Reduction Strategy (PRS). Government in December 2001 published a Poverty Monitoring Master Plan. The National Poverty Monitoring Steering Committee leads poverty monitoring. The Steering Committee currently reports directly to the HIPC Technical Committee chaired by the Ministry of Finance but in future will report to the Vice President. The Steering Committee is responsible for implementing the Poverty Monitoring Master Plan. The plan focuses on increasing information required for pro-poor policy making, establishing a clear institutional framework for poverty monitoring and developing different instruments required for poverty monitoring e.g. surveys, censuses, analytical research and data from routine administrative systems. A key aspect of the Master Plan is its emphasis on disseminating information to key actors, as well as consolidating information on national databases accessible to a wide audience. Since 2001, PRS M&E (progress) reports are produced annually.

The PRS has collated the key indicators and work has been undertaken to produce a core set of outcome indicators, which will be monitored annually as part of the PRS review process. A subset of these is included in the logical framework. Further, the National Bureau of Statistics, the Planning Commission, research institutes and donors have agreed a clear plan of annual national surveys. These are being harmonised to ensure that appropriate information can be consistently collected on an annual basis. Since end of 2002, the Annual Poverty and Human Development Report complement the PRS M&E reporting.

Below the PRS M&E framework, each of the reform programs, as well in such other sectors as education, health, water, agriculture and infrastructure has its own M&E system. Besides outcomes, these sector M&E systems seek to capture implementation activities and outputs. There is now a general recognition that at the level of outcomes, there is risk of extensive and wasteful duplication of effort among the M&E systems. Therefore, an initiative to harmonise this systems has been launched by the MOF.

6 Lessons Learned for Capacity Building in Tanzania

6.1 Vision, courage and commitment of national leadership to realize change

Tanzania's experience strongly suggests that the vision and commitment of the national leadership, and in particular the Head of State, is the most critical factor for sustained capacity building. Until President Mkapa took office, in spite of ten preceding years of reform, there was no clarity to technocrats and donors who would eventually be change champions, that government was serious about implementation of fundamental policy institutional and organisational reforms beyond the liberalization of the economy. That changed at the end of the new Presidency 1995. Both senior public servants and donors received clear signals from the President and his cabinet that they wanted for realizing changes, and very fast. Government was more bold and ambitious than the technocrats and donors had contemplated in what would otherwise have been politically problematic reforms. Thus political leaders pressurised for more ambitious targets in such initiatives as: retrenchment of redundant employees so that, government performance always significantly exceeded the targets agreed as structural adjustment conditionality benchmarks; radical restructuring of regional secretariats accompanied with transfer of staff and budgets to local governments under the decentralisation policy of 1997/98; the pace and scope of implementation of local government reforms whereby Ministers were opposed to a phased implementation; the privatisation of Dar es Salaam water supply system; etc. It is on the basis of such observations that there was confidence and readiness of technocrats to adopt programmatic approaches to the PSRP.

The commitment and courage needed of the national leadership to sustain the public sector reforms is captured in a statement that President Mkapa made on the occasion of the 1997 Consultative Group (CG) meeting held in Dar es Salaam, "we have seriously and vigorously pursued reforms even at the risk of implosion in our country because we know and believe that these are crucial to achieving our national aspirations and goals".

6.2 The Executive must have a respect for institutions

One of Tanzania's strengths in capacity development in the last decade is that the executive arm of government, and the Presidency in particular, has consistently exhibited a modicum of respect for other institutions. In this regard, it is that:

- New legislation in 2000, the Public Service Act, was introduced to institutionalise the principle of meritocracy in public service appointments. Under this legislation, for example, the President's authority to make appointments in public service was being curtailed, and the role of a politically independent Public Service Commission in and ensure adherence to meritocratic principals appointments was being enhanced;

- Besides support for the LSRP, the executive has placed support to strengthening the Judiciary as a priority under the PRS. As a result, for example, between 2001 and 2002, the budget allocation for recurrent expenditures to the Judiciary trebled;
- The executive has been observed to give increased space for ideas and decisions of the technocrats;
- The exercise of executive (Presidential) power is moderated by such other organs as the ruling party and parliament; and
- The executive is commitment to consultations and consensus building reinforces good governance. In this respect for example, the President has been observed to reach out for consultations with leaders of the opposition political parties.

6.3 Prioritised strengthening of key institutions

At the time the new government of President Mkapa came into office, there was a deliberate initiative to prioritise the capacity development in two key institutions, i.e. the Ministry of Finance (MoF) and the Presidency / Cabinet office. As earlier indicated, new staff for these institutions were poached out of such other agencies as the central bank, (Bank of Tanzania) the revenue authority, the planning authority, and even from among Tanzanians serving such international agencies as the World Bank and IMF. It is essentially the team of technocrats appointed then that has steered Tanzania's economic management over the past decade. It is also instructive that some of these officers remain on the payroll of their previous employers, who compensate their employees at significantly higher levels than the public service.

6.4 Stability in key public service appointments

When the executive leader of a country disregards meritocratic criteria and instead takes appointments in the public service as opportunities for patronage and reward to loyalists, there is usually high turnover in key public service appointments. Thus, for example, under the Moi and Muluzi regimes in Kenya and Malawi respectively, ministers and permanent secretaries rarely stayed in one office for two years. In the two latter cases, for example, leadership (i.e. minister and permanent secretary) in the ministries of finance was reshuffled, on average, every two years. Also, generally, under these regimes, very few permanent secretaries served through a whole presidential term of five years.

The above scenario contrasts very much with what has been observed in Tanzania over the past decade. Three quarters of President's Mkapa's cabinet have been in office since the start of his regime. Also, at least a half of all the permanent secretaries in office today have been in that rank for the past nine years. Indeed, in such key offices as that of secretary to the President and cabinet, permanent secretaries for Public Service Management and Finance, the same faces have

occupied office since President Mkapa came into office. Such stability in key public office appointments has demonstratively enabled effective leadership for capacity building in these organisations. This is not to suggest that mediocrity should be sacrificed for the sake of continuity. However, it is suggested that high turnover of political and technocratic leaders and managers destabilises organisations and constraints their development. Furthermore, it is only when the authorities make appointments to such offices on the basis of merit that they will not constantly reshuffle the office holders.

6.5 Strong Government leadership is crucial for comprehensive approaches

As previously argued in this paper (see previous section), the donor instruments for projects' design and evaluation are generally in favour of small scale and low risk interventions. The risks are raised when in a comprehensive approach, the leadership and commitment of government to coordinate is not obvious. Thus the current, as a matter of fact, delays in the effective take off of the comprehensive implementation of the LSRP can be attributed to comparatively weak government leadership and coordination of the program.

It is instructive that, historically, donors have not been instrumental in launching Tanzania's programmatic and comprehensive approach to capacity building. The current enthusiasm of donors for SWAp and programmatic frameworks has been primarily informed by the relative successes of the approach especially in the PSRP and the LGRP. It is experiences in the latter that have had the donors urge government to launch the comprehensive initiatives of the PFMRP and the LSRP.

6.6 Effective comprehensiveness is not a big bang event

None of Tanzania's major public sector reform and capacity building programs was a single-event outcome. Rather, as earlier explained, the programs have evolved out of frustrations and problematic experiences with piecemeal and fragmented donor – supported projects. In important respects, comprehensiveness has been achieved through efforts to coordinate synergies and place in a common strategic framework disparate initiatives by parts of governments with the support of individual donors. In this regard, the comprehensive programs have in many instances benefited from the capacity developed under the legacy projects. Thus, for example: the PSRP benefited from the capacity built under the CSRP with support of projects by the UNDP, World Bank and DFID. Also, PFMRP consolidated donor support from some nine distinct projects; and the LSRP was devolved from the legacy of the World Bank and SIDA funded Financial and Legal Sector upgrading project (FILMUP). On the other hand, the LGRP was developed out of the CSRP. In other words, it is challenging to effectively launch a successful comprehensive capacity development program from a zero-base capacity. As previously argued in this paper (see previous section), the donor instruments for projects designed and evaluate on core generally in favour of small scale and low

risk interventions. The risks are raised when in a comprehensive approach, the leadership and commitment of government to coordinate is not obvious. Thus the current, as a matter of fact, delays in the effective take off of the comprehensive implementation of the LSRP can be attributed to comparatively weak government leadership and coordination of the program.

6.7 Strategic and consistent implementation of pay reform

Good pay is a necessary condition for sustainable capacity building at individual and organisational level. Pay for Tanzanian's public servants was dismal in the early 1990s; minimum salary was about US\$20 per month. Since mid-1990s however, government has steadily improved the compensation level for its employees. Today, the minimum salary is about US\$80 per month, which is a four-fold real increase over the past decade. Indeed, in a study of pay reform in eight Sub-Sahara Africa (SSA) Countries, Tanzania emerged as an exemplarily case of strategic and consistent implementation of pay reform.

The policy and strategy for public service pay reform in Tanzania is guided by two main considerations. First, the acknowledgement that the Government budget is too severely constrained to allocate adequate funds to pay a living wage for all its public servants in the short to medium term. Secondly, the need to maximize capacity impact in the utilization of the limited wage bill resource. To the latter end, the policy is to gradually raise the salary of all employees while at the same time decompressing the salary structure so that government can enhance its prospect for recruiting, retaining and motivating technical, professional and managerial personnel in the public service. At the same time, government has been willing to experiment with innovations such as SASE.

Implementation of pay reform remains a major challenge. Government is facing difficulties in implementing the MTPP that it adopted in January 1999. Budgetary constraints were always going to be a constraint with regard to the pace of implementation of the policy within a medium term framework. However, it appears that the budgetary constraint is exacerbated by such political preferences as funding general elections. Meanwhile, the SASE scheme was launched with the dual purposes of: first, a stop-gap enhancing of pay for critical skills and performers in the public service in line with the MTPP's pay level targets; and two, leveraging for Government commitment to achieve those medium targets because through SASE an important constituency would suffer loss of income if the scheme was withdrawn before the targets are realised. Therefore, on one hand, there has been pressure to place more public servants under SASE and to sustain the scheme. On the other, there has been pressure to rapidly enhance the pay levels so that there are early convergence between SASE pay levels, and public service pay levels targeted under the MTPP. Still, there are major concerns about the adequacy and continuity of donor partners funding of SASE, and the pace at which Government will raise the wage bill to enable the realisation of the MTPP targets.

6.8 Smart choice and use of technical assistance

It takes time to build sufficient local capacity in a developing country environment to efficiently and successfully implement a broad program. In Tanzania major public sector reform programs, for example, considerable efforts have gone into building capacity in the champion ministries and MDAs through various projects well ahead of the programs. However, evidently, sufficient capacity is still not in place. This should not be surprising for two reasons. First, implementation activities for this programs will be expanding into the foreseeable future, which keeps demand for capacity on the rise. Secondly, since change processes are at the core of the programs, new challenges will continue to emerge. These challenges need both new ideas and skills. Therefore, sufficient capacity can only be achieved in the long-term.

In the latter context, Tanzania's capacity building programs have themselves benefited from use of technical assistance. In such areas as, computerised systems especially the IFMS at MOF and the Integrated Human Resources Management Information System (IHRMIS) at the President's Office for Public Service Management (PO-PSM), external technical assistance teams have played key roles in the designed implementation. Government has also used consultants and other technical assistance to perform a wide range of other tasks under the four reform programs.

It is common, as literature shows, that external technical assistance fails because it introduces inappropriate models or it does not pass on knowledge to local personnel. The risk is high when programs are donor-driven, and the government failure to provide competent and motivated personnel to whom the expatriates can pass on knowledge and skills. Nonetheless, it has been observed that even limited but well targeted TA can make a difference. We have noted how the limited TA can decisively impact on the knowledge and capacity of ministry to launch change and capacity building programs. Therefore, it is more critical to identify the correct TA intervention than to have volumes of it that is not strategically targeted. This observation should guide future decisions on use of external TA¹⁹.

There has been demonstrated smartness by the Government of Tanzania in the used of technical assistance in two important respects: firstly, ensuring that it recruited and trained teams of nationals to understudy the technical assistance personnel. In this regard furthermore, government was flexible in hiring most of the nationals on contract terms, which enabled it to competitively compensate them. Secondly, Government expensed effective leadership and supervision of the role and functions carried out by the technical assistance personnel.

¹⁹ PricewaterhouseCoopers (July 2002), Output to Purpose Review of DFID Support to the Tanzania PSRP.

6.9 Adequate and reliable donor support over an extended period

Sustainable capacity building is a long-term process, which usually extends beyond the annual planning and budgeting frameworks of both beneficiary governments and individual donors. The risk of inadequacy and interruption of donor support to a capacity building program is therefore ever present. The risk is higher in a situation whereby, as is the case for Tanzania, government budget relies heavily on donors' contributions. Therefore, successful implementation of such programs as the PSRP, PFMRP, LSRP and LGRP are dependent on the adequacy and reliability of donor support over an extended period. In the case of Tanzania's PSRP, for example, with many of the original donors falling out or reducing support, the continuous support of DFID and the World Bank (through our APL) over the past nine years has been crucial to sustaining the momentum and scope of implementation. Similarly, for the PFMRP, continuation of substantial support since mid-1990s by DFID and SIDA have been instrumental in achieving and sustaining the program outputs and outcome, for a long period. In the same way, DANIDA support has ensured the successes in capacity building in the legal sector, including the establishment of the Commercial Court and the Commission for Human Rights (CHR) and Good Governance.

6.10 Donors shift in favour of programmatic and Sector-wide approaches helps

Pooling of donors' resources through basket funds and budget support is a common feature of all the capacity building programs in Tanzania. The institutionalisation of these approaches takes the form of pooling resources through budget support and basket funding modalities. The DCA for the World Bank project support to the PSRP (Credit No.-----) has this year been adjusted to enable channelling of the credit support through the basket. The Bank plans to support the PFMRP and the LSRP also through the basket funding modality. This pooling of donors inputs which has been enabled by the progressive shift of donors in favour of programmatic and SWAps, has given impetus to more strategic and bolder initiatives in capacity development. Through these approaches, transactions costs have demonstratively reduced for both government and donors.

6.11 Restoring integrity and ethics is a most daunting challenge

President Mkapa was serious in the pledge to vigorously combat corruption during and after the campaign for the presidency. During his regime, wide ranges of awareness have been introduced to strengthen the anti-corruption institutions. For example:

- (i) the NACSAP has been developed and MDAs directed to implement;

- (ii) the PCB has been vastly strengthened as reflected by a 20-fold increase in its budget allocation between 1996 and 2002, and a five fold increase in staff numbers in the last seven years;
- (iii) a Good Governance coordination Unit (GGCU) has been established in the President's office. Furthermore, Government has retired a large number of public servants on suspicion of engaging in corrupt practices. Also undertake PFMRP, legislation and rules and regulations to strengthen procurement and financial management controls have been introduced. In addition, under the PSRP, LGRP and LSRP, there have been interventions to enhance ethical conduct and fight corruption in public service delivery. Still, the problem of corruption and unethical conduct by public officers remains one of the major challenges to capacity development in Tanzania.