



BUILDING CAPACITY IN THE GOVERNMENT ECONOMIC SERVICE

**A study prepared as part of the IDF-funded ESRF Government
Capacity Building Program
ESRF Discussion Paper No. 25**

**Prepared by
Professor Brian Van Arkadie, Sir Nicholas Monck, Nestor Rweyemamu, Dr. Ted
Valentine, Jeremia Makindara, and Margaret Manyanda.**

June 2000

BUILDING CAPACITY IN THE GOVERNMENT ECONOMIC SERVICE

By Professor Brian Van Arkadie, Sir Nicholas Monck, Nestor Rweyemamu, Dr. Ted Valentine,
Jeremia Makindara, and Margaret Manyanda.

PUBLISHED BY: ECONOMIC AND SOCIAL RESEARCH FOUNDATION

P.O. Box 31226

Dar Es Salaam, Tanzania

e-mail: esrf@esrf.or.tz

Financial support for this study was provided from an IDF-World Bank grant.

ISBN 9987 610 35 8

© 2000 Economic and Social Research Foundation

TABLE OF CONTENTS

LIST OF ABBREVIATIONS	II
1.0 INTRODUCTION.....	1
1.1 SCOPE OF THE REPORT	1
1.2 THE ANALYTICAL FRAMEWORK.....	2
1.3 THE RANGE OF CAPACITIES REQUIRED FOR ECONOMIC POLICY WORK.....	2
2.0 FINDINGS ON FACTS AND VIEWS WITHIN GOVERNMENT.....	5
2.1 DISCUSSIONS WITH SENIOR OFFICIALS	5
2.2 PRESENT STRUCTURE OF THE GOVERNMENT ECONOMIC SERVICE.....	6
2.3 MORALE OF THE GOVERNMENT ECONOMIC SERVICE	7
3.0 ORGANISATIONAL AND STAFFING ISSUES	8
3.1 WEAK MONITORING AND SUPERVISION	8
3.2 THE GAP BETWEEN AVAILABLE AND DESIRED PROFESSIONAL CAPACITY.....	8
3.3 WORKING CONDITIONS.....	9
3.4 INADEQUATE TRAINING.....	9
3.5 AD-HOC APPROACH TO POLICY FORMULATION	10
4.0 IMMEDIATE TRAINING PROPOSALS	11
4.1 POLICY NETWORKS.....	11
4.2 OTHER TRAINING NEEDS.....	14
5.0 THE ROLE OF THE PLANNING COMMISSION	16
6.0 STRENGTHENING THE CAPACITY OF THE MINISTRY OF FINANCE.....	22
7.0 RECRUITMENT AND MANAGEMENT OF NEW STAFF	24
8.0 KEY RECOMMENDATIONS.....	26
8.1 DEMAND.....	26
8.2 SUPPLY	27
8.3 NEED FOR TWO LEVELS OF SERVICE.....	30
8.4 A YOUNG PROFESSIONALS CADRE	31
8.5 MANAGEMENT OF THE GOVERNMENT ECONOMIC SERVICE.....	34
8.6 BUILDING ECONOMICS CAPACITY IN THE MINISTRY OF FINANCE.....	40
ANNEXES	41
ANNEX I: INCENTIVE STRUCTURES FOR THE GOVERNMENT ECONOMIC SERVICE	41
ANNEX II: SURVEY OF ECONOMISTS IN POST IN MINISTRIES AND REGIONS.....	54
ANNEX III: ECONOMISTS AND PLANNERS WORKING WITH THE ZANZIBAR GOVERNMENT	70
ANNEX IV: ANNOTATED BIBLIOGRAPHY : CAPACITY BUILDING FOR POLICY ANALYSIS MANAGEMENT AND	

LIST OF ABBREVIATIONS

CSD	Civil Service Department
CSRP	Civil Service Reform Programme
EDF	European Development Fund
EPSU	Economists Professional Support Unit
ESAF	Enhanced Structural Adjustment Facility
ESRF	Economic and Social Research Foundation
EU	European Union
GDP	Gross Domestic Product
IDF	Institutional Development Fund
IDM	Institute of Development Management
IFM	Institute of Finance Management
IMF	International Monetary Fund
JERG	Job Evaluation and Regrading
LCC	Local Cost Compensation
MTEF	Medium-Term Expenditure Framework
MTPP	Medium Term Play Policy
O&E Review	Organisation and Efficiency Review
PC	Planning Commission
PPD	Planning and Policy Division
PPU	Planning and Policy Unit
PSC	Public Service Commission
PSM&E	Public Service Management and Employment
PSRP	Public Sector Reform Programme
REPOA	Research on Poverty Alleviation
SASE	Selective Accelerated Salary Enhancement
SIDA	Swedish International Development Agency
TA	Technical Assistance
TRA	Tanzania Revenue Authority
UDSM	University of Dar es Salaam
UNDP	United Nations Development Programme

1.0 INTRODUCTION

1.1 Scope of the Report

This report is an input into the ESRF IDF-funded program for capacity building for the government economic service. The team was requested to undertake a needs assessment for capacity building in the Government economic service. The team undertook a detailed assessment in November 1999 and prepared its report in December 1999. This revised draft follows discussions with ESRF in January-February 2000.

The objectives of the report are two-fold:

- First, to identify priorities for immediate skill development activities that can be implemented within the current program:
- Second, to place these immediate requirements in the context of the longer term needs which will have to be addressed if the government is to have a high level government economic service at its disposal. The immediate requirement is to develop a program of work to enhance the capacity of existing staff, in the context of the current government machinery and reforms that are to be implemented in the near future.

The initial activities of the ESRF program involved "networking" between government economists around areas of current economic policy concern. Examples of this work include a network of economists drawn from a number of ministries who are concerned with the Public Expenditure Review. Initially, other networks involved economists concerned with macro-modelling of the economy, with aid strategy and with preparation of the Policy Framework Paper (later modified to concentrate on poverty alleviation strategy). These have already provided productive opportunities for "learning by doing" and skills development in an environment of peer co-operation and challenge, and training focused on issues economists are confronting in their work. This approach not only addresses the enhancement of specific skills, but hopefully will also address some of the problems of poor morale in the economics cadre, arising from isolation and a lack of appreciation of their potential contribution experienced by many economists.

While the immediate skill enhancement program could be highly productive, effective capacity building must extend well beyond increasing the supply of skilled staff. Capacity building must also tackle those factors that determine whether skills are put to proper use - potential capacity that is not used will be capacity that erodes.

It is also necessary, therefore, to address such issues as the recruitment, induction and career development of new staff, the reward system necessary to encourage a high level of commitment of economists throughout their careers and the organisation of economic work within government. If better incentives are created, it will be necessary to greatly improve performance management, so that payments are related to performance. Performance management is a critical link between the incentive system, improved performance and the development of the working capacity of staff. All these issues are touched upon in this report.

1.2 The Analytical Framework

The underlying proposition defining the approach adopted is that the analysis of capacity needs requires an assessment of both the demand and supply side of the problem.

The enhancement of capacity for policy work in government can only happen if there is an effective demand for policy work, which sets an agenda for economists to tackle. That demand may in part be external to government (e.g. coming from donors). In fact, much of the current focus of this program is derived from the need of government to respond to requirements of the World Bank and the IMF. This is not necessarily a bad thing, as donor requirements for such activities as public expenditure reviews and work on aid strategy identify important areas that deserve high priority on more general grounds. Moreover, the increasing sensitivity of the donor community to ensure that such work is nationally "owned" (i.e. embedded within government) means that government staff are challenged to manage the process and produce the required outputs. However, it is also important that the agenda of economic work should not be too "donor led", particularly where analysis addresses key issues that are properly matters of policy choice for the government of Tanzania. Therefore the report looks at demand for economic analysis and policy work within government, as well as the supply. There are problems with both sides.

Another distinction, useful in exposition, if not clear cut in practice, is between "big" issues needing policy analysis, which affect the whole economy or many Ministries; and "smaller" problems, confined to one sector, area or Ministry or to the implementation of a tested policy, which could also be solved or lessened by good analysis. There is dissatisfaction about demand and supply at both levels.

1.3 The Range of Capacities required for Economic Policy Work

The range of issues which an effective government economic service may be expected to address is wide. At one end of the spectrum, there is a need for innovative analysis of longer-term, broad or

"strategic" issues, some of which affect the whole economy or many Ministries, or which open up new policy issues outside the remit of existing departments.

For example, one area of cross-cutting concern could be the efficiency and distributional implications of the shift in social service provision from government monopoly to dual arrangements involving private and public delivery, which currently affects education and health, and might in the future affect public utility delivery.

Another example of the possible need for analysis of longer term strategic changes might involve the magnitude and potential effects throughout the economy of a boom in gold exports, suggested as a possible scenario by recent projections of gold exports.¹

At the other end of the spectrum of economic work is preparation of competent project proposals. That may not require new or sophisticated analytical skills, but require a robust ability to judge the validity of data, the risks inherent in project design and the management requirements of project implementation in practice. Among the skills required in this sort of work is the ability to present a project document clearly, so that judgements about its potential viability can be made both at the political level and by potential financiers.

Much work lies between the two ends of the spectrum. Common requirements for effective policy work include the ability to clearly define questions to be addressed, ability to mobilise relevant information (a more challenging task in Tanzania than in more developed economies, given the incompleteness of basic statistics) and skills in identifying inconsistencies in available data series.

In this regard, a necessary condition before either sophisticated analysis is possible, or key management decisions can be made, is that key financial and economic data should be available at a reasonable level of reliability. That requires that at the middle levels of the economic service there should be a good supply of skill in preparing and presenting data, and identifying evident weaknesses and inconsistencies.²

¹ The first need would be to arrive at a realistic assessment of the likely size of such a boom, to judge if the order of magnitude will be such as to have powerful macroeconomic and inter-sectoral effects, leading on to an analysis of the resulting policy issues. Issues might include the impact on the government budget, which might ease constraints on public expenditure, and "Dutch disease" effects resulting from the impact on the labour market, including potential negative effects on other sectors, and impact on the foreign exchange market, possibly resulting in an exchange rate discouraging other export activities. The scope of such analysis would be broad both in the sense that effects, and resulting policy issues, need to be traced through inter-sectoral and macroeconomic linkages, and also in the sense that it would require some study of the experience of other economies which have experienced a mining boom.

² E.g. apparently the Ministry of Finance has taken serious steps to strengthen its top management and to improve the basic financial accounting system, but still suffers from great

An ability to present analysis with clarity and brevity is also an important skill.

weaknesses at the middle levels, at which the presentation and initial analysis of financial data should be undertaken.

2.0 FINDINGS ON FACTS AND VIEWS WITHIN GOVERNMENT

2.1 Discussions with Senior Officials

Members of the team visited a number of ministries and interviewed senior staff at the Permanent Secretary or Deputy Permanent Secretary level. Ministries visited included three key co-ordinating ministries (Finance, the Civil Service Department, and the Planning Commission), and five important sectoral ministries (Industry, Agriculture, Health, Education and Works). The team also held discussions at the Economic Secretariat of the Cabinet, the Vice President's Office and the World Bank and IMF resident missions. The team had hoped to meet with bilateral donors, but time constraints limited contacts to informal discussions.

There is a wide consensus that there are important issues which require policy analysis, which are not tackled adequately within the government. But there is no identified and agreed list of what these issues are and no expectation that such an agenda will emerge soon from existing government institutions.

There is no consensus on a realistic source of such leadership in defining priorities for policy work - in terms of institutions or individuals - or on the approach to identifying such priorities. Even where work is commissioned from outside government, capacity within government needs to be enhanced to:

- Identify issues and specify terms of reference for the work on them;
- Manage the commissioning (and funding) process, whether external or internal; and
- Assess the value and policy implications of the analytic work.

Capacity for undertaking these tasks is currently missing, or at least not working adequately, at the centre of government, and is weak within some of the sectoral ministries.

Zanzibar economic ministries were also visited to assess economic capacity building requirements. The Ministries visited included Finance and Planning and the policy departments of the sector ministries of Agriculture, Industry, Lands, Works, Power, Water, Education and Health.

Capacity building initiatives in Zanzibar have been limited in scope. The UNDP and the EU have been supporting capacity building programs related to revenue administration; public investment; accounting and auditing for personnel in the Ministry of Finance at operational level; and management programs in the social sector.

2.2 Present Structure of the Government Economic Service

The number of economists currently working in ministry headquarters is approximately 200³, of whom about 20 are in senior administrative positions at the levels of Commissioner, Deputy Principal Secretary and Principal Secretary.

There are also a roughly equal number of planning officers working at the regional and the district levels, and 70 government Statisticians. Thus on an inclusive definition, the government cadre of economists, planners and statisticians is of the order of 500, of whom about 40% are economists.

Two co-ordinating Ministries, the Planning Commission and the Treasury, account for about one third of the economist cadre. Including planning officers and manpower planning officers, the Planning Commission had as many as 50 professionals (as of March 1999), although this figure has been reduced since then as a result of transfers. The Treasury had some 19 economists. ⁴ The Ministry of Agriculture also has a significant group of economists, with more than 20.

Approximately 50 per cent of economists working at the centre have Masters degrees in Economics. The rest have a Bachelor's degrees in Economics or Advanced Diplomas. The regional level cadre mainly have Advanced Diplomas in Economic Planning.

Over 90% of economists currently in post are over the age of 35 and around three-quarters have been in the service for at least eight years. With the current freeze on recruitment and promotions in the civil service, few economists have joined the service over the last six years. As the result of the ageing structure of the service, more than half of the economists in government have the rank of senior or principal economists and less than half the rank of economist. ⁵ This reflects the paradox that despite the fact that Tanzania has a young demographic profile, its civil service profile is now

³ The survey conducted by the team came up with a figure of 183 economists working for ministry headquarters at Principal Economist level or below. The civil service seniority list has some 160 economists, 24 planning officers and 17 manpower planning officers in the cadre working at the central level (some of whom, however, are working outside Dar es Salaam or are on secondment). There are also a number of professional economists working in ministry headquarters at more senior levels (e.g. PS and Deputy PS and commissioner level (about 20). Therefore, for our purposes, and to give an order of magnitude, we have offered the estimate of "approximately 200" economists working in ministry headquarters. There are also 213 planning officers in the cadre working outside Dar es Salaam, mainly at the regional level. There are 70 government statisticians.

⁴ These figures should be taken as giving an order of magnitude. Different sources tend to give slightly different detailed figures, depending for example on the definitions used.

⁵ This compares with the UK economic service, where four fifths of the service are at ranks comparable with economist.

quite old. A statistical analysis of the economists in professional grades currently in post is attached as Annex II.

There are some well-trained economists in Zanzibar, but they are not being used effectively. As on the mainland, there are problems with the work-environment and with poor remuneration. There has been a significant “brain drain”. While there are policy departments in a number of Ministries, they are not necessarily manned by economists, or with staff with specialist qualifications. An analysis of the economists and the planners in the Zanzibar Government is attached as Annex III.

2.3 Morale of the Government Economic Service

One team member held discussions with a cross-section of government economists. A clear picture emerged. Most of the government economic cadre feel neglected and under-employed; and their morale is very low. Their concerns have pointed to a number of important staffing and organisational issues which need urgent attention. The most important of these issues are set out in the next section of this report, on Organisational and Staffing Issues.

3.0 ORGANISATIONAL AND STAFFING ISSUES

3.1 Weak Monitoring and Supervision

The Planning Commission, as the government agency responsible for economic policy analysis, is expected to supervise the economists in government service, including monitoring their work and providing professional leadership to them. Working in consultation with the Civil Service Department, the Planning Commission is also required to deal with matters concerning their appointments, training and promotions. In practice, however, its co-ordination role is not effective. There is no established mechanism for regular interaction at professional level between the economists working throughout government and the Planning Commission.

We were informed that the official in principle responsible for co-ordinating their work is the Director of Personnel and Administration in the Planning Commission, who is not an economist and certainly cannot be expected to provide guidance to professional economists.

With no effective mechanism for monitoring their work, decisions concerning training, promotions and other career development matters for government economists cannot be based on an objective and professional assessments of their performance.

3.2 The Gap between Available and Desired Professional Capacity

Following the Organisation and Efficiency (O&E) Review exercise undertaken under the Civil Service Reform Program, efforts have been made to restructure the functions of economists in sector Ministries. A Planning and Policy Division (PPD) has been set up in each Ministry and its functions have been defined as policy development and co-ordination, planning and programming, development budgeting, project monitoring and review, evaluation and policy reformulation. It is even suggested that the PPD will perform a 'think tank' role for the sector Ministries. The O&E exercise has certainly helped to highlight the potential role of economists in policy analysis in sector Ministries. However, what the exercise has yet to address is the gap between current capacity and that required to undertake their new role.

The gap is both about experience and knowledge. With minor exceptions, economists in sector Ministries have been mainly dealing with routine work on the execution of programmes such as data gathering and project monitoring. They have not had the opportunity to effectively undergo on-the-job training in real policy analysis, nor do they typically have the academic background to define a new role for themselves without additional support. One objective of this project should be to provide an opportunity for staff in the central and sectoral ministries to explore their new role. They

should themselves identify the additional support and help they need in building capacity to undertake the duties necessary for performing their new role. The project should facilitate such a dialogue.

3.3 Working Conditions

The existing remuneration and incentive regime for economists in Government service is not adequate to attract competent people and induce high performance. One knowledgeable official offered the judgement that although advertisements for consulting services tend to call forth a good field of candidates, the same response could not be expected when permanent posts are advertised.

Obviously, one consequence of economic liberalisation, including liberalisation of the labour market and the end of the system of directing graduates to public employment opportunities, is that government must now be competitive in the market to attract the best talent. This is not an issue of "brain drain", but rather a matter of coming sufficiently close to career opportunities offered by the Tanzanian private sector to the best graduates.

There are widespread complaints about pending promotions, some delayed for over 15 years! Cases have been reported of economists who have been in the service for six years but are yet to be confirmed in their appointment. Promotions are processed in batches of staff, depending on their dates of first appointment.

Very little effort is made to identify and reward cases of outstanding performance and promise at the early stages of a career in the public service. It is only when officials reach senior levels, and are noticed by the government leadership, that accelerated promotion possibilities occur.

The general feeling among economists in sector Ministries is that greater attention is given to their professional colleagues in line positions such as water engineers in the Ministry of Water or electrical engineers in the Ministry of Energy. These are generally promoted faster and are given better working facilities such as computers, photocopiers and access to direct telephone service.

3.4 Inadequate Training

Many economists have complained that they have not undergone any in-service training organised by either the Planning Commission or the Civil Service Department over the past ten years. A few exceptions are those in sector Ministries who have been on training programmes organised as part of donor-funded projects to which they are attached.

While training is important, strengthening capacity is not simply a question of training existing staff, but it is also necessary to select those staff who will most benefit from additional training, and most likely to use it to make an effective contribution. As most of the economists have been dealing with middle-level work involving more routine functions like data gathering and project monitoring, a major challenge will be to identify suitable candidates with the right mix of educational qualifications, innate ability and relevant practical experience.

Our rough estimate, based on interviews and comparative experience with similar groups elsewhere, is that it will be realistic to target about 20 per cent of the existing total number of economists for training in policy analysis. However, given the sizeable group of economists in government service, this would be a sufficiently large target group to build a competent core (that is around 40 of those currently working in central government ministries). In addition, others would benefit from ongoing technical training.

3.5 Ad-hoc Approach to Policy Formulation

Many economists in sector Ministries have expressed a concern that they are rarely required to engage in real policy analysis work. According to them, it is not quite clear where in their Ministries new thinking takes place, i.e. where policies are subjected to rigorous scrutiny and new ideas are developed. New policies or developments tend to emerge reactively – in response to a Presidential directive or a Cabinet decision, or an issue raised by Parliament. In many cases, once a decision has been taken to produce a policy paper, the responsibility to prepare it is given to an official outside the Planning and Policy Division.

While improvements in the technical skills and incentives for economists are necessary conditions for the cadre to play a more creative role, it is also necessary that explicit consideration be given to mechanisms which encourage them to play a more creative, pro-active role in policy formulation. The recommendation made above that the project should have a network which addresses the policy agenda could be one such mechanism. Also, one function of the Planning Commission should be to call on the professionals in the various ministries to prepare from time to time a perspective paper on priorities for future policy work.⁶

⁶ This was the sort of thing done in the early years of the Ministry of Planning in the early stages of formulation of five year plans, when efforts were made through sectoral working parties to open up discussions within government regarding policies and programs. With the demise of five-year planning, a similar role may be played to a limited degree by such co-ordinating instruments as the Public Expenditure Review. However, policy is not only about expenditure. It might be useful for the Planning Commission to prepare for the Cabinet, from time to time, a medium term perspective on future policy requirements, and in so doing encourage the economist cadre to engage in innovative forward thinking.

4.0 IMMEDIATE TRAINING PROPOSALS

4.1 Policy Networks

The basic instrument being used by the program is the *policy network*, which brings together economists from various departments to address a policy issue of common interest. The program of work for the networks is still being developed, but should normally include seminars prepared by members of the network, workshops led by outside experts in the field, and circulation of relevant literature. Depending on availability of funds, staff who respond positively to the opportunities provided by the networks could be involved in study tours to expose them to best practice elsewhere, and internships in ESRF to develop work in depth within the areas of concern to the networks.

To use the networks as a tool to build capacity over the longer-term, it will be important for the ESRF to put into place a system of recording involvement in the work of the networks and the performance of the participants.

The four areas identified as subjects for networks were:

1. Public expenditure review.
2. Country Assistance Strategy (i.e. aid strategy).
3. Macroeconomic modelling.
4. The Policy Framework Paper (evolving as work shifts to consideration of the Poverty Reduction Strategy)⁷.

This group of subjects covers some of the most strategic areas of work of common concern to the government and donors. As such it provides an appropriate agenda for the initial stage of capacity building, especially in terms of strengthening the government's position in dialogue with donors (particularly the Bretton Woods institutions). Moreover, realism and consistency of assumptions about GDP growth and revenue projections and hence of expenditure plans are basic issues in macroeconomic policy and sectoral resource allocation, which should top the agenda in economic policy-making irrespective of the donor dialogue.

⁷ Poverty specialists do not fall neatly into our definition of economists as some are non-economists.

Of the four areas, the team was least convinced about the immediate productivity of work on macro-modelling, except in so far as work is concentrated on robust and relatively simple models of macroeconomic consistency of proposed expenditure programs.

One possible criticism of the choice of topics is that it flows from the work agenda of the World Bank. However, the chosen topics also reflect immediate priorities for the government in handling short and medium term economic management. This is not surprising, as insofar as the World Bank is doing its job competently, it is likely to address the same agenda, particularly at the macroeconomic policy level, as would be identified by any competent government economist. Nevertheless, as the program develops, it will be important to encourage and find space for initiatives for new policy areas coming from the Tanzanian side.

In that regard, the team felt that it should not itself attempt to specify all areas of work which should be covered by the program, because the essence of capacity building should be that the design of the program should be increasingly locally led and owned. With that in mind, it is suggested that to identify further areas of work under this program, a small group of interested economists should be identified from various departments and levels of the government service, to act as a **policy agenda network**. The group should be encouraged to identify policy areas that require attention and involve training, and feed those ideas into the capacity building program.

The report does, however, make some suggestions for additional activities that could be tackled in the current program, which could have an immediate positive impact. These include:

1. Given the process of decentralisation of government and the strengthening of capacity at the local government level currently being implemented, consideration might be given to incorporating work with economists working at the district level. Training programs being implemented by REPOA are already addressing this area, so that close co-ordination with REPOA would be appropriate.
2. Networks could be set up in sectoral policy areas, initially on issues that have either a cross-sectoral or inter-sectoral aspect and therefore require networking across ministries. The first three areas could be:
 - (a) social service delivery, including education and health, particularly focusing on issues related to cost recovery, the management of mixed public/private delivery systems and decentralised management (including the role of local government);⁸
 - (b) delivery of infrastructure, including roads, water and power, to explore approaches to programming and finance for both rural and urban infrastructure; and

⁸ The team was unable to make an in-depth analysis of the capacity to undertake this sort of work in the existing staff of the concerned ministries, although from our interviews we gained the impression that the Health Ministry was sensitive to the need for tackling these issues.

- (c) export promotion, covering industry, agriculture, mining and tourism, which would look at the potential for growth, constraints and incentive systems⁹.
3. In relation to Zanzibar, the number of economists working with government is too few to sustain a number of networks. The solution could be to organise one network, bringing together staff from various departments to work on the policy agenda for the islands.

Discussions in Zanzibar led to the proposal to establish such an **economic policy network** for economists in Zanzibar. It is intended that this activity will be launched with a workshop/roundtable discussion with economists in government, which would include discussions of future links and networking with the mainland on economic policy work, with ESRF acting as facilitator and co-ordinator.

The network will bring together all economists and planners in the Isles to discuss issues and identify solutions to problems confronting Zanzibar in relation to economic policy analysis, formulation, implementation, and monitoring. This proposal received support from the top authorities in Zanzibar.

Since UNDP currently provides capacity building assistance in management for the operational cadre in the Ministry of Finance, and have created training facilities for that purpose (at the Institute of Financial Management), ESRF activities should be coordinated with the UNDP project.

4.2 Other Training Needs

The reach of the program should be extended to include senior non-economists, who determine the demand for policy work in government. This can be done through short courses (say, three days) on selected subjects, which would expose non-economists to basic economic concepts and to selected policy areas.

All of the activities proposed above aim to provide support for staff working on key policy issues. The subsequent discussion suggests that with the government economic service, it will only be a minority who will be able or required to work on broad issues of policy analysis. Many economists

⁹ A lead participant in this area of work would be the Ministry of Industry and Commerce. We understand that currently there are four capacity building projects either under implementation or about to be implemented in the Ministry. Obviously, this project should avoid duplicating the work of existing initiatives, but rather should explore how it can add value by supplementing and drawing on other capacity building work. This should apply in general to the work of the policy networks.

will be working on more specialised tasks of data collection and presentation, and monitoring. At that level, what is required is training to sharpen and refresh technical skills in collation, presentation and simple analysis of basic data. Such training should be available to the bulk of the economic, planning and statistical staff of government.

For this purpose, what is required is capacity to provide such training through short courses on an ongoing and repeat basis. The provision of such a training program lies somewhat beyond the scope of the current project, and probably would be best located in a training institute geared to providing professional training courses (e.g. the Institute of Finance Management or the Institute of Development Management).

At some stage, it would be appropriate for the government to commission an assessment of the training capacity in economics and related disciplines in Tanzanian academic institutions, with a view to deciding how the capacity can be further developed and utilised more effectively.

5.0 THE ROLE OF THE PLANNING COMMISSION

In the formal structure of government, a key role in economic policy formulation and in co-ordination of the work of the Government economic service has been allocated to the Planning Commission. However, there is increasing uncertainty among senior civil servants, including those in the Planning Commission itself, about the future role of the Commission. As the work of the Commission involves the largest group of government economists and as its future will determine critical aspects of the capacity in policy work, there is a need to consider carefully some of the issues related to the future role of the Commission.

Before the program of economic reform, Tanzania had a quasi-planned economy, with a large government sector and far-reaching interventions in almost all aspects of economic life. Under those conditions, the Planning Commission was supposed to play a lead role in centralised economic and financial planning. In practice, the Planning Commission and its predecessor ministries never managed to assert decisive control over the economy, and as the economy has moved towards a more liberalised environment with market-based reforms, the earlier mission of the Commission became no longer relevant.

The government's role in the economy is no longer so intrusive. Its major responsibilities now relate to macroeconomic management, and its role as the provider of basic social service and infrastructure (public goods). In industry and agriculture, government should now concentrate on indirect interventions to facilitate and encourage the private sector - to provide the appropriate environment for the promotion of a high level of efficient private investments.

While in some senses the government's policy agenda is more limited than in the quasi-planned economy, the issues to be confronted are in some ways more complex, as government should develop a more sophisticated understanding of the indirect impact of its policies and spending programs on private economic activity.

The consequent need to adapt the role of the Commission was addressed in the Civil Service reform process, particularly in the Civil Service Reform O & E exercise. The concept was developed that the Planning Commission should move from being a planning ministry, which sought to direct economic activity and intervene in the detailed day-to-day working of the economy, to become more of an economic "Think Tank". It should undertake the analysis needed for government to make a more sophisticated response to the needs of the economy.

To reduce the routine management responsibilities of the Commission and to rationalise budget management, the responsibility for the development budget and the staff engaged in its preparation were transferred to the Ministry of Finance.

It was suggested that the Commission should take on a more strategic role in addressing key issues of government policy. It was envisaged that the Commission would play a lead role in generating the thinking needed for government to be pro-active in relation to emerging economic challenges. This was seen as critical if the government was to move beyond a crisis management mode, and if it was to reclaim the leadership in development thinking which had been ceded to the donor community in the years of economic difficulty.

Thus it was recognised that work was needed on strategic policy analysis if Tanzania was to make the most of its opportunities and avoid being taken by surprise by serious problems. So far, however, no central agenda for such work has been prepared, let alone agreed.

When the proposal that the Planning Commission should become a "Think Tank" was launched four years ago, the initial reaction of the Commission staff was defensive. This was apparently a reaction to the suggestion that the permanent staff of the Commission should be drastically down-sized, to a small core of highly qualified and motivated staff, and resources shifted to employing staff on contract or secondment from other ministries, to tackle the changing agenda of policy work.

In the event, in 1996 a compromise was reached, in which a new mission statement was agreed which re-defined the role of the Commission in terms of a "Think Tank" with a policy analysis role. However, apart from the transfer of the development budget to the Treasury, the re-organisation of the Commission mainly took the form of renaming departments and formally redefining tasks.

No moves were made to drastically renovate the staffing of the Ministry, either by changing personnel or undertaking basic re-training of existing staff.¹⁰ The situation was not helped by the long delays in confirming staff in posts in the new structure, nor was morale in the Commission helped when responsibility for overseeing two important areas of policy - the environment and poverty reduction issues - was transferred to the Vice President's Office, along with the concerned staff and related donor supported activities.

In the past, the planning commission was also responsible for compiling and disseminating government statistics, including national accounts. With the transformation of the Bureau of Statistics

¹⁰ In one reform proposal it was suggested that by reducing the size of the Commission's establishment, resource could be released that the Commission could use to recruit short-term consultants or secondments to address particular problems identified as being of high priority.

into an executive agency, the Commission is also losing that activity, except for retaining a general supervisory function.

Moreover, the idea that was floated that a renovated planning ministry could take over a central co-ordinating role in relation to Cabinet economic decisions has not happened; the functions of economic secretariat to the Cabinet have not been returned to planning.

One commentator suggested to the team that in the economy as it is now operating there is no real need for a planning ministry. It was argued that the Treasury and the Central Bank could best handle macro-economic policy matters and sectoral issues by the various sectoral ministries. And, indeed, many countries operate successful economic policy without a separate economic policy agency.¹¹ The implication was that if government did not make a decision to close the Planning Commission, it would gradually wither away, because of its irrelevance. While this may be a quite realistic assessment of the most likely result of existing trends, it is not necessarily a desirable outcome.

The implication that the Treasury could essentially take over the role of directing strategic policy analysis as well as its existing economic management tasks was considered by the team. Arguments for this are that its responsibility for both the recurrent and the development budgets and its central role in relation to the international financial institutions and bilateral donors make it the natural and best location for co-ordinating policy work. The Treasury is where the action is and it has a lot of clout. In addition, the Treasury should know about the sectors in which spending Ministries operate in order to carry out public expenditure management and should be well placed to become a ministry for the economy as well as for finance.

But there are also arguments against this. Some strategic issues are not financial and may lie outside the Treasury's sphere. Its choice of issues and its approach to them may be too much determined and confined by its immensely heavy financial tasks and the concerns these give rise to. Lastly there is an immediate practical argument - the current overload on the Treasury's top and middle levels, which would make it difficult for the ministry to handle additional responsibilities.

Interestingly enough, all the senior officials consulted in government, including those in the Treasury, agreed that there was a need for an economic co-ordinating and strategic "think tank" function somewhere in the government structure. It was also agreed that this role could not be taken on by the Treasury in the short-run, because it had its hands more than full meeting its responsibilities for fiscal management and could not take on additional functions. Even in the longer term, many

¹¹ In the UK longer term economic policy issues are handled by the Treasury. In Uganda the Planning Ministry was recently united with the Finance Ministry, although there is an ongoing debate regarding the virtues of having a national planning agency, which is provided for in the Constitution.

believed there was need for longer-term strategic thinking beyond the short and medium term concerns of fiscal management which are the main business of the Treasury.¹²

This study has also identified the need for some central leadership for the government economic service. The Civil Service Department cannot supply this as it is presently structured. While the Civil Service Department has responsibility for such matters as the scheme of service for professional cadres and the establishment of posts, it does not have the capacity to monitor the professional performance of economists, or the other professional civil service cadres, nor to supervise the professional content of career development.

Thus there are reasonable arguments both for and against a co-ordinating economic policy agency independent of the Ministry of Finance.

The problem of where the lead on strategic policy analysis should be located remains unresolved. In 1996, it was envisaged that with the new approach to the economy and the transfer of the development budget to the Treasury, Planning Commission staff would be re-oriented and re-organised to take over responsibility for strategic policy analysis. Although the Planning Commission has played a creative role in sponsoring work on longer-term economic options (in the 2025 Vision study), it still falls short of what is required.

At the moment, there is not only a consensus within government regarding the need for some centrally located capacity for policy analysis, but there is equal agreement that currently the Planning Commission does not fill that role. The general view of those we discussed this with was that Planning, with its present organisation, orientation and morale, does not have the capacity to make a success of strategic policy analysis. We had no sense that this was likely to change at all soon, unless the Commission adopts a more positive and aggressive stance.

On balance, we have arrived at the unsatisfactory conclusion that at present neither Planning nor Treasury can handle the responsibility for strategic policy analysis. We welcome the rethinking of the role of the Planning Commission and the decision to transform the Planning Commission into a "Think Tank", but to change that aspiration into reality there is an urgent need to set out the steps required for the implementation of that decision.

¹² It might be noted also that most of the successful East Asian market oriented economies have an economic policy capacity independent of the Treasury, such as the economic planning unit in the Malaysian Prime Minister's office.

A dilemma facing the Commission is that as it now has little direct control over policy instruments, nor of the Cabinet decision-making process, it is only likely to influence policy if it produces ideas and analysis of sufficiently high quality that it has to be listened to.

Realistically, if the strategic policy role of Planning Commission is to be built up, it will need to have a stronger role in the top-level government decision-making process. This could be done by restoring to the Commission the responsibility to act as the Economic Secretariat of the Cabinet.

The Commission has been trying to find a new role. To achieve this, it will have to translate its new mission statement into an effective implementation strategy. It will have to develop new relationships with Ministries, based on mutual respect and understanding, and authority derived from competence. At the moment it shows little sign of doing that, and is only likely to be able to do so if vigorous action is taken to strengthen its capacity. A number of senior professional staff in the Commission are concerned about their situation and their morale is very low.

One difficulty with the definition of the new role of the Commission as a Think Tank is that there is little external pressure to produce results. If the Ministry of Finance fails to fulfil its mandate, the financial consequences are immediately evident and are likely to give rise to pressures to improve performance. The consequences of weaknesses in government strategic thinking and analysis of longer-term policy issues may be great, but are not immediately obvious. The Tank is only likely to think if the leadership of the government places either strong demands on it, or if it has a strong inner motivation. Neither is present at the moment.

Recent experience has shown that restructuring the Planning Commission and assigning it the responsibility for strategic policy analysis, as was done during the Civil Service Reform process, is not sufficient to ensure that the capacity for this type of analysis will increase. To transform it into an agency that will perform the function of a “Think Tank” effectively, vigorous action needs to be taken to strengthen the morale and capacity of the staff:

- Government has to take seriously its decision to transform the Planning Commission into a “Think Tank” and challenge the transformed agency to propose the strategic policy agenda for Government.
- Improvements have to be made in the areas of staffing and management, training, technical assistance support and networking with other agencies to build capacity and strengthen the morale of staff.

- The staff of the Commission need to build up a network of contacts with policy analysts in Tanzania and elsewhere, make serious efforts to keep abreast with international developments in policy research, expand contacts with the private sector and invite selected experts to spend time in the agency.

Some specific steps that might be helpful could be to:

- Change the name of the Planning Commission (say, to the Commission for Economic Policy and Strategic Planning).
- Establish the roles and functions of the new agency by asking the concrete question: ‘what is the job that needs to be done in the coming two to three years?’
- Identify the resources – especially the people and skills – required to undertake the work to be done; and assess the potential of existing officials to meet the new demands.
- Identify how the additional skills can best be provided including a combination of internal transfers, training and development, outside appointments and technical assistance.

It would be sensible to re-cycle staff to other ministries, where they have been demoralised by being too long in the Commission during its period of declining influence. It may also require some infusion of new blood - although this should not just be through recruitment of new junior staff, as their introduction into a demoralised ministry is unlikely to be a rewarding or capacity building experience.

The conceptual issues related to the future of the Commission have been fully considered within government in the discussion of its mission and a new bureaucratic structure has been set up. Further lengthy discussions of structure and role are unlikely to be convincing. The immediate need is for the Commission to deliver some good quality output that demonstrates by example what its future role could be.

The Planning Commission could benefit from help (from the ESRF project or some other agency) to assist it to address the problems facing it. External advisers could work with a group from within the mission to identify one or two significant, substantive issues which should be addressed, and setting in motion team work to produce output, networking with economists both within and outside the Commission.

6.0 STRENGTHENING THE CAPACITY OF THE MINISTRY OF FINANCE

In a decentralised, market orientated economy, the first priority of government economic policy is the maintenance of a macroeconomic environment which provides the context for the decentralised decisions of the various actors in the economy. In particular, fiscal, monetary and foreign exchange policies need to be managed to avoid inflation and to provide effective incentives to the foreign trade sector. The responsibility for macroeconomic management lies with the Treasury. This responsibility has been clarified with the transfer of the development budget from Planning to the Treasury.

Operational control and monitoring of expenditure and revenue and of Treasury paper issued for financing purposes are core tasks of government. Without effective management in this area, there will be recurring crises. It is also crucial for Tanzania's relationship with the international financial institutions and bilateral donors, to ensure the continuity of external funding and a good degree of autonomy in national policy-making (tough conditionality is one cost of failure). Failure in this area simply cannot be afforded. Success in this area is also the key to moving away from the irrationality and inefficiencies of cash budgeting and so to improving public services and value for money.

Thus it is not surprising that strengthening the budget management and economic analysis capacity of the Treasury was identified as a top priority in terms of both the importance and urgency of the need in the Civil Service Reform Program O & E studies between 1995 and 1997. This diagnosis has been repeated in the evaluation of the EU budget management project, a study by the ESRF and in a recent IMF report (items 22, 23 and 28 in the annotated bibliography, Annex 4 below).

The problem has been identified many times and there has been significant technical assistance to the Treasury over the years. The assistance has included projects supporting aid management undertaken since the beginning of the 1970's and during the 1990's, e.g. SIDA project in the Budget Management Department of the Treasury and the EU budget management project. These efforts did not create the required capacity, in part because they were not associated with incentive packages or sufficient recruitment of qualified national staff to ensure that skills were transferred and improvements in capacity were sustained.

Significant further steps have been recently taken to strengthen the Treasury. Substantial support from SIDA to strengthen the Accountant General's department should bear fruit in improved expenditure control and more timely and reliable fiscal data. Decentralisation of tax administration to the Tanzanian Revenue Authority has not only improved the revenue flow, but has also relieved the Treasury of responsibility for routine tax administration. The departmental structure has also been modified to accommodate more analytical policy work. Secondments from the Bank of Tanzania and promotions have put a stronger management team in place.

The fundamental need now is to construct adequate capacity at the middle levels to provide proper support to the management team. If they do not receive effective support, they could soon "burn out", as has happened to good senior officials in the past. This will not be achieved by marginal changes in staffing, but will require substantial infusions of new talent, both at the middle and junior levels. Economists are needed who are capable of doing reliable financial analysis and providing a good flow of reliable information to the management team, so that at least they avoid the embarrassment of being challenged about the accuracy of basic fiscal data in negotiations with the donor community. This may require the use of contract staff, transfer of posts from other ministries and additional secondments from the Bank of Tanzania.

Technical support from abroad can help to remedy this weakness, but other changes are needed to provide sufficient conditions for success. First, as intended in the Swiss project being implemented by the IMF (item 28, annotated bibliography), it is vital to make it clear that the primary (if not the exclusive) task of the people providing TA is training and creating capacity and not carrying out the operational duties themselves. But for this to work, it is necessary that adequate staff be put in place, in terms of numbers and quality, to receive and respond to training.

This primacy of the training role was set out in the formal terms of reference of past projects that have failed to produce a lasting result. It cannot be emphasised too strongly that the main condition for achieving more progress through any new initiative is the identification from the start of the project of an adequate number of Tanzanian staff who are capable, motivated and qualified to act as counterparts.

7.0 RECRUITMENT AND MANAGEMENT OF NEW STAFF

It is important for Government to address in the near future the need to introduce new talent in the economic service in particular, and in the civil service in general, in an orderly and systematic fashion, or it will be faced with a deep crisis a few years down the line.

The attempt to hold down the size of the public service by putting a stop on recruitment, combined with a decision to raise the retirement age of the civil service by five years, has had a number of negative consequences. These include demoralisation of staff too long at one level; the top heavy profile of ranks in the service; promotion being blocked by the peculiar age structure of the service, etc. These negative effects will get stronger with each year as the average age of the service increases. With a bunching of staff at the upper age levels, the point will come when there will be large-scale retirement, with gaps in the availability of experienced staff because of the long hiatus in recruitment.¹³

One objective of the Civil Service Department should be to change the age profile of the civil service in general and the economic service in particular over the coming decade. The age profile at the various ranks in the service should take on the shape of a pyramid, rather than the reverse. This may require early retirement for some (even if the compulsory retirement age remains at 60 years) to open up space for recruitment at the lower levels.

In the near term, economists may be among those who benefit as individuals from the new pay strategy. The possible dimensions of a new incentive package are explored in Annex 1. The economist cadre could also be replenished as a result of some relaxation in the freeze on recruitment. However, even if the capacity of the service is up-graded, it is important that recruitment be done efficiently, on the basis of merit, and the new staff are inducted into the service with care. An active approach to recruitment is now required, which targets the top graduates in economics, business, mathematics and statistics at the BA and MA levels, from UDSM, Sokoine and from those Tanzanians studying abroad. The objective should be to recruit a small number of young professional each year.

Existing plans to improve the method of recruitment could be helpful, particularly moves towards open competition for advertised vacancies at various levels of the service. It will be particularly productive if effective performance management is put into place, of a kind that generates more revealing reports that could be used to choose between candidates for posts. Crucial to the success

¹³ There may also be broader social consequences, with a whole generation of graduates being excluded from opportunities for entry to the public service, in extraordinary contrast to an earlier pattern, where there was a virtually universal expectation of pursuing a career in government or the parastatal sector.

of any recruitment and new approach to promotion on merit will be the strengthening of the Public Service Commission.

But these changes - and the explicit transfer of the management of economists to individual Ministries - will not remedy the present lack of any effective central management of the economic service to ensure that there are attractive career prospects, including:

- specialised training for those identified as most able to benefit;
- prospects for accelerated promotion, including movement between ministries¹⁴, as a reward for high performance economists; and
- an effective network to help maintain professional standards and common approaches to common issues (something which is being attempted through this project, but which should be institutionalised as a standing practice within government).

In the development of the service, it will be sensible to recruit staff both with specialist sectoral training (e.g. agricultural economists and transport economists) and with a more general training in economics. In terms of career development, the service should be managed so that over their careers staff can move between specialist and more general roles. For example, a health economist could move into inter-sectoral and macroeconomic work in a co-ordinating ministry, while a general economist could work for a period with the ministry of agriculture. This is important both to encourage cross-fertilisation of ideas and experience and to provide specialists with a broad range of avenues for career development.

¹⁴ Particularly necessary for those working in ministries employing small teams of economists, with limited avenues for professional advancement within the ministry.

8.0 KEY RECOMMENDATIONS

Steps are needed to articulate demand better and to strengthen supply capacity (including making effective use of organisations and individuals outside government).

8.1 Demand

(i) *Identification of High Priority Policy Issues*

We recommend that three-five "big" issues should be identified as priorities for policy analysis in the coming two years (in addition to the areas of work already identified by the project as network focal areas). These issues should be important to the Tanzanian economy and its development, either urgent now or with a clear potential to become so in the next 5 years. Whether the source of the problem lies in events in the world economy and the domestic private sector, or in the impact of government policies and services on the private sector, there should be a reasonable prospect that analysis would lead to some practical response by government.

Of course, members of the team have their own views regarding possible critical policy issues, but for us to propose such a list would be counter-productive. The need is to set up a *process* whereby critical policy issues can be identified.

The work on identifying an agenda for policy analysis could draw on the knowledge of both the private sector and government officials.

We recommend that:

- Discussions should be initiated with selected actors in the private sector to identify perceived constraints on growth, the way markets work, the impact of existing policies, in a format in which the views of the private sector are scrutinised rigorously. This could be done in discussions with small groups from key sectors (e.g. exporters; industrialists; tourism business; transporters etc.). Possible areas which could be explored might be:
 - (a) skills, labour market and youth unemployment
 - (b) capital markets, savings and investment
 - (c) goods and services markets and
 - (d) infrastructure

- A dialogue between economists in the Ministries regarding issues they identify as being of high priority.

This work has to be done with some care, as ideas thrown out in brainstorming sessions need to be filtered by more systematic discussion and analysis. After issues have been identified, a prioritised program of policy analysis should be drafted and presented to top government leadership for consideration.

(ii) Training for Non-economists

We recommend training for non-economists in senior positions, to improve the demand for good policy analysis. This should involve exposure to basic economic and analytic concepts and tools in order to sensitise them to their potential practical contribution. Such training might even be offered to ministers.

The Government in the UK is introducing induction courses for new ministers. In fact, some training was provided to potential ministers before the 1997 election.

Courses are offered to non-economists in the UK Treasury. The course for each level takes 2 or 3 days and is followed by a test taking about 2 hours. At certain levels passing the test is made a condition of promotion.¹⁵

Careful work will be required before introducing such a program in Tanzania. Subject matter and approaches to training need to be adapted to Tanzanian conditions (e.g. consultation would be required to assess what sort of testing would be acceptable and to plan how such innovations could be launched in the Tanzanian setting).

8.2 Supply

The broad dimensions of the steps required to improve the supply side of analytical work are fairly obvious:

(i) Training and motivating existing staff of good potential

¹⁵ There are up to 5 levels of course. Level 2 is intermediate at about the 1st or second year of an undergraduate programme. Level 1 in microeconomics covers the nature of a price system, effects of monopoly power, common cases of market failure (which may justify government intervention), investment appraisal and discounting, and the concept of opportunity cost.

A cadre of professionals should be appointed who are able to identify key policy issues, manage the process of policy analysis and assess results. In our cautious estimate, with additional training and incentives, about 20% of existing staff might be expected to deliver good policy work. This implies that around 40 could form the core of a professional economics cadre. How should this core group be selected? This has already begun through a process of selection and self-selection of staff involved in the networking program, but may also require a process of testing to identify the high potential government economists.

(ii) *Recruitment of high potential entrants both at the young professional and the mid-career levels*

The numbers should be kept small to maintain quality, and recruitment should be based on evidence of professional skills and innate potential - this requires professional assessment of formal qualifications, and rigorous testing of analytical abilities.

(iii) *Identification of talented individuals*

Specific efforts should be made to identify talented individuals within the public service with the potential for professional advancement despite lack of formal training, who could benefit from training opportunities. It is important that a more meritocratic system should not solely concentrate on formal educational background, but should also provide avenues for advancement for those who demonstrate high levels of ability and commitment in service.

(iv) *Selected retirement*

Systematic recruitment implies a program of selected early retirement for some of the existing cadre of economists and recycling of economists into administrative cadres to free posts for new staff.

(v) *Careful induction of young professional into public service*

The induction of young professionals should be done carefully, with the support of an in-service training program and carefully supervised exposure to challenging work which extends abilities. One part of the ESRF capacity development program should be the organisation of a training network for all young economists entering the service, aimed at enhancing skills and stimulating a serious professional approach to work in government in the first years of service.

(vi) *Training in crucial non-economic skills*

Economists should be trained in non-economic skills critically required for success in the service e.g. communication (both written and verbal) and management.

(vii) Central management of the economic service

Some central management and career development for the government economic profession should be introduced in the reformed civil service structure, administered by staff with a good background in economics, backed up by advisors (e.g. senior academics)/

(viii) More systematic organisation of policy work

The leaders of Ministries involved in policy work should consider explicitly how their economics work is organised, how economists are to be used in policy-making and how the capacity of outside consultants and other ministries (e.g. the Planning Commission) could be utilised efficiently to tackle policy issues. To achieve this, something more than a general admonition is required. A task force may be required to work with the leadership of key ministries to map out a strategy for policy work.

(ix) Improve the quality of statistics

Statistics are an important tool of most policy analysis. It will be important for the new statistical agency to be aware of likely requirements, both by explicitly commissioning the agency to undertake required studies, and by involving some economists in the work of the agency.

8.3 Need for Two Levels of Service

In assessing the capacity needs of the Government economic service, it became evident to the team that a clear distinction can be made between two levels of work, i.e. policy analysis work and more operational functions.

Policy analysis should address high-level policy and management issues. That includes the initiation and implementation of key policy analysis, negotiation of external economic relations (e.g. with multilateral financial institutions and the donor community in general) and the formulation of policy in relation to the main policy instruments (such as budget formulation). Such work demands the skills and commitment that would be expected of the professional economists in the multilateral institutions with whom government negotiates.

In contrast, operational functions involve the more routine middle-level work on the execution of policy and programmes including routine data gathering, project monitoring and budgeting. We estimate that at present about 80 per cent of the economists in post are mostly involved in operational functions and have had very little training and exposure to policy analysis work.

- We recommend that the best way forward is to create two different levels of service. One level would be that of “Professional Economists” who would be trained to handle policy analysis work; the other would be that of “Economics Officers” whose skills would be upgraded to deal with operational functions effectively.

The first step would be to identify those economists who can be trained to handle policy analysis work. This could be done through open competition from within and outside the service. This category could initially be placed in the key central ministries, i.e. the Planning Commission and the Ministry of Finance, for specialised training. On successful completion of the training, they would then be put on a special scheme of service. Their remuneration regime would be based on performance and would reflect their specialised skills and their ability to handle high level policy and management work.

With the two levels of service suggested above, three different broad categories of **training would** be required:

- (i) High level training for those judged to be of high enough potential to join the service at “Professional Economist” level, to expose them to key economic issues and available approaches to analysis, and to engage in joint work in utilising such training (i.e. working through networks on key policy issues).
- (ii) Training programmes for “Economics Officers” would aim at upgrading their skills to collect, present and interpret basic economic data and to understand the role of their work in supporting policy analysis. Training would be followed by tests that could be used as a condition for promotion and as a means of identifying potential for upgrading to professional economist rank.
- (iii) Training for non-economists in basic economic and analytic concepts and tools in order to sensitise them to their potential contribution.

8.4 A Young Professionals Cadre

Building the Government professional economic service for the future will require a special programme of staff development, as part of a more general effort to develop the capacity of manpower in the civil service. Over the coming three to five years, efforts should be made to create a small cadre of **young professionals** in the government economic service, which could become the core of a more effective government professional economists over the longer term. It is essential that recruitment, induction and training should be done with great care, as the success of such a

program will determine the quality of the government economic service over the coming generation. In the following paragraphs, we outline some of the issues to be addressed in designing such a programme.

(i) ***The required skills***

In the past, economic planning and policy analysis tasks in government have been identified with a professional background in economics. This is likely to continue to be the case. Policy work in the economic co-ordinating ministries demands a command over economic skills, and planning and policy work in the line ministries often requires an understanding of project appraisal techniques and the capacity to analyse the economic response of government within a given sector. Hence, a great proportion of the planning cadre should have a primary background in professional economics.

What is meant by "a background in professional economics" in this context? The acquisition of a pass degree at undergraduate level, or even a Lower Second class, does not imply the acquisition of the required basic skills on which to build the capacity for serious policy analysis. Unfortunately, even a master's degree is not necessarily an evidence of the required professional skills, depending on the quality of the program and the performance of the candidate.

- We recommend that the minimal qualification for admission as a young professional to the government economic service should be an Upper Second class undergraduate degree, or equivalent level demonstrated at the master's level.
- We recommend that as formal qualifications need to be evaluated with care, selection should include a check on the candidate's knowledge and ability, by interviews and testing.

However, it is not necessary that the planning cadre should be exclusively made up of economists. Contributions to the understanding of the modern economy and of the economic impact of government policy may also come from those with other specialist backgrounds. For much work on policy and project analysis, a bright person from another background can acquire the specific techniques with facility, particularly if they are at home with quantitative techniques.

- We recommend that a significant proportion of candidates selected for the economic cadre should be non-economists with an excellent background in other subjects (i.e. an Upper Second Class degree or equivalent), particularly subjects which involve a scientific or quantitative background.

(ii) Implementation of the Young Professionals program.

- We recommend that steps now be taken to recruit younger people to remedy the unbalanced age structure of economists that the freeze on recruitment since the early 1990s has produced. The process should begin in the next 12 months.
- We recommend that as part of a new recruitment program, a group of up to twelve "Young Professionals" be recruited through advertisement and careful selection. Recruitment should be supported by publicity regarding the enhanced career and training opportunities the Young Professionals can expect. It is more important that such recruitment should be done rigorously, in line with the policy in "Public Service Management & Employment" (PSM & E).
- We recommend that a suitable induction course should be designed for the new recruits. This should include non-economic subjects such as communication, the Ministry's objectives and policies, and the work its economists are expected to do.
- We recommend that the initial group should be recruited through advertisement inviting applications from graduates but should also be open to existing young civil servants, who wished to take advantage of the new career track. In line with the recommendation above, in addition to an evaluation of academic records, there should be an examination testing professional knowledge, general knowledge and analytical/problem solving skills. There should also be an in-depth interview by a panel made up of senior civil servants and qualified outsiders.

(iii) Method of Induction

- We recommend that there should be an initial training probationary period of three years. During this period, the group would be exposed to regular training sessions, in which performance would be tested by examination. Also, they would be placed in a sequence of three annual postings, in each of which they would be given sufficiently challenging tasks, supervised by a senior civil servant – this would be crucial. An initial experience in the civil service involving purely routine (often clerical) tasks and no exposure to analytical/policy work can only lead to an erosion of skills and the potential of a recruit.
- We recommend that the morale of the group should be sustained by annual residential seminars, in which they should exchange views on their experience and benefit from exchanges with

distinguished lecturers. If resources can be mobilised, it might also be useful to take the group to an international study tour, to be exposed to better practice elsewhere.

- We recommend that one important element of the ESRF program should be to provide guidance and training support to the Young Professional group in their probationary period (i.e. their first three years).

(iv) Co-ordination of the Young Professional program

- We recommend that the co-ordination of the Young Professional program should be managed by an official appointed for that purpose, located in the proposed EPSU (see below), advised by a small committee, consisting of one official each from the Planning Commission and from the Finance Ministry and an outside member from the academic community.

8.5 Management of the Government Economic Service

(i) Management of recruitment, training and promotion

We understand that under the Civil Service Reform Programme (CSRP) there will be a central scheme of service for all Government economists, but that, subject to the requirements of open competition and the role of the Public Service Commission, individual Ministries will be responsible for recruiting, managing and promoting economists, as with most other staff. This will have the obvious merits of placing responsibility for staff management with those working closely with the staff, and who are themselves held responsible for the performance of their ministries. Ministries will be able to improve the capacity of their economists by taking action to strengthen their quality (by training, career planning, and performance management) and their motivation.

However, there will be a need for co-ordination between ministries in developing the profession and for professional leadership within ministries.

- We recommend that the Ministries with relatively large numbers of economists (e.g. Finance, Planning, Industry, Agriculture and Health) should make a named individual (or post) responsible for proposing improvements in the management of staff and for carrying them out if they are agreed. The individual chosen in each Ministry might be given a common title such as Head of Economics or Economist Manager.
- We recommend that in these Ministries the permanent secretary should give an economist this task. This will no doubt often be the director of planning and policy. But in our view it should not automatically be the individual who is highest on the seniority list, as the criteria for selection

need to include managerial skills and the ability to work with non-economists to help the ministry to succeed, as well as economic qualifications and personal performance. Someone who fits such criteria may often be a candidate for promotion on merit if not on seniority. If there is no one suitable among existing staff, a transfer from elsewhere may need to be considered.

(ii) Incentives

The implementation of the Medium Term Pay Policy (MTPP) also offers opportunities for strengthening motivation among economists. In addition to sustaining MTPP over the next few years, there will be opportunities to give incentives to individual performance. But a precondition for doing this effectively will be more rapid progress in installing quality performance management for economists than the period of "several years" envisaged for the public service generally. This means setting personal objectives, providing feedback every 6 months, with written annual reports on performance, which are discussed, along with training needs, between each economist and the reporting officer.

We understand that this would involve several changes from present procedure and practice. The current procedure, we believe, is commonly not adhered to, so that up to date assessments of individuals are not available. The existing form does not require specific objectives to be set in advance for individuals each year, as distinct from a generic job descriptions that may not change from year to year.

Currently, reporting is based more on assessment of qualities than on performance against objectives, which is less subjective. Similarly, promotions are based more on seniority than on performance. The service-wide report form does not allow for assessment of economic skills or performance specifically. It does not include answers from the person being reported on about experience or training. Lastly the report, as we understand it, is signed by the permanent secretary without any face to face exchange with the person being reported on, or any indication of the professional supervisor's views or of any differences of view between him and the permanent secretary.

- We recommend that in the central economic ministries and key sectoral ministries a cycle of reporting on economists in a way consistent with PSMP should be established by the end of next year. This means that personal objectives need to be agreed and set as a basis for economists' work and for reporting on it.

- We recommend that during the coming year Ministries should review the organisation and location of their economists in relation to policy makers, and the channels and practices through which their involvement and work is sought, so as to get the best contribution from them.

Some of the main options for sectoral ministries are:

- (a) Keeping economists together at the centre of the ministry, for example in a planning and policy unit (PPU) led by an economist director;
- (b) Dividing economists between different policy teams and making them responsible to the team leader; in that case arrangements are needed for professional supervision by a higher level economist who should usually contribute to the annual report; without that there is a risk of economists becoming de-skilled;
- (c) Economists reporting to the DPP, but allocating them to work with different policy teams (a compromise between a. and b.)

The advantages of (a) are that the economist staff can get close professional supervision and can more quickly be transferred to unexpected but urgent work.

Advantages of (b) are that economists are involved in policy work continuously, so that they are in a better position to propose useful economic work themselves and are familiar with a policy area, if the policy makers require advice.

(ii) Economists Professional Support Unit

There is no uniform or permanent solution for the organisation of economic work. What is important is for each sectoral Ministry to consider from time to time what suits them best. It is an important element in a capacity building exercise that this should be done now, and preferably completed by the end of next year.

- We recommend that, in addition to the steps that individual Ministries need to take to get the best out of their economists, there should be a central unit **an Economists Professional Support Unit, or EPSU**, probably best located in the Planning Commission, to monitor and support progress in building the capacity of the government economic service. An able economist would lead it, with the rank of commissioner or director, who should preferably have had experience of substantive professional work. This would allow for a professional input into personnel management for economists, which cannot be achieved through current arrangements whereby an administrator receives information about economists, but does not have the professional knowledge required to make judgements about professional performance. The current system lends itself to recommendations for promotion based primarily on the number of years spent in the current grade rather than on performance.

The EPSU would, as a minimum, maintain an up-to-date database on the economic service and its members. As now, it would cover their age, date of appointment, present position and qualifications. In addition it would contain an up-to-date record of the levels of performance recorded in annual reports (which should be in a common economist service-wide format or at least contain a common core). It would also record the successive jobs, secondments and training, with a brief indication of their content.

Such a database could answer questions about the economic service as a whole: its age structure and distribution between Ministries and levels, trends in recruitment and departures, whether for temporary training or secondments or permanent exits. It could also provide comparable information about internal candidates for posts dealt with by the Public Service Commission (PSC). The data could be used to provide an annual directory of the current positions held by members of the economic service.

There are a number of other tasks EPSU might undertake, which would help to reconcile employment of economists by individual ministries with creating a sense of belonging to a government-wide service, marked by vitality and a stimulating exchange both of ideas and of individuals between posts and ministries. This would help to strengthen morale, motivation and professional standards and hence to build capacity. The menu of possible tasks includes:

- (a) Helping organise networks (as discussed above) and discussions of economic issues, especially when a common approach or at least understanding across ministries is desirable. Topics could include general approaches to policy and project appraisal, public expenditure management, and poverty and employment generation, or specific components such as the management of social service delivery and cost recovery, the design and finance of decentralised local government programs and the operation and maintenance of public infrastructure. It might also arrange meetings for economists from all departments about current economic issues and opportunities facing Tanzania.
- (b) Offering assistance or limited consultancy, especially to Ministries with few economists, to support the management of economic policy work. This would help to reduce the sense of isolation and possible disadvantage among economists in those ministries. It could also hold regular meetings of the Heads of Economics in the main ministries or all ministries to discuss common management problems e.g. performance management.

- (c) Help to promote fairness and professional standards by seeking to ensure that job opportunities are advertised and that open competition is used for appointments as widely as possible and to ensure that up-to-date information and annual reports are available and provided to the PSC. Where promotions are handled within ministries, the Unit might be represented, as a quality check, on promotion boards within individual ministries.
- (d) Another way of assisting a service-wide job market would be to help broker job exchanges between ministries and to offer career counselling to individual economists.
- (e) The Unit could maintain information about courses and secondments outside the government and Tanzania that had proved useful to Tanzanian participants. It might also arrange or recommend visits to share the experience of other African countries.

The impact of the EPSU would depend on the quality of the economists identified to manage it. Under effective leadership, a small unit of this kind, working in co-operation with the Civil Service Department, the Civil Service Reform program and State House, could make a strong contribution to the morale of the government economic service. The head of the unit should be an up and coming economist recruited from any part of the service with the professional and personal qualities which suggest that the individual is on track to become a permanent secretary.

- We recommend that the EPSU have the mandate to undertake tasks as set out in a) - e) above.
- We recommend that the selection of the head of the unit be given high priority and should be seen as a key member of the Civil Service reform team.

An additional step, perhaps in the longer term, would be to appoint a senior government economist, at Permanent secretary or deputy level, in a central economic ministry, to act part time as Head of the Government Economic Service. To work, it would have to be an individual who is not already over-loaded. The functions would be to chair some of the meetings mentioned above, to oversee the work of EPSU and to act as representative of the economic service at meetings with permanent secretaries and Ministers.

- We recommend that this step should be considered now and, if it is rejected at this time, be revisited from time to time.

8.6 Building Economics Capacity in the Ministry of Finance

In relation to the Ministry of Finance and in light of the discussion in Section 6.0 above, we recommend that:

- (a) Building the economics capacity in the Ministry of Finance should be given immediate attention and that this could be done through the rapid implementation of the proposed IMF project funded by the Swiss (see Section 6.0 and item 28 in the annotated bibliography).
- (b) Giving high priority to this need is taken to mean switching enough competent people from other work to do the operational tasks, so that the technical assistance staff are not diverted from training and creating capacity. The damage to other government tasks will have to be accepted.
- (c) The TA staff should work with Treasury management team and the Civil Service Department to identify the minimum staff requirements for effective fiscal management and policy analysis in the Treasury, and prepare a recruitment program to meet those requirements.
- (d) A written plan and timetable should be produced by the project, based on a breakdown of the operational tasks, for enabling the counterpart staff progressively to take over the tasks.
- (e) The actual division of time by TA staff between operational and training work should be monitored and recorded.
- (f) The management team in the Treasury would need to endorse and stick to these conditions.

The achievement of this capacity building task should be seen as a key test for the Civil Service Reform Program. The program has produced many good reports on this and related tasks, has drafted mission statements, framed formal changes in the structure of ministries, but in certain key respects has yet to achieve the changes in staffing, working conditions and management which make the government more effective in practice. The reform process now needs to move from the production of papers (many of them excellent) to effective implementation.

ANNEXES

Annex I: Incentive Structures for the Government Economic Service

1.0 Incentives in the New Economic Environment

With liberalisation and increased buoyancy in the private sector, and many donor agencies engaging national economists, the public service has to compete to attract and retain professional and technical personnel. It will be difficult for the public service to attract and retain the best professional and technical personnel if compensation is not competitive, as is now the case.

This does not necessarily mean government has to match private sector salaries, as there are a number of differences between the public government and private sectors. There are differences in tenure, promotion, job-security and pension systems in the two sectors. And even when job designations may be similar, their content and responsibilities may be very different in the two sectors. When comparing existing differentials, it should be noted that while the private sector is selective in its recruitment, for the government, particularly during its period of rapid employment expansion, recruitment was non-selective, so that the average qualifications of government workforce may be lower than in the private sector.

Recent labour market surveys show that the salaries of economists outside the public service are significantly higher than those being currently paid by the government.¹⁶ Starting pay for research officers/economists typically range from Tshs.450,000 to Tshs.800,000 p.m. Those for senior research officers/economist range from Tshs.600,000 to Tshs.1,500,000 p.m., while those for principal research officers/economists range from Tshs.800,000 to Tshs. 2,000,000 p.m.

A consistent medium-term pay reform strategy that raises compensation for the core professional and management personnel is a prerequisite for improving civil service performance, including the economists' cadre. Redressing the adequacy of the incentive regime will depend upon the outcome of two reform initiatives: the pay reform implementation strategy and the job evaluation and re-grading (JERG) exercise.

¹⁶ KPMG, **Salary and Benefits Survey Report**, presented to the Public Sector Reform Commission, 25 August 1999; Price Waterhouse Coopers, **Revision and Update of the Local Labour Market Survey: Final Report**, presented to the EDF Project Support Unit, June 1999; and Price Waterhouse Coopers, **Survey of Pay and Benefits Participant's Report**, presented to the Tanzania Revenue Authority and Standard Chartered Bank, March 1999.

2.0 Government Pay Reform

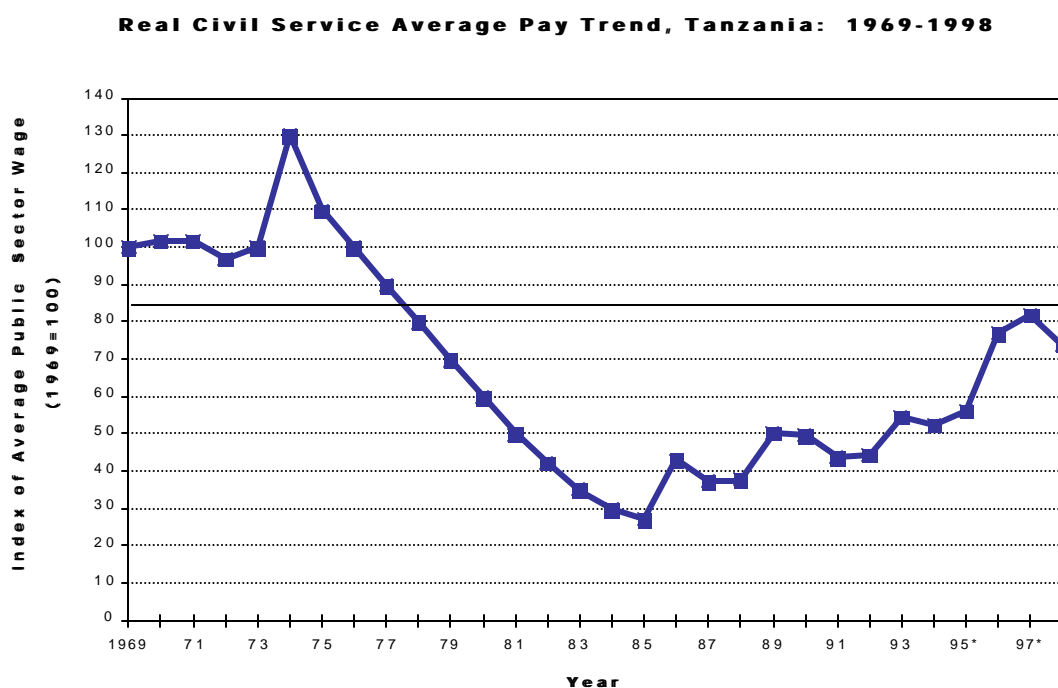
Many of the problems associated with the public sector are related to the low level of remuneration and the lack of an appropriate incentive regime. Addressing these problems is a crucial challenge to the overall CSR.

In the first phase of pay reform, the government implemented a number of measures:

- the civil service was reduced from roughly 354,600 in 1993/94 to about 264,000 by 1998/99;
- the declining tendency of real wages was reversed: average real pay rose by over 75% between FY93/94 and FY97/98 (Figure 1):
- salary structures were rationalised, with 196 grades under 23 scales reduced to 45 grades under four scales;
- 36 non-transparent allowances were eliminated or consolidated into the revised salary structure; and
- greater control was gained over the wage bill and the integrity of the payroll was restored.

However, the focus on average pay data masks a disconcerting trend. Detailed analysis reveals that, between FY95/96 and FY96/97, while real take-home pay increased for personnel at the bottom of the salary structure (Figure 2) and the lower-middle and middle level staff maintained, more or less, their real take-home pay, between FY96/97 and FY98/99 all the personnel in the upper-middle and top salary grades incurred losses in real take-home pay.

Figure 1: Real Civil Service Average Pay Trend, Tanzania ; 1969 - 1999



*Denotes that allowances were consolidated into the salary structure.

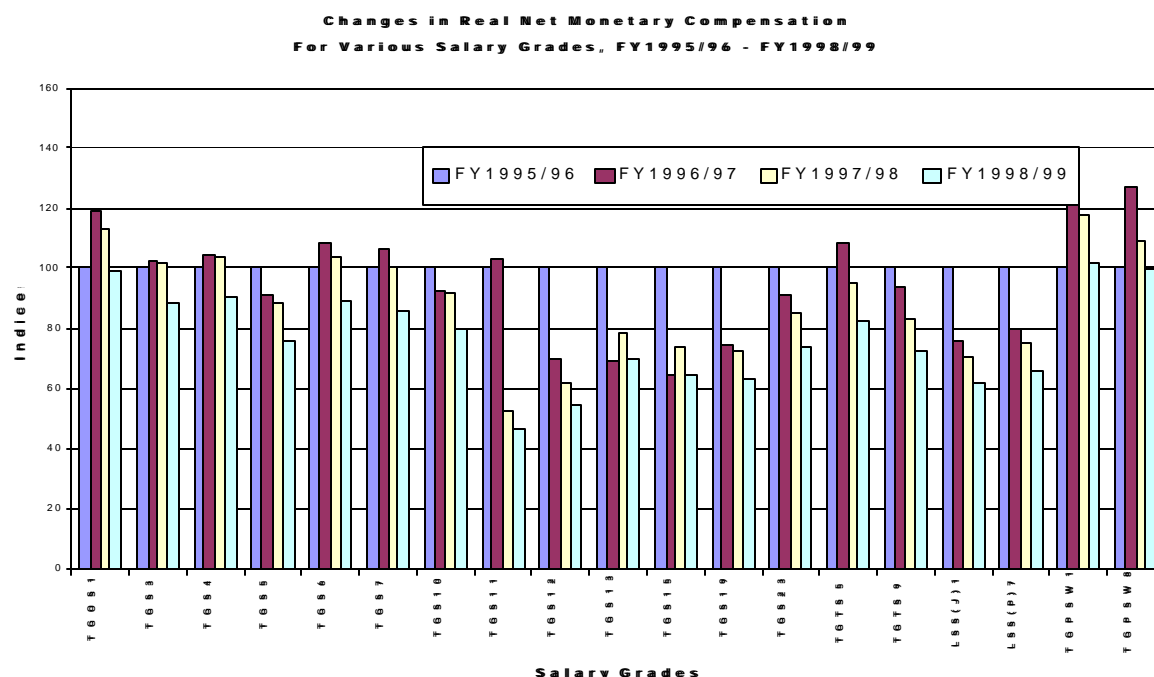
The decline resulted from three factors:

- consolidation did not fully compensate for forgone allowances;
- adjustments were less than the actual rates of inflation, as they were pegged to the Enhanced Structural Adjustment Facility (ESAF) inflation target; and
- allowances incorporated into the basic salary became subject to income taxes.

Thus implicit pay policy over the first phase of the CSRP moved strongly in the **wrong** direction. Between FY95/96 and FY98/99 real take-home pay fell by as much as 35% for some salary grades. The decline in real compensation reinforced the need for personnel to supplement their government paid for income from other sources. Among sources of income accessible to personnel in the government economic service are fees for undertaking various short-term assignments and sitting allowances or per diems paid to public servants to participate in donor-funded workshops,

conferences etc. In that sense, the government wage bill is understated due to direct and indirect donor salary supplementation.

Figure 2: Changes in Real Net Monetary Compensation for Various Salary Grades, Financial Year 1995/96 – Financial Year 1998/99



However, in many cases, the payment of sitting allowances encourages counterproductive behaviour, rewarding decision-making by committees rather than by individuals, and encouraging the proliferation of workshops and delayed decision-making. Numerous donor-funded meetings seeking to enhance capacity building often merely provide a means for indirectly supplementing salaries, taking the best public servants away from their regular duties.

Given the short-term wage bill constraints, it will be difficult to enhance salaries within the next few of years, but if pay is not improved in the near future, increasingly the PSRP will be perceived as merely a cost-cutting and downsizing exercise. One possible way out of this difficult impasse, which might also provide an opportunity to compensate the key economics cadres, could come if a broader Local Cost Compensation (LCC) scheme is introduced. That

would involve donor funds being made available to enhance salaries in a focused and systematic way to jump-start the public service reform effort and improve performance in the near term.¹⁷

Over the medium- to long-term, the competitiveness of public service salaries should improve. Professional and technical personnel should benefit from their jobs being upgraded and their salaries being enhanced more than other salary groups. The two rationalisation exercises (rationalisation of the job-grade structure through the job evaluation and re-grading exercise, and rationalisation of the salary structure through pay reform), by reinforcing each other, could lead to enhanced salaries of the personnel and improved competitiveness of the public service.

3.0 The Pay Reform Implementation Strategy

The Pay Reform Implementation Study undertaken during the first half of 1999 covers the five-year period FY99/00 through FY03/04. Four pay-reform scenarios were presented:

- Scenario A - the implications of the constant 4.4% wage bill-to-GDP ratio over the medium term period, as proposed by the medium-term expenditure framework (MTEF)¹⁸.
- Scenario B - the implications of the constant 4.6% wage bill-to-GDP ratio over the medium term period, as proposed by a Planning Commission document.¹⁹
- Scenario C - the implications of a 4.9% wage-bill-to-GDP ratio over the medium term period. The 4.9% ratio was achieved in FY96/97 when the revised salary structure was introduced.

¹⁷ Local cost compensation narrowly defined is the term generally used to refer to the incentive payments and salary supplements donor provide to key personnel in the public service and in donor-funded projects, as well as the salaries paid to local personnel contracted to facilitate donor projects. More broadly defined it would include to any direct and indirect monetary benefits that government personnel derive from donors. These include topping-up of salaries, extra duty or over allowances paid to civil servants for working on donor-funded activities, sitting and attendance allowances for participating in donor-funded workshops, meetings or committees.

¹⁸ Analysis of the medium term expenditure framework is presented in United Republic of Tanzania. **Guidelines for the Preparation of the Seventh Rolling Plan and Forward Budget for the Period 1999/2000 – 2001/2002**, issued by the President's Office, Planning Commission and the Ministry of Finance, Dar es Salaam, Tanzania, January 1999.

¹⁹ See: Planning Commission. "Recent Macroeconomic Developments and Outlook for the MTEF Period: An Overview," presented at Public Expenditure Review FY99 Consultative Meeting, Karimjee Hall, Dar es Salaam, April 15-16, 1999.

- Scenario D - recognised that it might prove difficult for the government to return immediately to a 4.9% ratio. A gradual rise in the ratio was proposed: starting at 4.4% in FY99/2000, the ratio rises to 4.6% in FY2000/01, and by 0.1% per annum to reach 4.9% in FY03/04.

The results of wage-bill modelling illustrated that:

- Scenario A, contrary to the assurances by the medium term expenditure framework (MTEF), is inadequate to achieve the stated pay reform priorities and restore losses in real pay of the middle- and upper-middle grades;
- Even under Scenario B, salary increases for professional cadres are too limited to attract and retain high level personnel;
- Under Scenario C the losses of real take-home pay could be restored for most of the salary grades by the end of the period; and for the first time during the reform program, in FY01/02, the average base salary (at **Tshs.106,953** p.m.) would exceed the real target MLW (**Tshs.98,595** p.m.);
- Scenario D achieves the same end point salary levels and structure as in Scenario C but more gradually over the five-year period.

The Report recommended that Scenario C should be adopted for the purpose of the Medium Term Pay Policy. However, given the understanding that the government had with the IMF under the ESAF it would be more realistic to increase the wage-bill-to-GDP ratio gradually under Scenario D.

4.0 The Civil Service Job Evaluation and Re-Grading Project

The major finding of the JERG exercise was that in the current grading system many professional posts (e.g., accountants, engineers, and economists) are seriously under-graded relative to their responsibilities and job content.²⁰ Conversely technical, clerical and manual posts are often over-graded. Hence, improvements the level of compensation and standing of the economic and planning cadre will require re-grading of these posts.

²⁰ See: KPMG. **Civil Service Benchmark Job Evaluation Study: Final Report**, presented to the Government of the United Republic of Tanzania, 8 January 1999.

A recent review was undertaken of the schemes of service and job grades of economists, manpower planning officers planning officers and statisticians cadres.²¹ The JERG observed that based on the scheme description for economists there is little difference in job content between some levels, and that some of the levels can be merged, for example (e.g. Economist II and I; Senior Economist II and I; Principal Economist III and II). Similar conclusions were arrived at regarding Manpower Planning Officers, Planning Officers and Statisticians.

The JERG Project recommend ²² that in each scheme, the number of levels be reduced from 8 to 5. and the Planning Officers scheme should be merged with the Manpower Planning Officers scheme. After merging the recommended levels in the scheme, the new scheme structures will be as follows:

- Economist II;
- Economist I;
- Senior Economist;
- Principal Economist II;
- Principal Economist I;

Similar changes are proposed for planning officers and statisticians. The recommendations are expected to create greater consistency with the new grading and salary structures throughout the service, more meaningful differences in job levels linked to job evaluation and a structure in which promotion to a higher level becomes a significant career step. A simpler scheme should reduce the number of delayed promotions, and allow for more straightforward management of appointments and promotions.

5.0 The Likely Impact of Reforms on Salaries of the Government Economic Service

In line with the Pay Reform Implementation Strategy, it is envisaged that salary enhancement for personnel in the government economic service will result from:

- (a) Annual salary adjustments set out in the medium term pay policy, where priority will be given to enhancing pay of professional and technical personnel; and
- (b) the implementation of recommendations of the JERG exercise, as many of the jobs in these schemes are service are proposed for upgrading.

²¹ Civil Service Job Evaluation and Re-grading Project. **Implementation Study: Planning Commission, Report.** October 1999.

²² Civil Service Job Evaluation and Re-grading Project, *ibid.*

The implementation process began with the government's acceptance of salary adjustment measures that gave priority to professional and technical personnel, particularly those in middle and upper-middle salary groups. The adjustment resulted in a significant increase in public service pay, with the average monthly salary rising by 38%. The entry-level salary (TGS3) into the permanent and pensionable core service rose by 47%, as compared to 16% for personnel in TGS1 and TGS2.

With pay for professional and technical personnel targeted to increase faster than other groups in the public service, personnel in schemes of service such as economists and planning officers are likely benefit more than other personnel. Over the medium term, the average monthly salary for the government economic service under the current job grading system would nearly double in nominal terms, from **Tshs.125,193** for FY99/00 to **Tshs.249,363** in FY03/04. With inflation projected at an accumulated rate of 42% over the period, this would imply an 58% increase in real salaries.

Assuming that the government accepts the recommendations of the JERG exercise, many of the jobs in the government economic service will be upgraded. This will have the effect of moving staff to a higher salary path over their tenure of employment. If the recommendations to re-grade personnel in the government economic service schemes were implemented with immediate effect, during the current fiscal year with existing salary levels, the average monthly salary would increase significantly from Tshs.125,145 to Tshs.175,900, by 41%.²³ If the JERG project's recommendations are fully implemented, over the medium term, the average monthly salary for the government economic service would nearly triple in nominal terms, from Tshs.125,193 for FY99/00 to Tshs.353,770 for FY03/04.

6.0 *Likely outcomes*

Of course, it is doubtful whether the Government will be able to fully implement the recommendations of the JERG. If the proposed increases are implemented then there is a likelihood that incentives and work motivation will gradually improve. However, there is some question whether the gradual approach will be consistent with the efforts to improve performance and to building capacity in the near term.

The affordability of the size and salary level of the public service depends mainly on total government revenue collected. The MTEF projections are quite conservative and if realised would leave no room for significant pay reform. However, alternative revenue projections by the TRA allow for the possibility of accommodating pay reform and increasing the non-wage ratio in the recurrent budget. As the current tax/GDP ratio is low by comparative standards, the TRA project of increasing the ratio from 12.7% to 15.8% over the coming five years, while being optimistic is not implausible.

²³ Civil Service Job Evaluation and Re-grading Project, *ibid*.

7.0 Accelerated Salary Enhancement and the Sustainability of the Pay Reform Effort

The Pay Reform Implementation Study warned that without significant improvements in the incentive regime capacity building efforts in the public service are likely to be frustrated. In an effort to jump-start the reform program, the introduction of a Selective Accelerated Salary Enhancement (SASE) has been proposed to jump-start the public service reform effort and improve performance and services in the near term.

It is hoped that this scheme will receive donor funding through expanded local cost compensation financing. However, many donors are reluctant to directly support recurrent expenditures, despite the argument that enhanced incentives are required to create a performance-oriented, motivated, and disciplined civil service, and that enhancing incentives is an investment in building capacity.

Two options for the selection of beneficiaries are under consideration:

Option 1: Target all members of the technical and professional cadres (PSRP strategy document).

Option 2: Introduce select salary enhancement. Restrict coverage to personnel critical to improvements in service delivery and to the success of the reform effort, the focus here would be on sectors supported by donors.

The Pay Reform Implementation Study estimated that the funding required for FY99/00 to finance option 1 would be Tshs.15.324 bn or about \$19.2 million at the current exchange rate. The funding requirement would decline by Tshs.4.000 bn (\$5.0 million) per year over the medium-term period. The total funding requirement over the period is Tshs.38.214 bn (\$47.5 million). Putting the annual funding requirements into perspective, the ratio to the projected annual civil (non-military) wage bills would be: 6.8% for FY99/00; 4.3% for FY00/01; 2.5% for FY01/02; and 1.14% for FY02/03.

Option 2 requires immediate salary enhancement for personnel critical to improvements in service delivery and/or the reform effort. This approach would require that each ministry identify its core functions and determine which personnel or professional and technical groups are most critical to achieving those functions. As salary enhancement is selective, efforts would have made to ensure that the beneficiaries are objectively determined.

The PSRP strategy document estimates that 20 personnel from each ministry would benefit from accelerated salary enhancement or LCC.²⁴ With 23 ministries and independent departments, this would imply that 460 personnel would benefit from LCC. The cost estimates are \$480,000 for FY99/00, \$1,008,000 for FY00/01, \$1,104,000 for FY01/02, \$552,000 for FY02/03. The total funding requirement for the scheme over the medium term would be \$3,144,000.

This approach may be too narrow in its scope. At 460 beneficiaries, only about 0.77% of public servants would benefit from accelerated salary enhancement. This is far below the 2.5% to 3.5% targeted under similar schemes.²⁵

Efforts are now underway to broaden the beneficiaries of the proposed scheme. The challenge is to broaden participation sufficiently to provide incentives for improved performances in core functions without making the scheme too costly. One approach would be to extend the list of proposed beneficiaries to include personnel critical not only to service delivery to customers and for implementing reforms, but also to those who provide strategic policy output to government as well. Policy analysts (among them selected personnel in the government economic service) would be among those included in the group of beneficiaries.

In this case a distinction could be made between positions in the economic service that contribute to strategic output and those that do not. This would be in line with the proposal in this report that the government service should be divided between professional economists and economic officers. Personnel in the former group would be targeted for accelerated salary enhancement, while those in the latter group would not. Their paid would rise gradually with the rest of the public service.

²⁴ United Republic of Tanzania. President's Office, Civil Service Department, Public Service Reform Programme: Strategy & Action Plan, 1998-2003, VOLUME I and II, Dar es Salaam, Tanzania, Draft, January 1999.

²⁵ See for example, World Bank, Project Appraisal Document on a Proposed Adaptable Program Credit in the Amount of SDR 23.7 Million Equivalent (in the amount of US\$32 million equivalent) to the Republic of Bolivia for an Institutional reform Project in Support of the First Phase of the Public Sector Modernization Program, Latin America and the Caribbean Regional Office, Report No: 19325-BO, May 20, 1999.

Donors might be persuaded to support improved incentives by shifting the resources they already use to provide indirect incentives to public servants. Currently it is estimated that the amount of donor funds that go towards providing incentives directly and indirectly amounts to between **Tshs.13.00** billion and **Tshs.38.00** billion per annum, **\$16.3** million to **\$47.5** million. If donors would agree to put a substantial portion of these funds into a LCC or salary enhancement fund, instead of engaging civil servants in short-term consulting and similar activities, resources could easily be made available to finance the scheme.

8.0 Performance Standards and Pay Issues

The incentive regime currently sends the wrong signals to the workforce. Pay is too low, the salary structure too compressed and salary differentials too small to reward and motivate good performance. Annual increments are awarded nearly automatically and are viewed as a worker's right. No distinction is made between good and bad performers. Promotions are based on length of service. There appears to be little distinction made between mediocrity and merit/competence. Present differentials are:

- too small to motivate;
- awarded automatically; and
- not merit-based.

To improve performance, differentials must be increased and their award based on merit. Annual increments should be awarded where possible on the basis of an individual worker's performance in achieving an objective target.

A rational salary structure and enhanced pay may not be sufficient to improve productivity and commitment to work. Institutional mechanisms should be developed to improve accountability, monitor performance and reward and promote exceptional performers. This would require, among other things, the development of performance-oriented management approaches and modern approaches to monitoring and assessing performance.

Under the current system, there appears to be too little consideration given to performance in awarding promotions, and there is no requirement that a vacancy at the higher levels should occur before promotion can take place. These arrangements:

- fail to create a clear link between job content/responsibility and grade level, leading to the situation in which staff are promoted to higher grades without significant increases in their responsibilities;

- are inconsistent with the civil service’s intention of moving towards performance orientated remuneration arrangements; and
- lead to significant inequities within the grading system.²⁶

Promotions should be based on merit, i.e., on the relative performance of the individual compared to others eligible for the same position. An objective staff-performance appraisal system should be introduced to measure performance and to tightly link incentives and promotions to performance. The system should set objectives and targets for staff so as to:

- assess performance and determine whether an increment is merited;
- identify exemplary performance so as to award merit-pay bonuses; and
- grant promotions based on merit rather than on longevity of service.

The appraisal system should be perceived by workers as being both objective and fair. A transparent/open appraisal system is required. Such an appraisal system requires that all personnel have current job descriptions and that these are detailed specifying outputs, quality considerations and timeframe for completion of tasks, as well as other objective criteria.

²⁶ KPMG. **Civil Service Benchmark Job Evaluation Study: Final Report**, presented to the Government of the United Republic of Tanzania, 8 January 1999, page 29, paragraph 4.7.2.

Annex II: Survey of Economists in Post in Ministries and Regions

1.0 Introduction

This annex presents the results of a survey of economists currently working in government on economic policy analysis and economic management and co-ordination tasks.

The data collected were as follows:

- (i) The cadres of economists and planners: the number, qualifications, age, length of service and their job descriptions;
- (ii) The location of economic policy currently being done: the organigram of the government economic policy and management structure;
- (iii) Job descriptions of economists; and
- (iv) Data on courses attended in the past five years, i.e. between 1995 - 1999.

1.2 Methodology

The approach that was used to carry out the survey involved obtaining information from existing databases in the Civil Service Department, Planning Commission and from individual Ministries.

The Ministries surveyed included:

Vice President's Office, Prime Minister's Office, Civil Service Department, Planning Commission, Ministries of Finance, Agriculture, Industry and Trade, Works, Energy and Minerals, Water, Lands and Settlements, Health, Home Affairs, Labour and Youth. Other Ministries are Women, Community Development and Children, Education, Science, Technology and Higher Education, Defence and National Service, Justice and Constitutional Affairs, Foreign Affairs, and Regional Administration and Local Government. Other government institutions, which were surveyed, include the Cabinet Secretariat, Parliament, and Tanzania Investment Centre.

3.0 Summary Report

3.1 Job Designation

DESIGNATION	NOS	%	GRADES		
			I	II	III
Principal Economist	53	29	24	20	9
Senior Economist	47	26	18	28	1
Economist	83	45	47	19	17
Totals	183	100	89	67	27

Of the 183 economists working in the ministries headquarters 53 are Principal Economists (PE) of which 24 are PE grade I, 20 PE grade II and 9 PE grade III. There are 47 Senior Economists (SE) of which 18 are SE grade I and 28 are SE grade II. There is only one SE grade III. There are 83 Economists (E) of which 47 are E grade I, 19 are E grade II and 17 E grade III.

3.2 Age of the Economists

AGE GROUP (years)	NOS	%
31 - 35	16	9
36 - 40	56	30
41 - 45	34	19
46 - 50	29	16
51 - 55	31	17
56 - 60	0	0
Not Stated	17	9
Totals	183	100

3.3 Education Levels of the Economists

EDUCATION LEVEL	NOS	%
Bachelor Degree	79	43
Masters Degree	88	48
Bachelor Degree & PG Diploma	12	7
Advanced Diploma in Economic Planning	2	1
Not Stated	2	1
Totals	183	100

3.4 Date of Recruitment/First Appointment

DATE OF RECRUITMENT (years)	NOS	%
1966 – 1970	8	4
1971 – 1975	36	20
1976 – 1980	22	12
1981 – 1985	33	18
1986 – 1990	42	23
1991 – 1995	23	13
1996 – 2000	5	3

Not Stated	14	7
Totals	183	100

Data by Individual Ministry

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT		
		Grade	No %	Age	No %	Degree Level	No %	Year	No %			
VICE PRESIDENT'S OFFICE	Principal Economist	I	0 0	31-35	0 0	Bachelor Degree	2 100	1966-1970	0 0			
		II	1 50	36-40	2 100	Masters Degree	0 0	1971-1975	0 0			
		III	0 0	41-45	0 0	BA&PG Diploma	0 0	1976-1980	0 0			
	Senior Economist	I	0 0	46-50	0 0	Adv. Dipl. In Ec. Plan.	0 0	1981-1985	0 0			
		II	0 0	51-55	0 0			1986-1990	1 50			
		III	0 0	56-60	0 0			1991-1995	1 50			
	Economist	I	1 50					1996-2000	0 0			
		II	0 0									
		III	0 0									
									Total	2	100	

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT		
		Grade	No %	Age	No %	Degree Level	No %	Year	No %			
PRIME MINISTER'S OFFICE	Principal Economist	I	0 0	31-35	0 0	Bachelor Degree	2 100	1966-1970	0 0			
		II	0 0	36-40	0 0	Masters Degree	0 0	1971-1975	0 0			
		III	1 50	41-45	0 0	BA&PG Diploma	0 0	1976-1980	0 0			
	Senior Economist	I	0 0	46-50	0 0	Adv. Dipl. In Ec. Pla.	0 0	1981-1985	0 0			
		II	0 0	51-55	1 50			1986-1990	1 50			
		III	0 0	56-60	0 0			1991-1995	1 50			
	Economist	I	1 50	Not stated	1 50			1996-2000	0 0			
		II	0 0									

		III	0	0							Total	2	100
--	--	-----	---	---	--	--	--	--	--	--	--------------	----------	------------

MINISTRY DEPARTMENT	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT			
	Grade	No	%	Age	No	%	Degree Level	No	%	Year	No	%	
	Principal Economist	I	1	33	31-35	0	0	Bachelor Degree	1	33	1966-1970	0	0
		II	0	0	36-40	1	33	Masters Degree	2	67	1971-1975	1	33
		III	1	33	41-45	0	0	BA&PG Diploma	0	0	1976-1980	1	33
	Senior Economist	I	0	0	46-50	1	33	Adv. Dipl. In Ec. Pla.	0	0	1981-1985	1	33
		II	0	0	51-55	1	33				1986-1990	0	0
		III	0	0	56-60	0	0				1991-1995	0	0
	Economist	I	1	33							1996-2000	0	0
		II	0	0									
		III	0	0							Total	3	100

MINISTRY COMMISSION	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT			
	Grade	No	%	Age	No	%	Degree Level	No	%	Year	No	%	
	Principal Economist	I	5	12	31-35	2	5	Bachelor Degree	15	35	1966-1970	1	2
		II	4	9	36-40	14	33	Masters Degree	23	53	1971-1975	8	19
		III	2	5	41-45	11	26	BA&PG Diploma	4	9	1976-1980	6	14
	Senior Economist	I	5	12	46-50	7	16	Adv. Dipl. In Ec. Pla.	1	3	1981-1985	8	19
		II	9	21	51-55	5	12				1986-1990	14	33
		III	0	0	56-60	0	0				1991-1995	2	5
	Economist	I	14	33	Not tated	4	8				1996-2000	0	0

		II	3	7							Not stated	4	8
		III	1	2							Total	43	100

MINISTRY	JOB DESIGNATION	AGE			EDUCATION			DATE OF FIRST APPOINTMENT					
		Grade	No	%	Age	No	%	Degree Level	No	%	Year	No	%
FINANCE	Principal Economist	I	5	26	31-35	1	5	Bachelor Degree	6	0	1966-1970	2	11
		II	2	11	36-40	7	38	Masters Degree	9	100	1971-1975	3	16
	Senior Economist	III	1	5	41-45	3	16	BA&PG Diploma	4	0	1976-1980	3	16
		I	1	5	46-50	1	5	Adv. Dipl. In Ec. Pla.	0	0	1981-1985	0	0
		II	2	10	51-55	3	16				1986-1990	8	41
	Economist	III	0	0	56-60	0	0				1991-1995	0	0
		I	7	38	Not Stated	4	20				1996-2000	0	0
		II	1	5							Not stated	3	16
			III	0	0						Total	19	100

.MINISTRY	JOB DESIGNATION	AGE			EDUCATION			DATE OF FIRST APPOINTMENT					
		Grade	No	%	Age	No	%	Degree Level	No	%	Year	No	%
AGRICULTURE	Principal Economist	I	0	0	31-35	1	3	Bachelor Degree	6	21	1966-1970	1	3
		II	4	14	36-40	9	31	Masters Degree	19	66	1971-1975	4	14
		III	0	0	41-45	8	28	BA&PG Diploma	3	10	1976-1980	1	3
	Senior Economist	I	8	28	46-50	3	10	Adv. Dipl. In Ec. Pla.	0	0	1981-1985	13	45

		II	6	21	51-55	3	10	Not Stated	1	3	1986-1990	4	14
		III	0	0	56-60	0	0				1991-1995	1	3
	Economist	I	7	24	Not Stated	5	18				1996-2000	0	0
		II	1	3							Not Stated	5	18
		III	3	10							Total	29	100

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT			
	Grade	No	%	Age	No	%	Degree Level	No	%	Year	No	%	
INDUSTRY AND COMMERCE	Principal Economist	I	3	20	31-35	0	0	Bachelor Degree	8	53	1966-1970	0	0
		II	3	20	36-40	4	27	Masters Degree	7	47	1971-1975	2	13
		III	2	13	41-45	2	13	BA&PG Diploma	0	0	1976-1980	7	47
	Senior Economist	I	0	0	46-50	7	47	Adv. Dipl. In Ec. Pla.	0	0	1981-1985	1	7
		II	2	13	51-55	2	13				1986-1990	2	13
		III	0	0	56-60	0	0				1991-1995	3	20
	Economist	I	5	34							1996-2000	0	0
		II	0	0									
		III	0	0							Total	15	100

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT			
	Grade	No	%	Age	No	%	Degree Level	No	%	Year	No	%	
COMMUNUCATIO N AND	Principal	I	1	11	31-35	2	22	Bachelor Degree	3	34	1966-1970	1	11

TRANSPORT	Economist	II	0	0	36-40	2	22	Masters Degree	6	66	1971-1975	2	22
		III	0	0	41-45	2	22	BA&PG Diploma	0	0	1976-1980	0	0
		I	1	11	46-50	1	11	Adv. Dipl. In Ec. Pla.	0	0	1981-1985	2	22
	Senior Economist	II	3	34	51-55	2	22				1986-1990	3	33
		III	0	0	56-60	0	0				1991-1995	0	0
		I	2	22							1996-2000	1	11
	Economist	II	1	11									
		III	1	11									
		Total										9	100

MINISTRY	JOB DESIGNATION	AGE			EDUCATION			DATE OF FIRST APPOINTMENT					
		Grade	No	%	Age	No	%	Degree Level	No	%	Year	No	%
TOURISM AND NATURAL RESOURCES	Principal Economist	I	1	14	31-35	2	28	Bachelor Degree	6	86	1966-1970	0	0
		II	1	14	36-40	3	44	Masters Degree	1	14	1971-1975	2	28
		III	0	0	41-45	0	0	BA&PG Diploma	0	0	1976-1980	0	0
	Senior Economist	I	0	0	46-50	0	0	Adv. Dipl. In Ec. Pla.	0	0	1981-1985	0	0
		II	0	0	51-55	2	28				1986-1990	1	14
		III	0	0	56-60	0	0				1991-1995	4	60
	Economist	I	1	14							1996-2000	0	0
		II	3	44									
		III	1	14									
		Total										7	100

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT			
		Grade	No	%	Age	No	%	Degree Level	No	%	Year	No	%
WORKS	Principal Economist	I	2	40	31-35	1	20	Bachelor Degree	4	80	1966-1970	0	0
		II	0	0	36-40	2	40	Masters Degree	1	20	1971-1975	1	20
		III	0	0	41-45	0	0	BA&PG Diploma	0	0	1976-1980	1	20
	Senior Economist	I	0	0	46-50	0	0	Adv. Dipl. In Ec. Pla.	0	0	1981-1985	0	0
		II	0	0	51-55	2	40				1986-1990	0	0
		III	0	0	56-60	0	0				1991-1995	2	40
	Economist	I	0	0							1996-2000	1	20
		II	1	20									
		III	2	40									
											Total	5	100

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT			
		Grade	No	%	Age	No	%	Degree Level	No	%	Year	No	%
ENERGY AND MINERALS	Principal Economist	I	0	0	31-35	1	20	Bachelor Degree	2	40	1966-1970	1	20
		II	0	0	36-40	1	20	Masters Degree	3	60	1971-1975	1	20
		III	0	0	41-45	1	20	BA&PG Diploma	0	0	1976-1980	1	20
	Senior Economist	I	1	20	46-50	1	50	Adv. Dipl. In Ec. Pla.	0	0	1981-1985	0	0
		II	1	20	51-55	1	20				1986-1990	1	20
		III	0	0	56-60	0	0				1991-1995	1	20
	Economist	I	0	0							1996-2000	0	0
		II	1	20									
		III	2	40									
										Total	5	100	

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT		
		Grade	No %	Age	No %	Degree Level	No %	Year	No %			
WATER	Principal Economist	I	0 0	31-35	1 25	Bachelor Degree	3 75	1966-1970	0 0			
		II	0 0	36-40	0 0	Masters Degree	0 0	1971-1975	0 0			
		III	0 0	41-45	1 25	BA&PG Diploma	0 0	1976-1980	0 0			
	Senior Economist	I	0 0	46-50	0 0	Adv. Dipl. In Ec. Pla.	1 25	1981-1985	0 0			
		II	0 0	51-55	0 0			1986-1990	1 25			
		III	0 0	56-60	0 0			1991-1995	1 25			
	Economist	I	0 0	Not stated	2 50			1996-2000	1 25			
		II	1 100					Not stated	1 25			
		III	3 0					Total	4 100			

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT		
		Grade	No %	Age	No %	Degree Level	No %	Year	No %			
LANDS AND SETTLEMENTS	Principal Economist	I	1 16	31-35	0 0	Bachelor Degree	4 66	1966-1970	1 16			
		II	0 0	36-40	2 34	Masters Degree	2 34	1971-1975	1 16			
		III	2 34	41-45	1 16	BA&PG Diploma	0 0	1976-1980	0 0			
	Senior Economist	I	0 0	46-50	2 34	Adv. Dipl. In Ec. Pla.	0 0	1981-1985	2 34			
		II	0 0	51-55	1 16			1986-1990	0 0			
		III	0 0	56-60	0 0			1991-1995	2 34			

	Economist	I	0	0							1996-2000	0	0	
		II	1	16										
		III	2	34								Total	6	100

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT			
		Grade	No	%	Age	No	%	Degree Level	No	%	Year	No	%
HOME AFFAIRS	Principal Economist	I	1	33	31-35	0	0	Bachelor Degree	2	67	1966-1970	1	33
		II	0	0	36-40	1	33	Masters Degree	1	33	1971-1975	0	0
		III	0	0	41-45	1	33	BA&PG Diploma	0	0	1976-1980	0	0
	Senior Economist	I	0	0	46-50	0	0	Adv. Dipl. In Ec. Pla.	0	0	1981-1985	1	33
		II	0	0	51-55	1	33				1986-1990	1	33
		III	1	33	56-60	0	0				1991-1995	0	0
	Economist	I	1	33							1996-2000	0	0
		II	0	0									
		III	0	0							Total	3	100

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT			
		Grade	No	%	Age	No	%	Degree Level	No	%	Year	No	%
HEALTH	Principal Economist	I	0	0	31-35	4	37	Bachelor Degree	5	45	1966-1970	0	0
		II	1	9	36-40	3	27	Masters Degree	5	45	1971-1975	2	18
		III	0	0	41-45	2	18	BA&PG Diploma	1	10	1976-1980	0	0

	Senior Economist	I	1	9	46-50	1	9	Adv. Dipl. In Ec. Pla.	0	0	1981-1985	3	27
		II	2	18	51-55	1	9				1986-1990	1	9
		III	0	0	56-60	0	0				1991-1995	5	46
	Economist	I	1	9							1996-2000	0	0
		II	6	55									
		III	0	0							Total	11	100

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT			
		Grade	No %	Age	No %	%	Degree Level	No %	%	Year	No %	%	
WOMEN, COMMUNIT Y DEVELOPMEN T AND CHILDREN	Principal Economist	I	2	50	31-35	0	0	Bachelor Degree	2	50	1966-1970	0	0
		II	1	25	36-40	0	0	Masters Degree	2	50	1971-1975	3	75
		III	0	0	41-45	0	0	BA&PG Diploma	0	0	1976-1980	1	25
	Senior Economist	I	0	0	46-50	2	50	Adv. Dipl. In Ec. Pla.	0	0	1981-1985	0	0
		II	0	0	51-55	2	50				1986-1990	0	0
		III	0	0	56-60	0	0				1991-1995	0	0
	Economist	I	1	25							1996-2000	0	0
		II	0	0									
		III	0	0							Total	4	100

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT		
		Grade	No %	Age	No %	%	Degree Level	No %	%	Year	No %	%
DEFENSE												

AND NATIONAL SERVICE	Principal Economist	I	1	50	31-35	0	0	Bachelor Degree	1	50	1966-1970	0	0
		II	0	0	36-40	1	50	Masters Degree	1	50	1971-1975	1	50
		III	0	0	41-45	0	0	BA&PG Diploma	0	0	1976-1980	0	0
	Senior Economist	I	0	0	46-50	0	0	Adv. Dipl. In Ec. Pla.	0	0	1981-1985	0	0
		II	0	0	51-55	1	50				1986-1990	1	50
		III	0	0	56-60	0	0				1991-1995	0	0
	Economist	I	1	50							1996-2000	0	0
		II	0	0									
		III	0	0							Total	2	100

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT		
		Grade	No %	Age	No %	Degree Level	No %	Year	No %			
LABOUR AND YOUTH	Principal Economist	I	0 0	31-35	1 0	Bachelor Degree	2 40	1966-1970	0 0			
		II	0 0	36-40	2 40	Masters Degree	3 60	1971-1975	0 0			
		III	0 0	41-45	0 20	BA&PG Diploma	0 0	1976-1980	0 0			
	Senior Economist	I	1 20	46-50	1 20	Adv. Dipl. In Ec. Pla.	0 0	1981-1985	1 20			
		II	1 20	51-55	0 0			1986-1990	1 20			
		III	0 0	56-60	0 0			1991-1995	0 0			
	Economist	I	1 20	Not Stated	1 20			1996-2000	2 40			
		II	0 0					Not Stated	1 20			
		III	2 40					Total	5 100			

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT		
		Grade	No %	Age	No %	Degree Level	No %	Year	No %			
FOREIGN AFFAIRS	Principal Economist	I	0 0	31-35	0 0	Bachelor Degree	1 50	1966-1970	0 0			
		II	1 50	36-40	0 0	Masters Degree	1 50	1971-1975	1 50			
		III	0 0	41-45	1 50	BA&PG Diploma	0 0	1976-1980	0 0			
	Senior Economist	I	0 0	46-50	1 50	Adv. Dipl. In Ec. Pla.	0 0	1981-1985	0 0			
		II	0 0	51-55	0 0			1986-1990	1 50			
		III	0 0	56-60	0 0			1991-1995	0 0			
	Economist	I	1 50					1996-2000	0 0			
		II	0 0									
		III	0 0									
								Total	2	100		

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT		
		Grade	No %	Age	No %	Degree Level	No %	Year	No %			
CABINET SECRETARIAT	Principal Economist	I	1 100	31-35	0 0	Bachelor Degree	0 0	1966-1970	0 0			
		II	0 0	36-40	0 0	Masters Degree	0 0	1971-1975	1 100			
		III	0 0	41-45	0 0	BA&PG Diploma	0 0	1976-1980	0 0			
	Senior Economist	I	0 0	46-50	0 0	Adv. Dipl. In Ec. Pla.	0 0	1981-1985	0 0			
		II	0 0	51-55	1 100	Not stated	1 100	1986-1990	0 0			
		III	0 0	56-60	0 0			1991-1995	0 0			
	Economist	I	0 0					1996-2000	0 0			
		II	0 0									
		III	0 0									
								Total	1	100		

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT			
		Grade	No	%	Age	No	%	Degree Level	No	%	Year	No	%
PARLIAMENT	Principal Economist	I	0	0	31-35	0	0	Bachelor Degree	2	50	1966-1970	0	0
		II	2	50	36-40	1	25	Masters Degree	2	50	1971-1975	3	75
		III	0	0	41-45	0	0	BA&PG Diploma	0	0	1976-1980	0	0
	Senior Economist	I	0	0	46-50	1	25	Adv. Dipl. In Ec. Pla.	0	0	1981-1985	0	0
		II	1	25	51-55	2	50				1986-1990	1	25
		III	0	0	56-60	0	0				1991-1995	0	0
	Economist	I	1	25							1996-2000	0	0
		II	0	0									
		III	0	0									
											Total	4	100

MINISTRY	JOB DESIGNATION			AGE			EDUCATION			DATE OF FIRST APPOINTMENT			
		Grade	No	%	Age	No	%	Degree Level	No	%	Year	No	%
TANZANIA INVESTMENT CENTRE	Principal Economist	I	0	0	31-35	0	0	Bachelor Degree	2	100	1966-1970	0	0
		II	0	0	36-40	1	50	Masters Degree	0	0	1971-1975	0	0
		III	0	0	41-45	1	50	BA&PG Diploma	0	0	1976-1980	1	50
	Senior Economist	I	0	0	46-50	0	0	Adv. Dipl. In Ec. Pla.	0	0	1981-1985	1	50
		II	1	50	51-55	0	0				1986-1990	0	0
		III	0	0	56-60	0	0				1991-1995	0	0
	Economist	I	1	50							1996-2000	0	0
		II	0	0									
		III	0	0									
											Total	2	100

Annex III: Economists and Planners working with the Zanzibar Government

Ministry	Total number of Economists/Planners	Department	No.	Qualifications	Age	Length of Service	Other type of Training Attended	Remarks
Finance	2 economists	ZIPA	1	Degree levels- Masters	40 years and above	Between 5 and 10 years	Formal, on-the job, and informal, i.e., workshops, seminars, etc.	There is a lack of economists in the ministry
		External Finance	1					
	10 planners	ZIPA	2	Degree/Diploma.				
		External Finance	8	Degree/Diploma				
Planning	2 economists	General	1	Degree-Masters	”	”	”	Capacity is low due to lack of working tools; no updated organizational structure; a weak regulatory framework. Computers are there for typing only and not for other activities like networking etc. Coordination system is weak and there is bureaucracy, thus causing lack of job satisfaction. Another weakness is that there is no recruitment policy, no manpower data bank; no performance evaluation/follow up.
		Macro Economics	1	”	”	”	”	
Health	1 Planner	General		Diploma level	”	”	”	They have a trainee abroad in health economics.
Works and Communication	2 Planners	Planning	1	Degree Level	”	”	”	No activity so far but there has been studies.
		Road Sector	1	Diploma level	”	”	”	
Industry and Trade	2 Economists	Trade	1	Degree Level	”		”	Capacity is low in almost every sector. The ministry has planners/economists who have low capacity in promoting entrepreneurship policies; policies regarding standards; No capacity to understand, interpret and formulate international trade policies. There is low capacity in developing policy papers e.g. trade policy; marketing and policy papers to guide the community in trade
	4 Planners	Trade/ Planning/ Industrial Development	5	Degree/Diploma level	”	”		

Ministry	Total number of Economists/Planners	Department	No.	Qualifications	Age	Length of Service	Other type of Training Attended	Remarks
								development. The Bureau of Standards needs to be strengthened; no laboratory for food commodities and no policy for fair trading consumer protection. There is weak capacity in networking, particularly with the Mainland.
Education	3 Economists 7 Planners	Policy and Planning Program Development Computer Other Depts.	1 1 1 7	Masters Degree Masters Degree Masters Degree Advanced Diplomas/ Diplomas	 " "	 " "	 " "	There is low capacity in policy refining, including preparation of proper guidelines for developing education economically in Zanzibar. The Department of Planning coordinates educational planning and there have been efforts to train planners both formally and informally. Unfortunately, many of these have left the Ministry through transfers/promotions or for greener pastures. There is weak capacity in executing their jobs due to lack of motivation and inadequate facilities in their places of work. There is misallocation of the work force, which demoralizes economists.
Agriculture	6 Economists	Policy analysis; Agricultural Planning; Rural Finance; Strategic Planning & Management ; Macroeconomics; Information Technology.		Master Degrees	"	"	"	Capacity in policy analysis and formulation is not adequate. Since 1988, there have been no capacity building program for developing capacities of the economists in the Ministry. Hence therefore, there is an urgent need for capacity building programs in the Ministry. The idea that was generated from the Ministry was that there should be an organization of a Policy Network in Zanzibar, which would facilitate exchanging views with their counterparts on the Mainland. Also the network would facilitate the flow of information from the Mainland with regard to economic policy analysis work.
Lands; Water	Few Economists							Similar problems.

Annex IV: Annotated bibliography : Capacity Building for Policy Analysis Management and Co-ordination

1. World Bank (January 1991), *The African Capacity Building Initiative: Toward Improved Policy Analysis and Development Management in Sub-Saharan Africa*, Africa Regional Office, The World Bank, Washington D.C

The report traces the development of the African Capacity Building Initiative (ACBI), from the beginning of a conceptual framework to an operational structure. The major elements of the ACBI programme of action include rehabilitation and improvement of selected national institutions; building or strengthening a small number of regional institutions for policy analysis; and creation or strengthening of government policy units.

2. Baguma, R (November 1991), *Strengthening Management in the Public Sector: Civil Service Reform Programme*, Project URT/90/031, Launch Workshop Report, United Republic of Tanzania and UNDP

This is a summary record of a workshop organised by the Civil Service Department in November 1991 to launch the Civil Service Reform Programme. Discussion was divided into three parts. The first part dealt with the methodology for determining the optimal size of the civil service. The second part considered specific issues on the reform agenda such as compensation, information management, performance/productivity management, including manpower audits, and training. The third part dealt with retrenchment and redeployment.

3. Mukandara, R. S. and Dachi, K. Y. A. (August 1992), *Civil Service Reform Programme: A Report on Management Development and Training*, Civil Service Department, Dar es Salaam

This is a study of eight training institutions in Tanzania, including the College of Business Education and the Co-operative College. The purpose of the study was to determine the training capacities of these institutions in relation to the training needs of the civil service. It was hoped that the study would facilitate the co-ordination of training programmes in the country.

4. Mtatifikolo, Fidelis P. (January 1993), *Civil Service Reform in Tanzania: Background, Outline and Synthesis*, Civil Service Department, Dar es Salaam

The paper reviews past efforts at civil service reform in Tanzania, beginning with the Kisumo Commission of 1983 through to the Nsekela Commission of 1985 and the Mtei Commission which

completed its work in 1992. It discusses the major aspects of the current public service reform programme including manpower retrenchment and redeployment; pay reform; personnel management and systems reform; and organisation and efficiency reform.

5. World Bank (May 1993), *Memorandum and Recommendation of the President of the International Development Association to the Executive Directors on a Proposed IDA Credit of SDR 25.2 Million (US\$34.9Million) to the United Republic of Tanzania in support of a Parastatal and Public Sector Reform Project*, Washington D.C

The project was to provide assistance for: (a) institutional strengthening to appropriate Government departments and public enterprises; (b) the design, refinement and initial implementation of a comprehensive civil service reform programme; and (c) strengthening selective features of macroeconomic management. The major components of the project were: (i) privatisation and public enterprise reform (US\$25.2 million); (ii) civil service reform (US\$15.3 million);(iii) macroeconomic management (US\$2.0 million); and (iv) project management and co-ordination (US\$0.4 million).

6. Ndulu, Benno J. (January 1995), *A Regional Approach to Capacity Building in Economic Management, Paper Prepared for the Forum of ACBF-Supported Institutions*, Kampala, Uganda

The paper is about the origins, objectives and strategic thrusts of the African Economic Research Consortium (AERC). Established in July 1988, AERC's strategic focus is in four main areas: to enhance skills and impart professional confidence for rigorous policy analysis; to ensure relevance of the research undertaken to policy; to make the results of such research accessible to target audiences; and to foster interactions between policy makers and researchers.

7. Wai, Dunstan (January 1995), *Capacity Building in Policy Analysis and Development Management in Africa, Paper Prepared for the Forum of ACBF-Supported Institutions*, Kampala, Uganda

This paper argues that capacity building policies in Africa have been too “unidimensional” and too focused on donor needs. It emphasises the importance of looking at the capacity issue in a multidimensional way, taking into account Africa's complex realities. The paper makes reference to the work of the late James S Coleman on the subject of capacity in Africa and builds on that to identify the main “definitional elements” of capacity – professionalism, institutional autonomy, managerial effectiveness, relevance and adaptability and sustainability. It then goes on to outline

some of the constraints that affect the chances for successful development of capacity in African countries.

8. Van Arkadie, Brian (October 1995), *Next Steps in Capacity Building*, Dar es Salaam, mimeo.

This note was written in response to questions posed by Governors of the African Region of the World Bank about the future priorities in capacity building in Africa. The note argues that though capacity building has been placed on top of the policy agenda, there has been a striking gap between performance and rhetoric. It identifies possible causes for poor performance as (a) providing assistance for “capacity building” programmes as separate projects, when capacity building should be built into a wide range of donor programmes; (b) donor displacement of African capacity; (c) systemic weaknesses of technical assistance; and (d) overburdening the policy agenda. The note goes on to consider Africa’s most urgent needs for capacity building.

9. Wangwe, Samuel M, Editor, (1996), *Report of a Workshop on Capacity Building in Policy Analysis in Tanzania*, ESRF, Dar es Salaam

This is a summary record of a workshop on Capacity Building in Policy Analysis in Tanzania organised by ESRF in November 1995. The workshop considered the changing internal and external economic environment and its impact on Tanzanian capacity for policy analysis and economic management. It took stock of the past experiences and lessons from policy making in Tanzania and drew lessons from the experiences of other countries. The workshop also assessed the existing capacity for policy analysis and identified areas which should be given priority in efforts to promote local capacity in this field.

10. World Bank (January 1996), *Partnership for Capacity Building in Africa*, Washington D.C

The paper summarises the outcome of a process of consultation that commenced at the Annual Meetings of the World Bank in October 1995 when African Governors presented the President of the Bank with their concerns about the state of capacity in Africa. The paper has the following main messages: (a) capacity is central to development; (b) capacity involves far more than the economic capabilities of the government sector (c) donors must incorporate the principle of African ownership in programmes for capacity building; and (d) a strategic approach needs to be devised which simultaneously addresses the priority needs of African countries.

11. Wangwe, Samuel M (January 1996), *Capacity Building in Policy Analysis and Economic Management, Paper presented at the Governance Workshop for Ministers and Principal Secretaries in the New Government of Tanzania*, Arusha

The paper addresses the subject of capacity building in policy analysis under four subject areas: the changing conditions in Tanzania and the world economy; capacity building as a process with multifaceted issues; and capacity building as a continuous process. The paper then examines three major issues: (a) the changing environment for policy analysis and economic management; (b) the experience of Tanzania in capacity building for policy; and (c) sustainability of capacity building.

12. United Republic of Tanzania (April 1996), *Civil Service Reform Programme: Vision, Strategy and Action Plan (1996-1999)*, Civil Service Department, Dar es Salaam

The paper describes the Government's vision, policies and strategy which guide the existing content and implementation of the Civil Service Reform Programme (CSRP). It then presents the programme implementation strategy and action plan over the three years. The paper examines the major problems and issues in the civil service including ambiguity in the structure of the civil service; fragmentation of policy and management institutions; breakdown of authority and accountability regimes; and severe deterioration in civil service pay.

13. UNDP (May 1996), *Civil Service Reform Programme: Capacity Building Plan – Project of the United Republic of Tanzania*, Project Document URT/90/031

This is a UNDP plan for strengthening capacity of the civil service in Tanzania. The plan identifies short and long-term requirements for capacity building in Government; develops an institutional framework for the plan's implementation; and provides guidance for donor support. It points to a number of key issues to be addressed including inadequate managerial and technical skills; weak training co-ordination; supply-driven, classroom-oriented training; and low training management capacity. Priority areas for donor support proposed include strengthening the capacity of political and administrative leaders to manage change and reforms; improving top executives management skills; setting up a capacity building secretariat to kick-start the programme; and enhancing the role of women to policy development and management improvement.

14. UNDP (July 1996), *Assistance for the formulation of a Capacity Building Programme for Economic Management in Tanzania*, Dar es Salaam, Project Document URT/96/004/A/01/99

The purpose of the project is to assist the Government of Tanzania in the preparation of a programme for capacity building in economic management. In particular, the programme will assist the Government (i) to formulate an economic management framework to support economic policy formulation, strategy development and information management; and (ii) to strengthen Government's capacity to co-ordinate public sector reforms, employment creation and poverty elimination.

15. World Bank (September 1996), *Partnership for Capacity Building in Africa: Strategy and Programme of Action. A Report of African Governors of the World Bank to Mr. James D. Wolfensohn, President of the World Bank Group.*

The report is a synthesis of ideas that emerged from the workshops in Africa, national capacity assessments, and an evaluation of the impact of World Bank policies, methods and operations in the continent. It begins by describing what the capacity building opportunities and challenges were in Africa in the past, and how African governments responded. It attempts to evaluate the current deficiencies in capacity and to point to where such deficiencies hinder Africa's development efforts. The report then makes suggestions on options for actions to help African countries overcome their skills deficiencies. Finally, a strategy is proposed regarding how Africa, the World Bank, and other development partners may join in efforts to build capacity and skills that endure.

16. United Republic of Tanzania (July 1997), *Functions and Organisation Structure: The Planning Commission*, Civil Service Department, Dar es Salaam

The report contains the proposed new vision, mission, role and functions of the Planning Commission. The report outlines the tasks for each division; the activities of all the sections in each division; the job descriptions for heads of divisions and sections; and a schedule of posts to be filled.

17. United Republic of Tanzania (July 1997), *Functions and Organisation Structure: The Ministry of Finance*, Civil Service Department, Dar es Salaam

This report contains the proposed vision, mission, role and functions of the Ministry of Finance. The report outlines the tasks for each division; the activities of all the sections in each division; the job descriptions for heads of divisions and sections; and a schedule of posts to be filled.

18. United Republic of Tanzania (July 1997), *Functions and Organisation Structure: The Civil Service Department*, Civil Service Department, Dar es Salaam.

This report contains the proposed vision, mission, role and functions of the Civil Service Department. The report outlines the tasks for each division; the activities of all the sections in each division; the job descriptions for heads of divisions and sections; and a schedule of posts to be filled.

19. Wangwe, Samuel M. (August 1997), *Capacity Building in Policy: Challenges and Options. Paper presented at a Policy Roundtable on Public service Challenges of Democratic Consolidation in Tanzania*, Civil Service Department, Dar es Salaam

The paper argues that economic liberalisation, political liberalisation and globalisation processes have posed new challenges for capacity building in Tanzania. It defines the policy formulation process and identifies the stages of the process in which policy analysts and policy makers have different roles to play and considerable areas of interaction. The paper presents in summary form the findings of a National Capacity Assessment exercise that had been undertaken by ESRF in the following sectors/groups: public sector economic management, the civil service, local government, the private sector, the civil society and the education system.

20. Nyanga, Ayubu (August 1997), *Report of the Proceedings of the Policy Dialogue Workshop on National Capacity Assessment in Tanzania held on 7 August 1997*, ESRF, Dar es Salaam

This is a summary record of a workshop organised by ESRF to consider the findings of a National Capacity Assessment exercise sponsored by the World Bank. The assessment covered the following areas/groups: the public sector, the private sector, the civil society, and the education sector. A broad conclusion was that capacity was weak in all these areas. A wide range of possible solutions were proposed including the need to have a clear mission and a set of criteria for performance; and the use of networking as a means to build capacity in each of those areas.

21. World Bank (October 1997), *Tanzania: Assessment of the Capacity Building Impact of the World Bank Portfolio*, Capacity Building Technical Unit, Africa Region, The World Bank, Washington D.C

The objective of the study was to improve the contribution of the World Bank portfolio to capacity building in Tanzania at the levels of policies, institutions and individuals. To achieve this, the study sets out to describe the capacity building results of the present portfolio; to summarise the lessons learned; and recommend measures to improve current and future projects. Three issues were

identified as essential in efforts to improve future World Bank capacity building programmes for Tanzania: (i) enhancing government capacity in the areas of financial management and fiscal policy; (ii) support for the development of an elite managerial and professional cadre in the civil service; and (iii) enhancing Tanzanian capacity in the procedures adopted by the Bank in project identification, preparation, implementation and evaluation.

22. ESRF (February 1998), *Needs Assessment Study for Policy Analysis in the Ministry of Finance*, mimeo.

This study was commissioned by the Ministry of Finance and funded by the Embassy of Finland. It makes a needs assessment of the Ministry's Policy Analysis Department (PAD) in relation to its major functions of policy analysis in the areas of macroeconomic policy, fiscal policy and debt. In its conclusions, the study makes a distinction between an optimal staffing arrangement which could be achieved in the long-term and the transitional steps required to move from the existing situation to the ideal position.

23. UNDP (May 1998), *Assistance for Capacity Building in Economic Management and Private Sector Development*. Project of the Government of Tanzania URT/98/009/A/01/99

The report sets out an outline of a UNDP programme of assistance to Tanzania for capacity building in economic management and private sector development in the Sixth Country Programme Cycle (1997-2001). Special priority is given to the following areas: leadership and management development, focusing on top-level training in change management and organisational development; support for organisational reviews for the Planning Commission and the Ministry of Finance; economic management including policy formulation and analysis; and private sector development.

24. ESRF (April 1998), *Capacity Improvement Implementation Programme for the Policy Analysis Department*, Ministry of Finance, Dar es Salaam

As a follow-up to an ESRF Needs Assessment study for the Policy Analysis Department (PAD) of the Ministry of Finance, ESRF was invited by the Ministry in April 1998 to prepare a capacity improvement implementation programme for PAD. The programme proposed by ESRF had three major components: (i) contract recruitment of six experts for the division; (ii) a training programme for staff; and the establishment of a mini-library for the division.

25. United Republic of Tanzania (April 1998), *Public Service Reform Programme: Strategy and Action Plan, 1999-2004*; Civil Service Department, Dar es Salaam

This is a five-year programme and action plan for the reform of the public service of Tanzania. The major components of the programme are: implementation of performance management in ministries; redefining the roles of government institutions in order to hive-off non-core functions to the private sector; creation and operationalisation of executive agencies with significant autonomy from central bureaucracy; installation of effective information systems to support management decisions; strengthening of the Civil Service Department's leadership and management skills; and programme co-ordination, monitoring and evaluation.

26. ESRF (October 1998) *Partnership for Capacity Building in Africa: National Capacity Assessment in Tanzania*

The report was produced by a National Capacity Assessment Team, coordinated by ESRF. This was on the teams formed in thirteen African countries as part of a regional project sponsored by the World Bank. The team undertook capacity assessment in the following sectors/groups: the public sector; the private sector; the civil society; and the education system. One of the major conclusions was that capacity weaknesses existed in virtually all areas of the Tanzania economy and that capacity issues were complex and interrelated. Interventions to address capacity building in one area had to take into account ways in which capacity in other areas would be affected.

27. Shellukindo, W., Goldsworthy, D. and Brown, K. (September 1998), *Government of Tanzania: Improving the Centre of Government*, Civil Service Department, Dar es Salaam

This review was prepared as an input to the preparation of the second phase of the public service reform programme. A major recommendation of the review is that worthwhile enhancements in efficiency and effectiveness can be achieved by improving some existing systems and procedures. A more active approach to policy formulation and implementation will require more systematic changes. In the long run, however, the centre will need to 're-engineer' itself completely in order to fulfil its intended role in a reformed civil service.

28. Symansky, S., Young, H. and Snoek, H. (December 1998), *Tanzania: Strengthening Macro-Fiscal Analysis*, Fiscal Affairs Department, and IMF, WASHINGTON D C

This report analyses the current approach to macro-fiscal policy in the Policy Analysis Department on the Ministry of Finance, identifies weaknesses, and suggests changes that would strengthen the capacity of the Ministry to improve macro-fiscal management.

29. KPMG (January 1999), *Government of the United Republic of Tanzania: Civil Service Benchmark Job Evaluation Study*, Civil Service Department, Dar es Salaam

The report sets out the findings, conclusions and recommendations of a benchmark job evaluation study of the Tanzanian Civil Service. The objective of the project was to assist the Government in the process of rationalising pay structures and improving the link between pay and performance. In particular, the study addressed the following: evaluating a benchmark sample of posts in the civil service; grading these posts in rank order; proposing a revised salary structure; and developing capacity within the Civil Service Department in job evaluation and re-grading. The project took place against a background in which job evaluation had never previously been used to determine the level of jobs in the civil service.

30. ESRF (June 1999), *Capacity Building for Policy Analysis, Management and Co-ordination: Inception Report and Procurement Plan*, Institutional development Fund (IDF) Grant No. 21218

This report is about a two-year ESRF project, undertaken with an IDF grant, to strengthen the capacity for effective policy analysis, management and co-ordination in selected Government Ministries and Departments. The grant is intended to facilitate and co-ordinate two activities:(a) a stock-taking of needs and identification of measures to strengthen skills for policy analysis and management in the Ministry of Finance, Planning Commission and the policy departments of key Sector Ministries including Agriculture, Industry, Lands, Works, Energy, Water, Education and Health; and (b) a two-year programme of skills enhancement through specialised training, attachments in knowledge centres and interaction in a policy network to enable learning in the course of implementing specific tasks.