PROJECT PERFORMANCE ASSESSMENT REPORT

THE UNITED REPUBLIC OF TANZANIA

PUBLIC SERVICE REFORM PROJECT
(IDA-33000-TZ AND IDA 3300A -TZ)

September 9, 2013

IEG Public Sector Evaluation
Independent Evaluation Group
Currency Equivalents (annual averages)

Currency Unit = Tanzanian Shillings (TSh)

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Abbreviations and Acronyms

APL  Adaptable Program Lending
CAS  Country Assistance Strategy
CIDA Canadian International Development Agency
CSRP Civil Service Reform Program
DCA Development Credit Agreement
DCL Distance Learning Center
DFID United Kingdom’s Department for International Development
DP  Development Partners
DPO Development Policy Operation
EA  Executive Agencies
ERR Economic Rate of Return
FY  Fiscal Year
GDP Gross Domestic Product
GOT Government of Tanzania
ICR Implementation Completion Report
IDA International Development Association
IEG Independent Evaluation Group
IEGPS IEG Public Sector Evaluation
ISR Implementation Supervision Reports
IT  Information Technology
LGSP Local Government Support Program
M&E Monitoring and Evaluation
MDA Ministries, Departments and Agencies
MDG Millennium Development Goals
MIS Management Information System
MTEF Medium Term Expenditure Framework
NBS National Bureau of Statistics
NPV Net Present Value
OPRAS Open Performance Review and Appraisal System
PDO Project's Development Objective
PIF Performance Improvement Fund
PMS Performance Management Systems
PO PSM Public Service Management Department of the President's Office
PPAR Project Performance Management Department
PRAP Performance Results and Accountability Project
PRSC Poverty Reduction Support Credit
PSRP Public Service Reform Program
PSRP-WG Public Service Reform Program Working Group
SASE Selected Accelerated Salary Enhancement
TANROADS Tanzania National Roads Agency
TBA Tanzania Building Agency
TEMESA Tanzania Electrical, Mechanical and Services Agency
WB World Bank

**Fiscal Year**

Government: July 1-June 30

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<tr>
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<tr>
<td>Director-General, Independent Evaluation</td>
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# Principal Ratings

**THE UNITED REPUBLIC OF TANZANIA: Public Service Reform Project – P060833**

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*The Implementation Completion Report (ICR) is a self-evaluation by the responsible Bank department. The ICR Review is an intermediate product that seeks to independently verify the findings of the ICR.*

# Key Staff Responsible

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<th><strong>Project</strong></th>
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<td>Completion</td>
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<td>John McIntire</td>
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About this Report

The Independent Evaluation Group assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the Bank’s self-evaluation process and to verify that the Bank’s work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEG annually assesses 20-25 percent of the Bank’s lending operations through field work. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or Bank management have requested assessments; and those that are likely to generate important lessons.

To prepare a Project Performance Assessment Report (PPAR), IEG staff examine project files and other documents, visit the borrowing country to discuss the operation with the government, and other in-country stakeholders, and interview Bank staff and other donor agency staff both at headquarters and in local offices as appropriate.

Each PPAR is subject to internal IEG peer review, Panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible Bank department. The PPAR is also sent to the borrower for review. IEG incorporates both Bank and borrower comments as appropriate, and the borrowers’ comments are attached to the document that is sent to the Bank’s Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

About the IEG Rating System for Public Sector Evaluations

IEG’s use of multiple evaluation methods offers both rigor and a necessary level of flexibility to adapt to lending instrument, project design, or sectoral approach. IEG evaluators all apply the same basic method to arrive at their project ratings. Following is the definition and rating scale used for each evaluation criterion (additional information is available on the IEG website: http://worldbank.org/ieg).

**Outcome:** The extent to which the operation’s major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance, efficacy, and efficiency. **Relevance** includes relevance of objectives and relevance of design. Relevance of objectives is the extent to which the project’s objectives are consistent with the country’s current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, Sector Strategy Papers, Operational Policies). Relevance of design is the extent to which the project’s design is consistent with the stated objectives. **Efficacy** is the extent to which the project’s objectives were achieved, or are expected to be achieved, taking into account their relative importance. **Efficiency** is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. The efficiency dimension generally is not applied to adjustment operations. **Possible ratings for Outcome:** Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

**Risk to Development Outcome:** The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). **Possible ratings for Risk to Development Outcome:** High, Significant, Moderate, Negligible to Low, Not Evaluable.

**Bank Performance:** The extent to which services provided by the Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan/credit closing, toward the achievement of development outcomes. The rating has two dimensions: quality at entry and quality of supervision. **Possible ratings for Bank Performance:** Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

**Borrower Performance:** The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency(ies) performance. **Possible ratings for Borrower Performance:** Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.
Preface

This Project Performance Assessment Report (PPAR) covers an operation implemented over the period FY00-FY08. The Tanzania Public Service Reform Project was appraised in May 1999 and approved by the Bank’s Board of Directors in December 1999. The project became effective in March 2000 and closed in December 2007. The total costs were US$88.7 million against a planned amount of US$90.85 million, of which US$42.1 million funded by IDA against a planned amount of US$41.2 million. Denmark, Canada, and the United Kingdom co-financed the project. The objective was to improve accountability, transparency, and resource management for service delivery in the Tanzanian public service.

The report presents findings based on review of the Program Documents, the Implementation Completion and Results Reports, IEG’s Implementation Completion and Results Report Review, aide-memoires and supervision reports, and other relevant material. Stefano Migliorisi visited Tanzania for IEG October 14 – 27, 2012 to interview government officials, the staff of non-governmental organizations, project staff, donor representatives, and other stakeholders. Bank staff members, donor representatives, and other informants were interviewed at headquarters or by conference call. The author is grateful to all interviewees for the assistance and cooperation received.

The assessment aims, first, to serve an accountability purpose by verifying whether the operation achieved its intended outcomes. Second, the report draws lessons that are intended to inform future operations of this nature in Tanzania and other low-income states.

Following standard IEG procedures, copies of the draft PPAR were sent to the Government of Tanzania for comments. All comments received are included as Annex F.
Summary

During the twenty years after the Arusha Declaration of 1967, starting Tanzania’s path in African socialism, the public sector became the dominant force in the country’s economy. By 1992, public enterprises dominated the formal economy: some 400 parastatals accounted for 20 percent of GDP and about two-thirds of employment in the formal sector. The number of public employees grew disproportionately to over half a million, of which 355,000 were in the civil service, and the balance worked for parastatals. Real wages declined drastically, and the pay scale became severely compressed.

In 1991, the Government launched a Civil Service Reform Program (CSRP) to dramatically reduce the size of the Civil Service and then re-shape it into a modern, meritocratic, technically competent civil service. By the end of the Civil Service Reform Program (1999), the number of civil servants was reduced to less than 270,000. Effective controls on employment and the wage bill were institutionalized, including controls on all recruitments and a reliable personnel database. The civil service salary structure was decompressed from a ratio of 9 to 1 in 1992 to 21 to 1 in 1999.

The next stage of reform, the Public Service Reform Program (PSRP), covered the period 2000–07 and was supported by the Project analyzed in this document. PSRP was a second generation public sector reform program. The focus changed from rationalization to improving delivery of public services. The project had the objective of improving the public service’s accountability, transparency and resource management in service delivery.

The objectives of the Project had substantial relevance. At the time of appraisal, the Tanzanian civil service was still too large and its performance too weak to be sustainable. The project objectives were substantially relevant and reflected the Government’s vision of the future public service as stated in the National Vision 2025, launched in 1999, and are still consistent with the Government’s Second National Strategy for Growth and Reduction of Poverty or MKUKUTA II (launched in 2010).

The relevance of design was instead modest. The project’s design underestimated the time required for the complex processes of political and institutional change to unfold. In particular, it did not take into account the time needed for the process of institutionalization (i.e., mainstreaming these changes into the day-to-day operations of Ministries, Departments and Agencies). The initial design envisaged a sequencing that started from achieving results in specific sectors (“quick wins”) to building support for the reform process, followed by roll-out and installation of performance systems, and then by institutionalization. The 2003 redesign of the PSRP program involved an exclusive focus on installation of new performance systems in all Ministries, Departments and Agencies (MDAs).

The efficacy of the Project’s Development Objective (PDO) is rated as modest, as it failed to achieve most of its intermediate objectives and had limited, mostly short lived, impact on the public service’s accountability, transparency and resource management in service delivery. Due to the combined effect of a lack of focus on quick wins in service delivery, and the lack of selectivity in providing financial and technical support to
Ministries, Departments and Agencies, the project did not build a strong constituency in favor of reform. Individual citizens did not see tangible results, as new systems were almost invisible to them; most Executive Agencies failed to improve services, and the contracting out to the private sector was limited to services to the central government (e.g., cleaning, security) rather than comprising delivery of services to citizens. At the same time, the focus on systems rather than results together with a lack of selectivity in MDA support brought a supply driven approach to the installation of performance systems. Had some pressure to deliver short term results (100 “quick wins” were included in the original design, of which none was achieved), and some selectivity been kept, systems would have been more easily adapted to the need of each sector with greater visibility to the public and hence broader support ensuring sustainability. Due to these limitations, support for reforms within the civil service was also limited.

The project benefitted from strong political support from the then President who had worked in the civil service for a good part of his career, and from the top management of the Civil Service. Several interviewees referred to this initial situation as a “perfect alignment of planets”. However, the main thrust of the reform program went against the core philosophy of the ruling party, which initially resisted reform, and then forced a substantial weakening of the principles of meritocracy and selectivity after the change in Administration of 2005.

The Project’s Monitoring and Evaluation (M&E) framework was not clearly designed, nor implemented for the first four years of the project. The original M&E framework was extremely complex and of little operational value, with two outcome indicators that were simply not measurable, and 38 output indicators.

Bank Performance was moderately unsatisfactory. There was good donor coordination, with the Bank agreeing to pool funding in 2005. A Public Service Reform Program Working Group (PSRP-WG), comprising all development partners supporting the reform program, was also established. However, the Bank did not find an appropriate way to react to the Government’s policy reversal which eventually derailed the program.

The Government’s performance was also moderately unsatisfactory. Prior to project restructuring, the government had shown its commitment to the project’s objectives through several policy actions and leadership in project design. However, after the change in administration in 2005, commitment started weakening, and the public sector reform program was reversed in many respects.

There are six lessons from the project:

1. An excessive focus on form rather than function in public service reform is counterproductive.

2. Political windows of opportunity may span years but rarely decades, and reform programs that aim at improving service delivery need to show some short term results to citizens to build support in public opinion. This could help ensure that they cannot be easily reversed after a change in government.
3. Capacity building cannot be seen as an effort that can show results in terms of improved services only in the medium term. Capacity is built also by interventions that lead to incremental improvements in service delivery (for example, faster processing of certificates, titles or passports) that provide feedback to the capacity building efforts in a virtuous circle.

4. Performance incentives work only where management has enough autonomy in deciding how to combine resources to achieve results; and

5. The consequences of failing to address policy reversals early can be serious. Identification of risks and mitigating measures at project design, and sanctions during implementation, including suspension or cancellation of credits and grants, are important tools to be considered.

6. The risks of unfocused public service reform projects in low capacity environments are high, even when political commitment is strong. Projects should be shorter and smaller, aligning ambitions to capacity and political realities, building the next project on the achievements of the previous one, in fast cycles that require short preparation times, and a strong ability to listen and adjust quickly to the needs of reformers in government.

Caroline Heider
Director-General
Evaluation
1. Background and Context

1.1 Public Sector Expansion during African Socialism (1967-1991). During the twenty years after the Arusha Declaration of 1967, starting Tanzania’s path in African socialism, the public sector became the dominant force in Tanzania’s economy. Before the Arusha Declaration, there were 66,000 civil servants, while parastatal companies were only a few. By 1992, public enterprises dominated the formal economy: some 400 parastatals accounted for 20 percent of Gross Domestic Product (GDP), and about two-thirds of employment in the formal sector. The number of public employees grew disproportionately to over half a million, of which 355,000 were in the civil service¹, and the balance worked for parastatal organizations. Real wages declined drastically. By 1990, it was estimated that the average public servant’s salary level had declined by 75% compared to 1972 in real terms. The salary scale became increasingly compressed with a ratio between the highest and lowest paid jobs in the civil service falling from 30:1 in 1969 to 6:1 by the mid 1980’s. Personnel management deteriorated, and skilled and experienced staff departed. All this resulted in an unproductive civil service and poor service delivery.

1.2 The Civil Service Reform Program – Towards a smaller, more efficient civil service (1991-1999). The Civil Service Reform Program (CSRP), which sought to dramatically reduce the Civil Service and then re-shape it into a modern, meritocratic, technically competent civil service, was launched in 1991. It was a typical first generation public service reform program focused on redefining the roles and functions of Government to a central core, improve efficiency of public services, and controlling the wage bill through retrenchment and the identification of ghost workers and their removal from payrolls.

1.3 The Civil Service Reform Program was implemented in two phases. The first phase focused on restoring the structural preconditions to support fiscal stabilization measures, including removal of ghost workers, staff retrenchment, rationalization of the pay and grading system, and reinstatement and establishment of payroll controls. The second phase focused on institutional improvements and included a redefinition of the role of government, restructuring for organizational effectiveness and efficiency, outsourcing certain services, decentralization of service delivery, and managerial capacity building.

1.4 By the end of the Civil Service Reform Program (1999), the number of civil servants had been reduced to less than 270,000. Organization and efficiency reviews had been conducted in the Ministries of Health, Education, Water, Agriculture, Local Government, Industry and Trade, Communications, National Resources and Justice, and in departments, regions, municipalities, and districts. Effective controls on employment and the wage bill had been institutionalized, including controls on all recruitments through a reliable personnel database. The civil service salary structure had been decompressed from a ratio of 9 to 1 in 1992 to 21 to 1 in 1999. Six executive agencies had been established.

1.5 A comprehensive decentralization and local government reform program as launched in 1997 and resulted in a reduction from about 14,000 to less than 2,000 staff establishments in the

¹ Including 27,000 people serving as military personnel.
regional administrations when the program was completed in 2000. In addition, the first phase of the program involving the restructuring of regional administrations was completed and the establishments in each of the then 20 regional administration units were reduced from an average of 700 to about 83.

1.6 The privatization of manufacturing and commercial parastatals was virtually complete by 2003. Viable enterprises had been privatized; nonviable ones liquidated and their assets and liabilities regularized through the Loans and Assets Realization Trust. Parastatals with no commercial function had been absorbed into the government and hard budget constraints had been imposed on those remaining in the public sector. Most divested companies were in industry and trade, followed by agriculture and tourism. Some two-thirds had been sold to local investors; the rest to foreign investors or turned into joint ventures.

1.7 The Public Service Reform Program (PSRP) – Phase 1: Focusing on Performance (2000-2007). The next stage of reform, the Public Service Reform Program (PSRP) – Phase 1, covered the period 2000–07 and was supported by the Project analyzed in this Project Performance Assessment Report (PPAR). PSRP was a second generation public sector reform program. The focus changed from rationalization to improving delivery of public services.

1.8 As designed, the project comprised three phases. After installing the strategic process for sustainable performance improvement, and the new institutional framework for service delivery (Phase 1, 2000-2007), the focus of Phase 2 (2008-2012) was intended to next address the performance management culture in the public service. Once this had been achieved, total client orientation through continuous quality cycles (benchmarking, total quality management) would be introduced in Phase 3 (2013-2015).

1.9 One of the objectives continued to be a further reduction in the number of civil servants with increases in their pay, as outlined in a medium term pay policy. These two goals required a further increase of the wage bill by about half a percentage point of GDP, so that the reduced number of civil servants could be better paid. In reality, both pay and the size of the civil service started increasing again. The number of civil servants with regular appointments grew from 257,000 in 2001 to 300,000 in 2011, mostly due to an expansion of health workers and teachers to achieve the Millennium Development Goals (MDGs), agreed in New York in September 2000, nine months after the project had been approved. By 2011, according to the 2011 Employment and Earnings Survey of the National Bureau of Standards of Tanzania, the Government employed 454,000 people, and parastatals 49,000 for a total above the 1992 level. The share of the public sector on total formal employment, however, was now equivalent to 37%, against 48% in 2001, due to a faster expansion of employment in the private sector. The wage bill grew by almost 3.2% of GDP from 3.5% in 2000/1 to 6.7% in 2011/12, with a steep increase from 2005 onward, thus roughly doubling over a decade.

1.10 The project also supported a substantial increase in Executive Agencies (EA) that reached 23 by the end of the program, and continued to grow thereafter reaching a total of 36 today. The idea behind such agencies was to separate policy making from service delivery. A Ministry would remain in charge of policy making and providing strategic direction to one or more Agencies while monitoring their performance. An Agency, headed by a Chief Executive Officer, would be left free to manage its own resources, both human and financial, and judged
based on performance, like in a principal-agent relationship. The preparatory stage of a program for systematic development of Executive Agencies began in July 1996. A policy framework to establish agencies was adopted by Cabinet in April 1997. The Executive Agencies Act was passed by Parliament in October 1997 and it received Presidential Assent in December 1997.

2. Objectives, Design, and their Relevance

2.1 The Project Appraisal Document (PAD) distinguishes – although not very precisely – between the objectives of the Government’s Public Service Reform Program (PSRP), the three phases of the Adaptable Program Lending (APL), and the Public Service Reform Project covering only Phase 1 of the APL. The objectives of Phase I were to “(i) complete and sustain the comprehensive structural and institutional reforms implemented with considerable success in recent years; and (ii) launch a strategic process for progressively transforming the role, capacity and performance of the public service on a sustainable basis.” (World Bank, 1999a: 7). It was differently formulated in the Development Credit Agreement (DCA): “the objectives of the Project are to: (i) improve efficiency in the management of public expenditures; (ii) strengthen public service capacity for the management of economic growth and poverty reduction; (iii) improve the delivery of services to meet with public expectations of value, satisfaction and relevance; (iv) improve accountability, transparency and resource management in service delivery; and (v) test the effectiveness and sustainability of the [Distance Learning Center] DLC as a knowledge-sharing network which can strengthen the capacity of officials and managers in the public and private sectors to design, plan and manage economic and social development.” (World Bank, 1999b: 9).

2.2 The hierarchy of objectives is as follows: (i) and (ii) were the overall goal, (iii) the purpose, and (iv) the objective of project. (v) was really an output and as such will be considered in this PPAR. The definition of the Project Development Objective (PDO) used in the DCA (i.e., improve accountability, transparency and resource management in service delivery) is the one used in this PPAR. Such definition was not changed during the January 2005 restructuring (see para 3.5), even though the Tanzanian Government had changed the scope of its program in 2003 as described in the previous paragraphs.

2.3 The Government of Tanzania (GOT) adapted the PSRP program objectives in 2003, based on an output-to-purpose review, the Bank’s mid-term review and a stakeholder’s review. Such adaptation led to retaining the goal and purpose of the Project, but shifted attention to a series of intermediate outcomes related more to capacity investments in the public service and less on direct improvements to service delivery. Thus, although early efforts of the PSRP involved efforts centered on achieving sectoral results through improved service delivery, the revisions in 2003 saw a de-emphasis on this objective and an increased focus on the process of installation and or the ‘roll-out’ of new structures and systems such as the PMS (Performance Management Systems), OPRAs (Open Performance Review and Appraisal System), M&E units, diversity, and gender policies. Less direct attention to service delivery meant less immediate gains for individual citizens and that the main beneficiaries in the short and medium-term became the central agencies and Ministries, Department and Agencies (MDAs) of the GOT located mostly in Dar es Salaam. The above shift may not have changed the goals and purpose of
the APL, but did revise the outcomes associated with Phase 1, even though the PDO was not formally changed.

2.4 The project had the following seven components:

- **Component 1 - Performance Improvement** (Appraisal cost: US$32.4 million, Actual: US$33.8 million). This component was designed to initiate a long-term process of sustainable capacity building and the transformation of the public service to result-oriented management. It would facilitate the preparation and execution of strategic plans using each entity’s limited resources to improve service delivery. The implementation of the MDAs' strategic plans for performance improvement was facilitated by resources made available under a Performance Improvement Fund (PIF), a flexible instrument to support MDA-led programs to improve services within budget constraints.

- **Component 2 - Restructuring and Private Sector Participation** (Appraisal cost: US$10.4 million, Actual: US$10.7 million). This component was supposed to complete and consolidate the implementation of reform measures initiated under CSRP's ministerial organization and efficiency reviews. The measures included: (i) shedding non-core functions; and (ii) abandoning non-essential functions.

- **Component 3 - Executive Agencies Program** (Appraisal cost: US$10.6 million, Actual: US$11 million). This component facilitated the continued creation and operationalization of Executive Agencies, with significant autonomy from central bureaucracy. The Executive Agencies operate in a more businesslike manner leading to greater effectiveness and efficiency, better quality services and greater value for money. They were supposed to pioneer result-oriented management of public services.

- **Component 4 - Management Information System** (Appraisal cost: US$5.3 million, Actual: US$5.6 million). This component aimed to install the personnel and payroll system software procured during 1999; and train MDAs' staff; develop a policy and legal framework for the management of the increasing number of electronic records and a strategy designed for its implementation; develop and cause to be developed by others core information technology (IT) applications and infrastructure on the basis of common standards and strategies; support public service managers in acquiring core IT competencies so that they are able to understand, plan and manage Management Information System (MIS) developments in their organizations; and establish a participatory framework in which an MIS and IT policy for the public service would be formulated.

- **Component 5 - Leadership, Management and Governance** (Appraisal cost: US$15.6 million, Actual: US$16.4 million). This component was to develop leadership and management skills development; restore meritocracy in the public service; reinstate ethical conduct; and mainstream gender issues into public service activities.

- **Component 6 - Project Coordination, Monitoring and Evaluation** (Appraisal cost: US$10.0 million, Actual: US$10.4 million). Monitoring and evaluation (M&E) was designed to cover outcomes and impact assessment in terms of changes in quality of and
access to public services, responding to public expectations for value, satisfaction and relevance of services. In this framework, the implementation of the MDAs' strategic and annual plans would be independently monitored and evaluated using participatory approaches.

- Component 7 - Distance Learning Center (DLC) (Appraisal cost: US$2.86 million, Actual: US$0.88 million): Establishment of a distance learning center to increase the access of the Borrower’s officials and private sector managers to global innovations and information. Installation in the DLC of: (i) a video-conference room with about a 30-person capacity; (ii) a computer room outfitted for about 30 computer stations; and (iii) a technical and administrative center, through the provision of technical advisory services.

2.5 The relevance of objectives was substantial. At the time of appraisal, the Tanzanian civil service was still too large and its performance too weak to be sustainable, as discussed in Section 1. The project was substantially relevant and its objectives reflected the Government’s vision of the future public service as stated in the National Vision 2025, adopted in 1999: “the Public Service will be an institution of excellence playing a pivotal role in achieving sustained economic growth and prosperity and eradication of poverty in the 21st century.” These objectives are still consistent with the Government’s Second National Strategy for Growth and Reduction of Poverty or MKUKUTA II (launched in 2010 covering the period FY11-FY15), whose third cluster is focused on good governance and accountability. In particular, within this cluster, the project was aimed at Goal 2: Improving Public Service Delivery to all, Especially to The Poor and Vulnerable. Finally, the project’s objectives are consistent with the Bank’s Country Assistance Strategy 2012-2015 whose fourth objective is to promote accountability and governance. The Bank now plans to support selective interventions where it has a comparative advantage including public service reform leading to improved performance of Ministries, Departments and Agencies and better service delivery.

2.6 The relevance of design was modest. The project’s design underestimated the time required for the complex processes of political and institutional change to unfold. In particular, it did not take into account the time needed for the process of institutionalization (such as MDA restructuring or pay reform that depended on complex joint action at the bureaucratic level or on policy changes at the political). In addition, while the causal chain between inputs (e.g., technical assistance, training, financial incentives through the Performance Improvement Fund), and outputs (e.g., establishment of performance system) was clear, the link and timing of the link between outputs and outcomes was not well articulated. For example, the Performance Improvement Fund represented a tenuous financial incentive for reform for Ministries, Departments and Agencies, as it represented at best 0.2% of their average recurrent expenditure budget in those years.

2.7 The design included standard elements of second generation public service reforms as shown in Figure 1 below, and a positive integration of the project itself into government structures as the original design replaced the Project Implementation Unit of the previous project with the Public Sector Management Department of the President’s Office (PO-PSM). The preconditions at both the political and leadership level seemed present, at least superficially, and the project addressed directly elements 1, 2, 3 and 5, the fourth element was to be addressed later through two Bank funded programs, the Local Government Support Program - LGSP (approved
in 2004), and the Accountability, Transparency & Integrity Program (approved in 2006) that addressed the issue of strengthening the accountable and transparent use of public financial resources.

2.8 A legitimate question raised during our interviews was whether the project should have focused just on the first element, selective pay and mid-term pay reform, rather than covering so many elements at the same time in a weak capacity environment. The biggest mistake, in their view, had been trying to tackle everything at the same time. The sequencing of these interventions can also be questioned, as at least LGSP could have run in parallel to PSRP, not after its scheduled closing. Given that the objective of the project was to achieve improved service delivery in an increasingly decentralized environment, LGSP could have started at the same time or shortly after the PSRP project. Whether the sequencing of the great number of activities concerning public service delivery described in Annex B was correct is a question outside the scope of this PPAR.

**Figure 1 - Design, Context and Elements of Second Generation Public Service Reform Programs**

![Design: Relevant components with appropriate sequencing](image)

Note: PSRP Project and PRAP addressed elements 1, 2, 3, and 5. LGSP, LGSP Scale-up and TSCP addressed element 4. ATIP addressed 6, the PSAC and nine PRSC addressed the overall environment. See Annex 4 for details.

Source: Graphic prepared by author based on World Bank (2004)

2.9 The project design did not involve any public financial management reforms, while it included substantial human resource management reforms, combined with demand driven agency level reforms with financial support through the Performance Improvement Fund. The initial design envisaged a sequencing that started from achieving results in specific sectors (“quick wins”) to build support for the reform process, followed by roll-out and installation of performance systems, and then by institutionalization. The PIF Guidelines, for example, provided a very detailed process of information and communication, drafting of a “social pact”, and selection of quick wins to build public support for reforms (p. 12-13). The 2003 redesign of the reform program involved an exclusive focus on installation of new performance systems in
all Ministries, Departments and Agencies. The belief was that too much pressure for short-term results could constrain the process of installation. The 2003 revisions were an attempt to rebalance that relationship. As a consequence, the 100 “quick wins” included in the original design (to be defined by each MDA) were dropped before they could be identified.

2.10 The redesigned project lacked selectivity, as support was now open to all Ministries, Departments and Agencies. This lack of selectivity undermined the second phase of the APL, as discussed in Box 1.

2.11 Implementation Arrangements. A positive aspect of the design of the project was the decision to eliminate the Project Implementation Unit used by its predecessor, and assign such responsibilities directly to the President’s Office, Public Service Management, thus streamlining the implementation of the project into the Tanzanian civil service structure.

<table>
<thead>
<tr>
<th>Box 1 - Phase 2 of the APL revealed two design flaws of PSRP I</th>
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<tbody>
<tr>
<td>The second phase of the APL, the Performance Results and Accountability Project (PRAP), launched in 2008, was restructured in March 2012. The attempt to focus only on systems and to operate in all Ministries, Departments and Agencies failed. In 2010, the PRAP had been reassessed as “moderately unsatisfactory” (MU) for both progress against PDOs and IP in the Mid Term Review of the Program/Project. The main reason for the unsatisfactory ratings was due to project design issues including the very broad scope of the Project covering all Ministries, Departments and Agencies; inadequately monitored, decentralized Project implementation by Ministries, Departments and Agencies and the less than adequate adoption of performance management and accountability tools and instruments in service delivery institutions at the field level.</td>
</tr>
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</table>

The Restructuring Paper of PRAP (p. 8) noted that the project sought to cover all Ministries, Departments and Agencies (103 in March 2012) at the central level, thereby significantly straining oversight capacity and hampering effective implementation. While removing any reference to service delivery in the PDO once again (in line with what happened with PSRP), the restructuring decided to focus on setting up systems, claiming that the project covered only Ministries, Departments and Agencies while service delivery is at the level of local government authorities. The paper highlighted an important design flaw of the original causal chain of the PSRP and PRAP projects linking the introduction of performance management systems in central ministries, departments and agencies, to service delivery, without considering the key role of local governments in this respect.

3. Implementation

3.1 The project was appraised in May 1999 and approved by the Bank’s Board of Directors on December 2, 1999. It became effective on March 21, 2000 and was supposed to close on December 31, 2004, but its closing date was extended three times, to June 30, 2006, June 30, 2007 and finally December 31, 2007, mainly because of slow implementation as well as the need to ensure adequate preparation and smooth transition to the second phase of the APL.

3.2 The total costs at appraisal were US$90.85 million (US$41.2 million from IDA and the balance from several Development Partners (Denmark, Canada, and the United Kingdom), and the Government of Tanzania, while the actual costs were US$88.78 million (US$42.1 million, due to exchange rate fluctuations from IDA and the balance from Development Partners and Government).

3.3 The project was initially conceived as a series of separate projects funded by donors independently, and pooled funding was introduced only in 2005. When funds were pooled,
donors that had not been considered by the Bank at appraisal, joined the basked funding arrangement. The total cost of these programs including the IDA credit and all parallel projects was US$117 million, in contrast to the US$90.85 million indicated in the PAD. The overall planned and actual contributions to the project of key donors were as follows: DFID US$54 million and US$53.98 million, DANIDA US$13.66 million and US$10.70 million, CIDA US$0.46 million and US$0.33 million, and the Government of Tanzania US$2.80 million and US$4.75 million.

3.4 The components were grouped differently during the January 2005 restructuring. As their content was not altered substantially, and the PDO was not revised, this PPAR follows the original definition and grouping of components and subcomponents to make the overall presentation simpler to follow. A new disbursement category, relating to the basket funding arrangement, was added during restructuring (see para 6.9 for more details) and included common arrangements and procedures on procurement, disbursement (through a Basket Account), accounting, monitoring, reporting, auditing, coordination and exchange of information. The distribution of disbursements by category is presented in the table below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Planned</th>
<th>Actual</th>
</tr>
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<tbody>
<tr>
<td>Consultants' services and training</td>
<td>77%</td>
<td>44%</td>
</tr>
<tr>
<td>Subprograms (Basket Account)</td>
<td></td>
<td>44%</td>
</tr>
<tr>
<td>Goods</td>
<td>9%</td>
<td>4%</td>
</tr>
<tr>
<td>Civil Works</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Refund of Project Preparation Advance</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

3.5 After the 2003 revisions to the Reform Program, the Government proposed to development partners the establishment of a pooled funding arrangement under a Sector Wide Approach program (SWAP). The Bank, DFID, Denmark and Ireland agreed and established a pooled funding arrangement in January 2005. The Bank responded swiftly to the Government request, and restructured the project’s implementation modalities creating a basket account. This common arrangement has allowed development partners with limited local expertise on public service reform to rely on the Bank for monitoring the implementation of the SWAP. However, the drop of Phase 3 of the original APL leaves the Bank without any project to monitor as part of the SWAP, and its withdrawal might negatively impact continued support to public service reform by other DPs.

3.6 **Fiduciary Issues.** There were no financial management or procurement issues during the project’s implementation.

3.7 **Safeguards Compliance.** The project had an environmental category of C. There were no environmental, social or safeguard issues during project implementation.
4. Achievement of the Objectives

4.1 The logic of the intervention was relatively simple. The project development objective of “improved accountability, transparency and resource management in service delivery” would be achieved by

- Establishing performance management systems within the central government (Components 1, 4 and 5); and

- Shedding of some responsibilities to Executive Agencies and the Private Sector (Components 2 and 3)

4.2 Both lines of action were expected to lead to improved service delivery over time. It is therefore useful to group project’s planned outcomes by line of action to determine whether they were achieved or not.

Outputs

4.3 **Establishing performance management systems (PMS) within the central government.** By the end of the project (December 2007), all thirty-four Ministries, Departments and Agencies supported by the project had established client service charters and strategic plans with performance indicators, although data on performance had yet to be collected systematically and citizens did not use them for demanding services as they had been publicized only to a limited extent. Only one tenth of these Ministries, Departments and Agencies published on their websites annual performance reports describing their service delivery. Fifteen new ministries and department had been established, nineteen ministries and departments had been restructured and another twelve were scheduled for restructuring. Ninety percent of Ministries had established policy departments.

4.4 Establishing service charters is of course the simplest part of the task, which is not complete if these charters are not used in practice. A recent evaluation carried out for the President’s Office, Public Service Management (Government of Tanzania, 2011, p. 9) found that “a majority of MDAs have performed below average despite having the charters in place. The main reasons for weak performance can be attributed to: (a) lack of monitoring mechanism to assess whether the standards set in the Charter are being met or not; (b) there is little publicity to the public of Charter and standards contained therein; and (c) unavailability of the charter in the MDAs offices and in their websites.”

4.5 The main incentives to induce change and reform in the Ministries, Departments and Agencies were provided by the Performance Improvement Fund (PIF) that did not prove effective. As shown in Annex D, PIF funds were very limited (less than 0.2% of the average recurrent expenditure budgets of Ministries, Departments and Agencies over the period). As discussed in Annex D, the transaction costs involved in the Public Sector Management Department of the President’s Office (PO-PSM) processing of MDA applications were also too onerous. Control on the Performance Improvement Fund by PO-PSM diminished the sense of MDA ownership even if funds were limited. Some Ministries, Departments and Agencies tried to access the Performance Improvement Fund for basic supplies and equipment, and funds were
used mainly for retooling and training, as shown in Annex D. The Performance Improvement Fund was weakly linked to MDAs Strategic Plans and had none with the Medium Term Expenditure Framework (MTEF).

4.6 Another major limitation in this respect was that it did not prove politically possible under the project for the PO-PSM to engage in selectivity, i.e., making some Ministries, Departments and Agencies eligible for financial and technical support compared to others who would receive little or nothing. Experimenting with ‘pilot’ projects that gave the impression of special treatment proved unsustainable. Sequencing in the form of simply directing resources to all MDAs but in some phased manner was required.

4.7 The major pay reform objective was to gradually but steadily enhance pay in an effort to improve performance and service delivery and professionalism of the core public service. Pay reform brought an increase of real wages, and a decompression of the civil service salary structure again from a ratio of 21 to 1 in 1999 to 28 to 1 in 2009. However, salaries of public servants remained lower than those for comparable positions in the private sector and parastatals, and civil servants remained too motivated by the provision of daily allowances that declined under the operations budget and increased in the development budget funded by Development Partners. Kiragu and Mukandala (2005) note that the government was falling back to allowances and the pay reform program was “working in reverse gear.”2 PWC (2007) found that allowances accounted for 31% of pay by 2006/2007, 20% of which were funded through the development budget. In other words, Development Partners were funding over 6 percent of the pay of civil servants, and most likely a larger share of the pay of senior civil servants. Allowances have recently been made tax exempt through an amendment of the Income Tax Act in 2011.

4.8 At the same time, the number of civil servants employed in Ministries increased from less than 40,000 in 2000 to over 58,000 by the end of 2007, rather than declining by 10 percent as originally envisaged. Such increase was mostly due to an expansion of health workers and teachers to achieve the Millennium Development Goals (MDGs). The wage bill over GDP ratio grew from 4.4% in 2000 to 6.1% in 2007. Although an increase of this ratio was one of the expected outcomes of pay reform, the aim had been to achieve an increase in pay levels greater than the reduction in civil servants, not a simultaneous increase of both.

4.9 Progress in reinstating meritocracy in the public service achieved the important result of establishing a Public Service Commission in 2004, and reduced the number of presidential appointees from several thousands to a few hundreds. However, after the change in Administration of 2005, the number of posts advertised declined substantially. The main tools supported by the project to foster meritocracy were the Open Performance Review and Appraisal System (OPRAS), and the Selected Accelerated Salary Enhancement (SASE).

4.10 OPRAS was introduced in 2004. As part of OPRAS, each public sector employee sets targets in consultation with his/her supervisor. The achievements are evaluated after 6 and 12 months when supervisor and employee come to an agreement on the performance to be recorded in his/her OPRAS and used for promotion decisions (no direct impact on salaries was

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2 In the early 1990’s allowances accounted for 76% of the wage bill and were provided to “senior civil servants in an opaque manner.” – See Kyarimpa (2009) p. 311.,
The system was initially implemented in several sectors, but has since lost its initial importance. Government of Tanzania (2011) found that “whereas implementation of OPRAS is mandated by the law, its uptake has been slow. Presently, as observed through this assessment, operationalization of OPRAS is at various levels. In the majority of MDAs, OPRAS is implemented at Directors and Assistant Directors level. It has yet to cascade the other lower levels. In addition the mid-year reviews are not happening in the majority of MDAs.” Gunnar Songstad et al (2012), focusing on the health sector, found “a general reluctance towards OPRAS as health workers did not see OPRAS as leading to financial gains nor did it provide feedback on performance.”

4.11 SASE was introduced in 2000 to support the Government’s new pay structure for the period FY01-FY08. Through SASE Development Partners would allow the Government to start paying higher salaries in FY01 to civil servants in positions with the greatest impact on service delivery. Each year the SASE contribution would be the difference between the target salary and the basic salary for a given fiscal year. At the same time, participating Development Partners agreed to phase out allowances to civil servants and use SASE instead. There was very strong resistance in the ruling party, CCM, to the new pay policy, and even reformers in government had doubts on the wisdom on depending on donor funds for regular salary payments to key staff. These fears were initially addressed through a pool funding by Development Partners and an initial focus on Ministries, Departments and Agencies that were well advanced in the implementation of performance management systems.

4.12 By its completion the SASE scheme was envisaged to cover about 9,000 qualified skilled personnel in 11 Ministries, Departments and Agencies, about 3.4% of the public service workforce, at a cost of about US$54 million over the five-year period. Due to a slow start, only 1,600 civil servants in four Ministries, Departments and Agencies (i.e., President Office Public Sector Management, Ministry of Health, Ministry of Finance and Economic Affairs, and President’s Office - Planning and Privatization) benefitted from the scheme, with the Ministry of Health applying the scheme to only about a fourth of its staff. At the same time, the Government did not increase pay to the level envisaged in the strategy, and the cost of the scheme for Development Partners became uncertain, leading them to continue payment of allowances to the 11 Ministries, Departments and Agencies to be included in SASE, rather than agreeing to move to a pool funding. This slow start, a few anomalies in the use of funds, and emerging doubts on both fronts were used by opponents of the scheme to stop it, leading to a Cabinet decision to limit SASE to the four participating MDAs.

4.13 The establishment of a tool to better control the payroll, the Human Capital MIS, was by and large unsatisfactory. The introduction of a new payroll management software was supposed to help reducing the number of ghost workers on the payroll and better handle changes in the personnel files (e.g., pay rise linked to a promotion, different allowance or pay due to a transfer) that took months to be completed under the previous paper system, and in some cases could never be resolved as files could get lost. The Human Capital MIS was successfully introduced only in 2011, has achieved substantial progress in digitalizing all personnel files, and is considered a major success of reform even though one that cannot be attributed solely to the project.
4.14 The project also supported the strengthening of records management through development and dissemination of records management guidelines and procedures, and the introduction of a new filing system in 26 ministries, 67 Local Government authorities, and several other government offices.

4.15 Overall, technically sound performance management systems have been built with support from the project and further enhanced by its successor, but, as noted in the latter’s Mid-Term Review of March 2011, “the progress in implementation of these instruments and their integration into the actual functioning of the MDAs has been weak.”

4.16 Apart from the achievements in records and payroll management, most of the positive results achieved by the project concerned matters of form, rather than substance. Thus the adoption of charters and plans with performance indicators is of little significance if the latter are not made public, or of OPRAS if there is no impact on salaries, training, or promotions. In the same vein, a widespread increase in civil service recruitments combined with better pay in a slightly less compressed pay structure goes against the objectives pursued during the Civil Service Reform Program and stated for the Public Service Reform Program.

4.17 **Shedding some responsibilities to Executive Agencies and the Private Sector.** The number of Executive Agencies (EA) grew from eight in 2000 to 29 by end 2008. However, the objectives of introducing client orientation and results-oriented management into the new organizations and facilitating clearer accountability for performance of services do not seem to have been fully met for the following reasons: (i) those EAs with less ability to charge for services have remained largely dependent on state funding. There are, in fact, indications that central government subsidies to EAs are increasing rather than decreasing, the reverse of the conventional predictions. Thus decentralization of responsibilities and enhanced accountability of the agencies has not occurred. (ii) In a number of cases, the performance measures and the information and monitoring systems to assess EA performance have not been put in place.

4.18 Based on a survey of Executive Agencies carried out in 2008, Sulle (2011) found that “result-based approach has only been partially implemented in the Tanzanian public sector. There is less emphasis on managing for results and management processes have continued to be predominantly based on inputs and processes.” In particular, the independence of most agencies is limited as the government seems unwilling to provide agencies with key elements of managerial autonomy. While most can freely determine their fee levels, the ones that are more politically sensitive like the Tanzania Electrical, Mechanical and Services Agency (TEMESA) or the Tanzania Building Agency (TBA) have little freedom of movement in this respect. Sulle (2011) also found that many ministries are reluctant to pay fees to agencies. Most agencies have limited say on the size of their staff or its remuneration, and their personnel’s salaries are still paid by the Treasury.

4.19 Paradoxically, Tanzanian Ministries, Departments and Agencies are less interested in exercising the typical functions related to their role as principals. 83% of the Executive Agencies covered by Sulle’s survey did set their own performance goals and performance targets

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3 In charge, inter alia, of ferry transport.

4 Providing quality and affordable accommodation to government and public servants.
that should be set instead by the responsible Ministry, and only 38% were evaluated by their parent ministries against such goals and target, with self-evaluation prevailing. The Tanzania National Roads Agency (TANROADS) was the only agency (a) whose performance objectives were set by Government through the Ministry of Infrastructure and the Road Funds Board, and (b) which signed annual performance contracts.

4.20 Based on our interviews with Executive Agencies, the ones that performed best had some degree of financial autonomy (i.e., they were able to raise, retain and decide how to use own revenues). The limitations on their autonomy in terms of hiring and firing were overcome by the ability to reallocate staff to other branches, and in terms of pay by offering non-monetary benefits (e.g., better work environment, subsidized lunch) to their employees.

4.21 The contracting out of services to the private sector has been limited to marginal services and has not led to a reduction of government employees at lower grades due to political patronage. By 2008, 35 percent of the contracts that were foreseen at the project’s design stage had been signed and were under implementation by project’s end. 80% of these contracts concerned cleaning and security, two areas where outsourcing seemed relatively easy. Assessments showed improvements in the quality and a reduction in the costs of messenger services and transport of staff. However, the number of auxiliary personnel, that was expected to decline significantly as a result of contracting-out, outsourcing and private sector participation, initially declined from over 41,100 in FY01 to about 28,300 in FY04, but then started growing again exceeding their initial level and reaching 42,500 by FY06, as shown by Crown Management Consultants (2009).

4.22 The project finally tested the effectiveness and sustainability of a Distance Learning Center (DLC) as part of a global knowledge-sharing network to strengthen the capacity of public and private decision makers and implementers to design, plan and manage economic and social development policies. While it did not become totally self-sustainable, the DLC has continued to offer training courses and in 2011, was transformed into the Tanzania Global Learning Agency (TaGLA). TaGLA delivers training mainly to the public sector through its videoconferencing facilities.

**Outcomes**

4.23 **Improved accountability in service delivery: modest.** At the individual level, OPRAS was conceived as a tool for individual accountability. As discussed earlier, OPRAS efforts are in reality not linked to salaries, their uptake has been slow, and they are limited to director and assistant director levels and only partially implemented. In addition, the initial progress in enhancing meritocracy through SASE was quickly reversed after 2003. At the institutional level, the continuing resistance to any incentive linked to performance of Ministries, Departments and Agencies, reflected in the lack of selectivity of the project after 2003 and PRAP after 2008, show that there is still a fundamental reluctance to holding Ministries, Departments and Agencies accountable for their performance. The lack of monitoring mechanism to assess whether the standards set in the MDAs’ Service Charters are being met or not further weakens institutional accountability.
4.24 **Improved transparency in service delivery: modest.** Transparency was to be addressed at several levels. Transparency in recruiting had initially been strengthened by advertising a majority of positions. This positive trend has been reversed with the amendments to the Public Service Act of 2007 that now allow open recruitment only at entry levels and only under exceptional circumstances in higher grades. Transparency in salary setting criteria and processes has also been weakened by the increased importance of per diems discussed earlier and the limited impact of OPRAS efforts on salaries. At the institutional level, as discussed earlier, there is little publicity of Service Charters and standards they contain, as such charters are often unavailable in the MDAs’ offices and on their websites. However, some improvements in transparency were achieved through strengthened record keeping in several Ministries, Departments and Agencies, and through a computerized payroll management system that made personnel information more easily accessible and updatable.

4.25 **Improved resource management in service delivery: modest.** The project did not achieve tangible progress in **resource management in service delivery.** Data from the latest Public Expenditure Review (2010) show a worsening in service delivery both in primary education and primary health prevention. The good progress on roads may be due to the stronger accountability systems at TANROADS described above and can be attributed to the project only to a small extent, as TANROADS received less than US$70,000 from the Performance Improvement Fund. In education, the pass rates in primary and secondary schools have been declining since 2007. The value of public resources spent for each successful candidate of the exams at the end of the primary cycle increased in real terms by more than 41 percent between 2007 and 2009, while the cost per passer of the exam at the end of the secondary cycle grew by 60 percent between 2005 and 2010. The worsening of education outcomes after a decade of increased public spending (2001-2011) is also mentioned in World Bank (2012, p. 18): “a highly regarded pan-East-African survey conducted by Uwezo shows that the quality of education in Tanzania’s primary education system was significantly worse than in Kenya and Uganda, as measured by a performance in maths and English by second grade students.” Tanzania has also a much lower participation of private schools in the education sectors than its neighboring countries.

4.26 **The project failed to achieve its intermediate outcomes of improved accountability, transparency and resource management in service delivery, and had therefore a negligible impact on service delivery.** Due to the combined effect of a lack of focus on quick wins in service delivery, and the lack of selectivity in providing financial and technical support to Ministries, Departments and Agencies, the project did not build the strong constituency in favor of reform that its initial design called for. Individual citizens did not see any tangible results, as new systems were almost invisible to them, Ministries, Departments and Agencies did not publish their service charters or monitored them in a transparent fashion, most Executive Agencies failed to improve services, and the contracting out to the private sector was limited to services to the central government (e.g., cleaning, security) rather than comprising delivery of services to citizens. Finally, the focus on systems rather than results and lack of selectivity in MDA support brought a supply driven approach to the installation of performance systems. Had some pressure to deliver short term results and some selectivity been kept, systems could have been more easily adapted to the need of each sector. Due to these limitations, support for reforms within the civil service was also limited.
5. Efficiency

5.1 The PAD did calculate a Net Present Value (NPV) based on labor shedding but did not calculate an Economic Rate of Return (ERR). Moreover, the ICR did not include any ex post economic analysis. Neither NPV nor ERR were calculated. Unit costs for training and consulting activities are not available and it is not possible to comment on their efficiency. Bank supervision costs were within norms.

5.2 The project took about double the estimated time to complete and needed a restructuring en route. The restructuring reduced selectivity, opening up access to project funds to more Ministries, Departments and Agencies, and halted some key elements (like SASE) that could not be brought to completion. Both elements negatively impacted efficiency, although we cannot measure such impact due to lack of detailed information. Finally, the project operated for the first three to four years without a functioning M&E system and could therefore not monitor its own efficiency during the crucial start-up phase.

5.3 Considering the modest results achieved and the significant amount of resources spent by the project as a whole including all donors (almost US$120 million), its efficiency is rated as modest.

6. Ratings

Outcome

6.1 The objectives were substantially relevant, while the relevance of design, efficiency and efficacy were modest. The operation supported the establishment of performance management systems within the central government, and the shedding of some responsibilities to Executive Agencies and the Private Sector. While some results were obtained in the adoption of service charters, the establishment of executive agencies, the increase of pay levels, payroll and records management, and the outsourcing of some functions to the private sector, there were substantial limitations in the achievement of the objective of establishing effective performance management systems, and some of the early results in terms of efficiency of the public service were not sustainable and were actually reversed during the life of the project. There is no sign that the project led to any improvement in service delivery, its ultimate objective. Taking all of this into account, IEG rates the outcome as moderately unsatisfactory.

Risk to Development Outcome

6.2 The risk to the institutional outcomes achieved is rated high. Political commitment has been declining over time, leading to a slow implementation and restructuring of the successor project to the project (i.e., Phase 2 of the APL, the Performance Results and Accountability Project PRAP), and to the Government’s and Bank’s decision not to proceed with Phase 3 of the APL.
6.3 The 2012 MTR of PRAP recommended that the Program be restructured to become more results focused and build a direct link with service delivery facilities and local government authorities (LGAs). Discussions were ongoing with Government since June 2010 on the modalities of the restructuring. However, Government was of the view that it was not appropriate to develop a direct link between the Program and the LGAs since the reform architecture in Tanzania places the responsibility for reform at the LGA level on the ongoing Local Government Reform Program-II, which is one of the core reform programs of the government. Implementation of this program is managed by the Prime Minister’s Office of Regional Administration and Local Government (PMORALG). The slow pace of implementation of performance management systems in Ministries, Departments and Agencies, the fragmented responsibilities and dialogue described above and the interruption of the APL series represent a significant risk to the limited results achieved so far.

6.4 The project benefitted at inception from strong political support from the President who had worked in the civil service for a good part of his career, and from the top management of the Civil Service. Several interviewees referred to this initial situation as a “perfect alignment of planets”. However, the main thrust of the Public Service Reform Program went against the core philosophy of the ruling party that initially resisted reform, and then substantially weakened the principles of meritocracy and selectivity after the change in Administration of 2005.

**Bank Performance**

6.5 The design was aligned with the PRSP and the Bank’s Country Assistance Strategy (CAS), and remains relevant to the latest CAS. The Bank selected an appropriate instrument, which acknowledged the fact that public sector reform is a long-term process. However, project objectives were too ambitious given the time frame, and the M&E framework was not clearly designed, nor properly implemented. The Project’s PDO itself was not clearly spelt out. A project with simpler design and more visible results might have helped in achieving more political support and taking advantage of the political opportunity offered by a committed leadership.

6.6 The end result has been the build-up of a strong resistance to reforms that has brought the overall program to slow down, and reversed some of the past efficiency gains. The high levels pattern of commitment and energy in Phase 1 that sustained the program in the early and middle stages was based largely on the combined support from the two Presidents, the PS of PO-PSM, the PO-PSM staff and the Development Partners. But the influence of this informal grouping began to diminish by the end of the program as more uncommitted Tanzanian actors began to play a larger role in the implementation of the program. Part of the challenge facing the PO-PSM towards the end of the program was to help put together a wider pattern of ownership and commitment.

6.7 Several interviewees stated that the Bank insisted at the design stage for a large project with a sophisticated design and visible impact, while what reformers needed was a small project flexibly designed and funding a series of small pilots and quick wins that could be scaled up during Phase 2 of the APL depending on what would prove to be politically feasible and effective. An alternative design with a series of smaller, shorter phases of the APL might have therefore served them better.
There were 19 supervision missions over a 7 year period. The project had the same Task Team Leader for its entire duration, from preparation to closing, guaranteeing strong continuity throughout implementation. There was good donor coordination, with the Bank agreeing to pool funding in 2005, as discussed below. A Public Service Reform Program Working Group (PSRP-WG) was also established by Development Partners. Implementation Supervision Reports (ISRs) always rated project performance satisfactory, even after the 2005 policy reversals had become evident.

Taking all these factors into account, IEG rates quality at entry as Moderately Unsatisfactory and quality of supervision as Moderately Satisfactory. As the Outcome Rating is moderately unsatisfactory, the overall Bank Performance is rated as Moderately Unsatisfactory.

**Borrower Performance**

The Government’s performance was moderately unsatisfactory. Prior to project restructuring, the government had shown its commitment to the project’s objectives through several policy actions and leadership in project design. Government’s financial contribution to the project was also greater than expected, as discussed in Section 3. However, since 2003, commitment has been declining, and the public sector reform program has been effectively reversed in many respects.

The PO-PSM’s performance was moderately satisfactory. It led the process of reform and tried to adapt to an increasingly challenging environment. It played its coordinating and fiduciary management roles in a satisfactory manner, but was not able to address the perception of many Ministries, Departments and Agencies that the process was too much under its discretionary control.

Taking all these factors into account, IEG rates Borrower Performance as Moderately Unsatisfactory, as the negative impact of the Government’s policy reversals since 2005 is more important than the achievements of the PO-PSM in the preceding years.

**Monitoring and Evaluation**

Design. The monitoring framework, built on the CSRP one, was supposed to cover inputs, outputs, outcomes and impact assessment in terms of changes in quality of and access to public services, measured independently using participatory approaches. It was also envisaged that information, education and communication activities would give the public more voice in decisions related to service delivery.

The monitoring framework was designed initially with the objective of enhanced service delivery in mind. It would focus on outcome and impact assessment using independent monitors and participatory approaches, with the involvement of citizens in monitoring and evaluating the MDAs’ strategic and annual plans. It was extremely complex and of little operational value, with two outcome indicators that were simply not measurable, and 38 output indicators.
6.15 **Implementation.** The change in objectives of the Government program shifted the focus on capacity building at the MDAs. It took 3-4 years, to develop an effective M&E systems as the choice of indicators proved particularly challenging and difficult to accept for the management of the President Office PSM. Finally, the project tried to help the various beneficiary Ministries, Departments and Agencies in developing their own M&E systems with mixed results.

6.16 **Use.** M&E information, produced systematically only after 4 years from the start of the project, was used to monitor progress on activities and outputs. Quarterly progress reports were produced by PO PSM and regularly made available to the public through its website.

6.17 Considering the delayed launch of the M&E system and limited use, IEG rates it as modest.

### 7. Lessons

7.1 An excessive focus on form rather than function in public service reform is counterproductive, particularly when based on models borrowed from other countries and implemented without sufficient consideration of local conditions. The best illustrations are represented by the proliferation of Executive Agencies with limited managerial autonomy and hence limited impact on service delivery. Using the number of new executive agencies as an indicator of success, as the project’s result matrix did, is misleading.

7.2 Political windows of opportunity may span years but rarely decades, and that reform programs that aim at improving service delivery need to show some short term results to citizens to build support in public opinion. This could help ensure that they cannot be easily reversed after a change in government. This lesson points to the importance of understanding each country’s political landscape, the dynamic nature of the external environment for reform, the need for sustained dialogue, and the long term nature of public sector reform. Insistence on considering capacity building outputs as outcomes shows a rather technocratic view of public service reform, as such changes are certainly visible to experts but invisible to citizens unless they see improved service delivery.

7.3 Capacity building cannot be seen as an effort that can show results in terms of improved services only in the medium term. Capacity is built also by interventions that lead to incremental improvements in service delivery (for example, faster processing of certificates, titles or passports) that provide feedback to the capacity building efforts in a virtuous circle. Capacity building is incremental and must be translated into incremental improvements in performance with short term and medium term results.

7.4 Performance incentives work only where management has enough autonomy in deciding how to combine resources to achieve results. The Executive Agencies that were most successful in Tanzania had own revenues and some control on how to spend them.

7.5 The consequences of failing to address policy reversals early can be serious. While policy reversals are always possible in democracies, such changes should have immediate effects on projects and programs that are being implemented either to support the policies being reversed or are assuming the continuation of such policies in their results frameworks.
Identification of risks and mitigating measures at project design, and sanctions during implementation, including suspension or cancellation of credits and grants, are important tools to be considered in such cases.

7.6 The risks of unfocused public service reform projects in low capacity environments are high, even when political commitment is strong. Projects should be shorter and smaller, aligning ambitions to capacity and political realities, building the next project on the achievements of the previous one, in fast cycles that require short preparation times, and a strong ability to listen and adjust quickly to the needs of reformers in government.


IMF. 2012. *United Republic of Tanzania: Fourth Review Under the Policy Support Instrument and Request for an Arrangement Under the Standby Credit Facility—Staff Report; Debt Sustainability Analysis; Press Release on the Executive Board Discussion; and Statement by the Alternate Executive Director for The United Republic of Tanzania*.


Annex A. Basic Data Sheet

THE UNITED REPUBLIC OF TANZANIA: Public Sector Reform Project – P060833 (LOAN IDA-33000 AND 3300A)

Key Project Data (amounts in US$ million)

<table>
<thead>
<tr>
<th></th>
<th>Appraisal estimate</th>
<th>Actual or current estimate</th>
<th>Actual as % of appraisal estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total project costs</td>
<td>90.85</td>
<td>88.78</td>
<td>98%</td>
</tr>
<tr>
<td>Loan amount</td>
<td>41.20</td>
<td>42.27</td>
<td>103%</td>
</tr>
<tr>
<td>Cofinancing</td>
<td>49.65</td>
<td>46.32</td>
<td>93%</td>
</tr>
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</table>

Cumulative Estimated and Actual Disbursements

<table>
<thead>
<tr>
<th></th>
<th>FY00</th>
<th>FY01</th>
<th>FY02</th>
<th>FY03</th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
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</thead>
<tbody>
<tr>
<td>Appraisal estimate (US$M)</td>
<td>6.5</td>
<td>16.0</td>
<td>29.2</td>
<td>35.3</td>
<td>41.2</td>
<td>41.2</td>
<td>41.2</td>
<td>41.2</td>
<td>41.2</td>
</tr>
<tr>
<td>Actual (US$M)</td>
<td>4.8</td>
<td>6.1</td>
<td>7.6</td>
<td>10.4</td>
<td>15.9</td>
<td>27.2</td>
<td>35.2</td>
<td>42.1</td>
<td>42.3</td>
</tr>
<tr>
<td>Actual as % of appraisal</td>
<td>74%</td>
<td>38%</td>
<td>26%</td>
<td>29%</td>
<td>39%</td>
<td>66%</td>
<td>85%</td>
<td>102%</td>
<td>103%</td>
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</table>

Date of final disbursement: April 2008

Project Dates

<table>
<thead>
<tr>
<th></th>
<th>Original</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiating memorandum</td>
<td>12/01/1997</td>
<td>10/13/1998</td>
</tr>
<tr>
<td>Negotiations</td>
<td>08/31/1998</td>
<td>10/07/1999</td>
</tr>
<tr>
<td>Board approval</td>
<td>10/31/1998</td>
<td>12/02/1999</td>
</tr>
<tr>
<td>Signing</td>
<td>01/20/2000</td>
<td>01/20/2000</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>03/21/2000</td>
<td>03/21/2000</td>
</tr>
<tr>
<td>Closing date</td>
<td>12/31/2004</td>
<td>12/31/2007</td>
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</table>
**Staff Inputs (staff weeks)**

<table>
<thead>
<tr>
<th>Stage of Project Cycle</th>
<th>Staff Time and Cost (Bank Budget Only)</th>
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<tr>
<td></td>
<td>No. of staff weeks</td>
</tr>
<tr>
<td><strong>LENDING</strong></td>
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<tr>
<td>FY99</td>
<td>24</td>
</tr>
<tr>
<td>FY00</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>24</td>
</tr>
<tr>
<td><strong>Supervision/ICR</strong></td>
<td></td>
</tr>
<tr>
<td>FY00</td>
<td>14</td>
</tr>
<tr>
<td>FY01</td>
<td>22</td>
</tr>
<tr>
<td>FY02</td>
<td>21</td>
</tr>
<tr>
<td>FY03</td>
<td>22</td>
</tr>
<tr>
<td>FY04</td>
<td>38</td>
</tr>
<tr>
<td>FY05</td>
<td>45</td>
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<td>FY07</td>
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<td>FY08</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>217</td>
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</table>

**Mission Data**

<table>
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<tr>
<th>Date (month/year)</th>
<th>No. of persons</th>
<th>Staff days in field</th>
<th>Specializations represented</th>
<th>Performance rating</th>
<th>Rating trend</th>
<th>Types of problems</th>
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</thead>
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<tr>
<td>Identification/Preparation</td>
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<td></td>
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<tr>
<td>Appraisal</td>
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<td></td>
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</tr>
<tr>
<td>Supervision&lt;sup&gt;5&lt;/sup&gt;</td>
<td>6/2000-12/2007</td>
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<td></td>
<td>S</td>
<td>S</td>
<td></td>
</tr>
<tr>
<td>Completion</td>
<td>12/2007</td>
<td></td>
<td></td>
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<td>S</td>
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</table>

**Other Project Data**

Borrower/Executing Agency: United Republic of Tanzania/President’s Office Public Service Mgmt

**Follow-on Operations**

<table>
<thead>
<tr>
<th>Operation</th>
<th>Credit no.</th>
<th>Amount (US$ million)</th>
<th>Board date</th>
</tr>
</thead>
</table>

<sup>5</sup> All 19 supervision missions - from the first in June 2000 to the last one in December 2007 – always rated the project’s performance as “Satisfactory” in terms of both development objectives and implementation progress.
Annex B. Tanzania Public Sector Reform timeline

Political Events

1961 Independence of Tanganyika with Julius Nyerere as prime minister (president from 1962)

1963 - Zanzibar becomes independent

1964 - Tanganyika and Zanzibar merge to become Tanzania, with Nyerere as president

1967 - Nyerere issues the Arusha Declaration, which calls for egalitarianism, socialism and self-reliance

1977 - The Party of the Revolution is proclaimed as the only legal party

1985 - Nyerere retires and is replaced by the president of Zanzibar, Ali Mwinyi

1992 - Constitution amended to allow multi-party politics

1995 - Benjamin Mkapa chosen as president in Tanzania's first multi-party election

2000 – President Mkapa elected for a second term

2005 - Jakaya Kikwete, foreign minister and ruling CCM candidate, wins presidential elections

2008 - President Kikwete dissolves his cabinet following a corruption scandal which forced the premier and two ministers to resign

2010– President Kikwete wins re-election

Public Sector Reform

The evolution of Public Service Reform in Tanzania is summarized instead in Figure 2 below.
Figure 2 - Public Service Reform in Tanzania (1990-2010)

Late 1980’s
- Public expenditure framework expanded far beyond what GOT could afford
- Public administration overstaffed/underfunded
- Establishment/payroll control fell into disuse
- Wage bill was out of control
- Civil servants demotivated: downward trends in real incomes; political interference in appointments and pay decisions; growing informality
- Total employment in public sector reached 500,000 people by 1990

1st Phase of Reform 1993-1999
- Focus on **redefining the role of government and reducing its size**
- Medium term pay policy approved
- Organization and efficiency reviews conducted in key ministries
- Nine executive agencies established
- Total number of employees reduced from 355,000 in 1992 to 260,000 in 1999
- Pay structure rationalized/decompressed from 9:1 to 21:1
- 75% increase in average public service pay in real terms
- Control on employment, wage bill institutionalized
  - Central personnel database
  - Computerized payroll system
  - Ad hoc and non transparent allowances consolidated in basic salary

2nd Phase of Reform 2000-2007
- Focus on **installation of performance management systems**
- Total number of civil servants increased from 256,000 in 2001 to **350,000 in 2008 back to 1992 peak**, due to more health workers and teachers
- Total employment in public service by 2006 was once again over 500,000, 88% employed by central government and 12% by parastatals
- The wage bill over GNI grew from 3.5% in 2000 to almost 5% in 2008
- The number of Executive Agencies grew from 6 to 23
- Limited improvement in service delivery, if any

3rd Phase of Reform 2008-2012
- Focus on **reinforcement of a performance management culture**
- Number of public sector employees kept increasing above 500,000
- The wage bill reached 6.7% of GNI by 2012
- GOT has decided to abandon the APL approach and there will likely be no Bank support for the next phase of reform
- Commitment to reform much lower than with previous administration
Evolution of Bank portfolio

The Financial and Legal Management Upgrading Project (FILMUP) (approved 1992, closed 1998) was the first Bank-supported investment in Tanzania to focus on the upgrading of accounting and auditing capacities in both the private and public sectors and the first credit in the history of the Bank to make an investment in the legal framework of a member state. As such, the FILMUP was intended to strengthen both the institutional and organizational infrastructure of the new open market economy in Tanzania that was slowly emerging since the mid-1980s under the Economic Recovery Program of the Government of Tanzania (GOT).

PPSRP - Parastatal and Public Sector Reform Project (approved 1993, closed 2001; US$11.28 million disbursed for the Civil Service Reform Component). In support of the CSRIP strategy, the PPSRP was designed to provide assistance to meet the following project objectives: (i) institutional strengthening of appropriate Government organizations and departments in the areas of parastatal and civil service reforms; (ii) further design, refinement, and implementation of a comprehensive civil service reform program; and (iii) strengthening of selected features of macroeconomic management. One of its four components was on Civil Service Reform. The Civil Service Reform component was developed to: (a) support the Civil Service Department (CSD) and other task forces to refine and implement a civil service strategy; (b) implement time bound action plans in areas including retrenchment, redeployment, pay reform, personnel management and control; and (c) support the Planning Commission as the lead organization (working closely with CSD) to effect ministerial rationalization.

The Project lacked any measurable indicators (not a requirement at the time), or a well-defined strategic plan for civil service reform.

Tax Administration Project (approved 1999, closed 2006) included a component to support a key Executive Agency, the Tanzania Revenue Authority (TRA), through a re-engineering process, computerization of three revenue departments, and improve the tax arrears recovery and the control of tax evasion.

Public Service Reform Project (approved 1999, closed 2007) is the subject of this PPAR.

Local Government Support Program (approved 2004, closed 2012), The objective of the Local Government Support Program Project in Tanzania was to: (a) strengthen fiscal decentralization, and improve accountability in the use of local government resources and in the management of intergovernmental transfer systems; and (b) increase access to infrastructure and services in the unplanned areas of Dar es Salaam and improve revenue performance for sustainable operations and maintenance. Component 1 of LGSP is designed to support the GoT Local Government Capital Development Grant System, inter alia through provision system of capital and capacity building grants for local government authorities (LGAs). This component aims to support (i) a sound intergovernmental fiscal framework and (ii) capacity-building so that LGAs can better meet their service-delivery obligations.
Local Government Support Program – Scale-up (approved 2006, closed 2012). The project extended the pilot supported by the previous project to all LGAs in the country. Together with bilateral Development Partners, the Project targets all 132 LGAs in the country.

Accountability, Transparency & Integrity Program (approved 2006, closed 2012 – project costs US$145.6). The original PDOs were to contribute to improved access to judicial and legal services and to the accountable and transparent use of public financial resources. This was expected to be achieved by assisting the GoT in improving the skills and systems to deliver judicial/legal services and public financial management, and strengthening the capacity of oversight and watchdog institutions (OWIs) to perform their role.

Performance Results and Accountability Project (approved 2007, it will close at the end of 2012). The project is the phase two of the APL started with the PSRP project. While the first focused on establishing performance systems, this project focuses on introducing a performance culture in the Tanzanian public sector. The Tanzania Performance Results and Accountability Project (APL2) aims to enhance capacity, performance and accountability of ministries, departments and agencies (MDAs) in the use of public resources and service delivery to levels consistent with timely and effective implementation of the strategic and priority programs under the National Strategy for Growth and Reduction of Poverty (MKUKUTA). The project includes the following components: systems to support service delivery; policy development capacity; pay incentives and rewards; accountability and responsiveness; systems for managing public servants; leadership development; and change management and reform coordination.

Tanzania Strategic Cities Project (approved 2010, closing 2015). The objective of the Strategic Cities Project for Tanzania is to improve the quality of and access to basic urban services in participating Local Government Authority's (LGAs). There are three components to the project. The first component of the project is core urban infrastructure and services. This component will support improvements in core infrastructure and key urban services in the participating LGAs. It will comprise two subcomponents that will provide: (a) investment in core urban infrastructure and services for subprojects prioritized by the participating LGAs; and (b) technical assistance for construction supervision and support for the implementation and monitoring of Environmental and Social Management Plans (ESMPs) and Resettlement Action Plans (RAPs) linked to individual subprojects, including the payment of compensation costs. The second component of the project is institutional strengthening. This component will support the strengthening of the fiscal and management capacity of LGAs and Capital Development Authority (CDA) for improved operations and maintenance (O&M) and infrastructure development.

Programmatic Structural Adjustment Credit (approved 2000, closed 2004). The credit had one effectiveness tranche and four floating tranches for a total of US$190 million. The second floating tranche (US$40 million) concerned improved economic governance to ensure accountability, curb corruption and establish efficient and effective public service delivery.

Tanzania Poverty Reduction Support Credits (PRSC, 9 operations 2003-2012). There have been so far nine PRSCs to Tanzania, the first in 2003 and the latest in 2012, for a total amount of US$1,557 million. They are summarized in the table below.
<table>
<thead>
<tr>
<th>Name</th>
<th>Year</th>
<th>Amount (US$ million)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRSC 1</td>
<td>2003</td>
<td>132</td>
<td>One of the objectives was to increase efficiency of public service delivery at all levels of government, by adopting a performance-based system in public service, strengthening the public watchdog role, and minimizing resource leakage and improved accountability.</td>
</tr>
<tr>
<td>PRSC 2</td>
<td>2004</td>
<td>150</td>
<td>The DPO had four objectives, two of which were supporting results orientation of public service delivery and enhancing public sector performance (including implementation of pay reform coupled with improved performance management in the public sector).</td>
</tr>
<tr>
<td>PRSC 3</td>
<td>2005</td>
<td>150</td>
<td>One of the objectives was to support results orientation of public service delivery. Public sector performance would be enhanced through implementation of pay reform coupled with improved performance management in the public sector.</td>
</tr>
<tr>
<td>PRSC 4</td>
<td>2006</td>
<td>200</td>
<td>Two of its goals concerned effective systems to ensure universal access to quality and affordable public services and effective public service framework in place to provide foundation for service delivery improvements and poverty reduction. The actions included, inter alia, transparent recruitment based on merit, ethics, skills and ability, institutional rules and incentives, institutional management, cost effectiveness, and customer service and responsiveness. Regular assessments of service delivery client satisfaction will be carried out to monitor quality of public services.</td>
</tr>
<tr>
<td>PRSC 5</td>
<td>2007</td>
<td>190</td>
<td>The DPO included actions on pay reform.</td>
</tr>
<tr>
<td>PRSC 6</td>
<td>2008</td>
<td>160</td>
<td>One of the two objectives of this DPO series was expanding the effective delivery of basic public services through the government budget. Four policy areas were covered: (2.1) monitoring of service delivery in social sectors, (2.2) public expenditure and financial management, (2.3) effectiveness of public administration, and (2.4) anti-corruption and accountability of the state.</td>
</tr>
<tr>
<td>PRSC 8</td>
<td>2010</td>
<td>115</td>
<td>No specific focus on public service reform.</td>
</tr>
<tr>
<td>PRSC 9</td>
<td>2012</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,557</td>
<td></td>
</tr>
</tbody>
</table>
Annex C. The Public Service in Tanzania

Tables 1 and 2 present the evolution of the size of employment in the public sector from 2001 to 2011. These statistics are based on the Employment and Earnings Surveys of the National Bureau of Statistics for 2001, 2007 (published in December 2012), and 2011 (published in January 2013). Data provided by the President’s Office, PSM Departments have not been updated since 2004.

Employment in the Tanzanian central and local governments grew over the period of the project’s implementation by 37%, while employment in parastatals declined by over 30%. This trend continued, at a slower pace, after the closure of the project, and total employment in the public sector is now again above 500,000 people as in 1990, although it represents a smaller share of the active population.

In 2004, a majority of these were employed by Local Authorities (64%), and this percentage is unlikely to have changed significantly since then. Roughly speaking, for every employee of a Ministry there were two employees working in a Local Government.

Across Tanzania, there was approximately 1 public servant for every 100 citizens.

Almost 50% of all public servants in 2004 were directly related to the provision of education, either as teachers or inspectors and administrators. More generally, some 65% of all public servants were doctors, medical officers, nurses, teachers, police, or prison officers. They provided services directly to citizens.

In 2004, only 3.6% of Local Government employees were paid directly by Local Governments, while 96.4% are paid by central government.

Public Sector Institutions in Tanzania can be classified into 5 main categories:

1. Ministries
2. Independent Departments
3. Executive Agencies
4. Public Institutions
5. Local Authorities

These are presented in Boxes 2 and 3.

---

6 NBS data do not allow a precise distribution by sector as one of them is “Public administration and defense; compulsory social security” which includes several education and health services.
### Table 1 - Formal Employment in Tanzania by Sector, Sex and Age (2001-2011)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sex/Age</th>
<th>Private</th>
<th></th>
<th></th>
<th>Public</th>
<th></th>
<th></th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Number</td>
<td>%</td>
<td></td>
<td>Number</td>
<td>%</td>
<td></td>
<td>Number</td>
<td>%</td>
</tr>
<tr>
<td>Regular Employees</td>
<td>Male</td>
<td>230,824</td>
<td>243,665</td>
<td>408,937</td>
<td>256,590</td>
<td>294,568</td>
<td>297,558</td>
<td>31.3%</td>
<td>27.1%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>88,652</td>
<td>100,970</td>
<td>212,176</td>
<td>118,979</td>
<td>171,017</td>
<td>183,352</td>
<td>14.5%</td>
<td>15.8%</td>
</tr>
<tr>
<td></td>
<td>Young</td>
<td>110</td>
<td>383</td>
<td>440</td>
<td>32</td>
<td>1,374</td>
<td>9</td>
<td>0.0%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Total Regular</td>
<td></td>
<td>319,586</td>
<td>345,018</td>
<td>621,553</td>
<td>375,601</td>
<td>466,959</td>
<td>480,919</td>
<td>45.9%</td>
<td>43.0%</td>
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<tr>
<td>Casual Employees</td>
<td>Male</td>
<td>80,674</td>
<td>145,920</td>
<td>211,306</td>
<td>10,971</td>
<td>12,137</td>
<td>17,767</td>
<td>1.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>28,924</td>
<td>73,484</td>
<td>113,574</td>
<td>3,075</td>
<td>4,544</td>
<td>4,425</td>
<td>0.4%</td>
<td>0.4%</td>
</tr>
<tr>
<td></td>
<td>Young</td>
<td>22</td>
<td>36,085</td>
<td>3,003</td>
<td>7</td>
<td>1,095</td>
<td>12</td>
<td>0.0%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Total Casual</td>
<td></td>
<td>109,620</td>
<td>255,489</td>
<td>237,883</td>
<td>14,053</td>
<td>17,776</td>
<td>22,204</td>
<td>1.7%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Total Employment</td>
<td>Male</td>
<td>311,498</td>
<td>389,585</td>
<td>530,243</td>
<td>267,561</td>
<td>306,705</td>
<td>315,325</td>
<td>32.7%</td>
<td>28.3%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>117,576</td>
<td>174,454</td>
<td>325,750</td>
<td>122,054</td>
<td>175,561</td>
<td>187,777</td>
<td>14.9%</td>
<td>16.2%</td>
</tr>
<tr>
<td></td>
<td>Young</td>
<td>132</td>
<td>36,468</td>
<td>3,443</td>
<td>39</td>
<td>2,469</td>
<td>21</td>
<td>0.0%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Total Employment</td>
<td></td>
<td>429,206</td>
<td>600,507</td>
<td>859,436</td>
<td>389,654</td>
<td>484,735</td>
<td>503,123</td>
<td>47.6%</td>
<td>44.7%</td>
</tr>
</tbody>
</table>


### Table 2 - Formal Employment in Tanzania by Sector (2001-2011)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number</th>
<th>%</th>
<th>Ratios (2001=100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Private Sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit Making Institutions</td>
<td>377,701</td>
<td>46%</td>
<td>100.0</td>
</tr>
<tr>
<td>Non Profit Making Institutions</td>
<td>38,629</td>
<td>5%</td>
<td>100.0</td>
</tr>
<tr>
<td>Cooperatives</td>
<td>12,876</td>
<td>2%</td>
<td>100.0</td>
</tr>
<tr>
<td>Total A</td>
<td>429,206</td>
<td>52%</td>
<td>100.0</td>
</tr>
<tr>
<td>B. Public Sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central and Local Government</td>
<td>319,516</td>
<td>39%</td>
<td>100.0</td>
</tr>
<tr>
<td>Parastatal Organizations</td>
<td>70,138</td>
<td>9%</td>
<td>100.0</td>
</tr>
<tr>
<td>Total B</td>
<td>389,654</td>
<td>48%</td>
<td>100.0</td>
</tr>
<tr>
<td>Total (A+B)</td>
<td>818,860</td>
<td>52%</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The number of Executive Agencies grew from 6 when the project was designed to 23 by project closure in 2006 and to 36 today, as shown in Figure 3 below. The complete list of Executive Agencies is included in Box 2.
Figure 3 - Number of Tanzanian Executive Agencies

- 1999: 6
- 2001: 11
- 2002: 15
- 2003: 18
- 2005: 19
- 2006: 23
- 2008: 29
- 2009: 30
- 2010: 32
- 2011: 33
- 2012: 36
### Box 4 - Executive Agencies as of end October 2012 (36)

- **Ministry of Agriculture and Food Security (2)**: Agricultural Seeds Agency (ASA) and National Food Reserve Agency (NFRA);
- **Ministry of Education and Vocational Training (1)**: Agency for Development of Educational Management (ADEM);
- **Ministry of Energy and Mineral Resources (2)**: Geological Survey of Tanzania (GST) and Tanzania Minerals Audit Agency (TMAA);
- **Ministry of Finance and Economic Affairs (2)**: Tanzania Institute for Accountancy (TIA) and Government Procurement Services Agency (GPSA);
- **Ministry of Health and Social Welfare (2)**: Tanzania Food and Drugs Authority (TFDA) and Government Chemist Laboratory (GCL);
- **Ministry of Industry, Trade and Marketing (2)**: Business Registration and Licensing Agency (BRELA) and Weights and Measures Agency (WMA);
- **Ministry of Information, Youth, Culture and Sports (1)**: Taasisi ya Sanaa na Utamaduni Bagamoyo;
- **Ministry of Justice and Constitutional Affairs (1)**: Registration Insolvency and Trusteeship Agency (RITA);
- **Ministry of Labor and Employment (2)**: Occupational Safety and Health Agency (OSHA) and Tanzania Employment Services Agency (TaESA);
- **Ministry of Lands and Human Settlements Development (1)**: National Housing and Building Research Agency (NHBRA);
- **Ministry of Livestock and Fisheries (3)**: Fisheries Education Training Agency (FETA), Livestock Training Agency (LITA), and Tanzania Veterinary Laboratory Agency (TVLA);
- **Ministry of Natural Resources and Tourism (3)**: National College of Tourism (NCT), Tanzania Tree Seed Agency (TTSA), and Tanzania Forestry Services (TFS);
- **Ministry of Water (2)**: Drilling and Dam Construction Agency (DDCA) and Water Development and Management Institute;
- **Ministry of Transport (4)**: Tanzania Airport Authority (TAA), Tanzania Meteorological Agency (TMA), Tanzania National Roads Agency (TANROADS), and Tanzania Government Flight Agency (TGFA);
- **Ministry of Works (2)**: Tanzania Building Agency (TBA) and Tanzania Electrical, Mechanical and Electronics Services Agency (TEMESA);
- **President's Office (5)**: eGovernment Agency (eGA), Tanzania Global Learning Agency (TaGLA), National Bureau of Statistics (NBS), Eastern African Statistical Training Centre (EASTC), and Tanzania Public Service College (TPSC);
- **Prime Minister's Office (1)**: Dar es Salaam Rapid Trans (DART).
## Annex D. Project Details

### Table 3 – Results Framework of the PSRP Project

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PDOs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) % of service delivery commitments met by all MDAs</td>
<td>0</td>
<td>50%</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>(2) % of Executive Agencies demonstrating improved service delivery</td>
<td>7</td>
<td>38</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td><strong>IOIs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Number of MDAs with performance benchmarks established under different institutional set-ups for service delivery</td>
<td>0</td>
<td>34</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>(2) % of MDAs with annual performance reports</td>
<td>0</td>
<td>75%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>(3) % of average salary to target in Medium Term Pay Policy</td>
<td></td>
<td></td>
<td></td>
<td>Information provided in ICR was not related to target</td>
</tr>
<tr>
<td>(4) Number of Ministries with policy departments</td>
<td>0</td>
<td></td>
<td>23 out of 26</td>
<td></td>
</tr>
<tr>
<td>(5) % reduction in current public service employment numbers in Ministries</td>
<td>39,671</td>
<td>-10%</td>
<td>+46%</td>
<td>Missed</td>
</tr>
<tr>
<td>(6) Number of executive agencies launched</td>
<td>8</td>
<td>38</td>
<td>28</td>
<td>As of October 2012, there are 36 agencies</td>
</tr>
<tr>
<td>(7) Actual wage bill / GDP ratio as a % of target</td>
<td>4.4%</td>
<td>5%</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>(8) % of women executives in the public service</td>
<td>n.a.</td>
<td>30%</td>
<td>27.5%</td>
<td></td>
</tr>
</tbody>
</table>
Table 4 – Performance Improvement Fund’s Disbursements by Release Category
(August 2003-June 2006)

<table>
<thead>
<tr>
<th>Sub Release</th>
<th>Description</th>
<th>Disbursements (Tshs ‘000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2</td>
<td>Information, Education and Communication</td>
<td>1,708,374</td>
</tr>
<tr>
<td>Total Release 1</td>
<td></td>
<td>1,708,374</td>
</tr>
<tr>
<td>2.1</td>
<td>Retooling</td>
<td>5,891,935</td>
</tr>
<tr>
<td>2.2</td>
<td>Training</td>
<td>4,586,260</td>
</tr>
<tr>
<td>2.3</td>
<td>Technical Assistance</td>
<td>1,686,810</td>
</tr>
<tr>
<td>Total Release 2</td>
<td></td>
<td>12,165,005</td>
</tr>
<tr>
<td>3.1</td>
<td>Local Cost Compensation</td>
<td>0</td>
</tr>
<tr>
<td>3.2</td>
<td>Contract Recruitment</td>
<td>0</td>
</tr>
<tr>
<td>Total Release 3</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td>13,873,379</td>
</tr>
</tbody>
</table>

Table 5 – Performance Improvement Fund’s Disbursements by Beneficiary
(August 2003-June 2006)

<table>
<thead>
<tr>
<th>Type of Beneficiary</th>
<th>Number</th>
<th>Number of Activities</th>
<th>Amount (Tshs ‘000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministries</td>
<td>18</td>
<td>50</td>
<td>8,349,013</td>
</tr>
<tr>
<td>Agencies</td>
<td>7</td>
<td>14</td>
<td>1,820,996</td>
</tr>
<tr>
<td>Others</td>
<td>11</td>
<td>19</td>
<td>3,703,370</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>83</td>
<td>13,873,379</td>
</tr>
</tbody>
</table>

7 Judiciary branch (i.e., Commercial Court of Tanzania, Industrial Court of Tanzania, Judiciary, Lands Tribunal, Law Reform Commission), Public Service Commission, Registrar General, National Assembly, Dodoma and Mwanza Regional Secretariats, and Tanzania Global Learning Center.
### Table 6 - Number, amounts and relative importance of Performance Improvement Fund’s Disbursements to Ministries, Departments and Agencies (August 2003-June 2006)

<table>
<thead>
<tr>
<th>Parent Ministry (no agencies in parenthesis)</th>
<th>PIF Support</th>
<th>Agency</th>
<th>PIF Support</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Appl.</td>
<td>Amount (Tshs. ‘000)</td>
<td>Share of FY03-FY06 Budgets</td>
</tr>
<tr>
<td>Ministry of Agriculture and Food Security (2)</td>
<td>3</td>
<td>314,133</td>
<td></td>
</tr>
<tr>
<td>Ministry of Constitution and Legal Affairs (1)</td>
<td>1</td>
<td>59,020</td>
<td></td>
</tr>
<tr>
<td>Ministry of Communications and Transport</td>
<td>1</td>
<td>117,676</td>
<td></td>
</tr>
<tr>
<td>Ministry of Defense and National Service</td>
<td>1</td>
<td>143,000</td>
<td></td>
</tr>
<tr>
<td>Ministry of Education and Vocational Training (1)</td>
<td>2</td>
<td>246,163</td>
<td>Agency for Development of Educational Management (ADEM)</td>
</tr>
<tr>
<td>Ministry of Energy and Minerals (1)</td>
<td>4</td>
<td>338,205</td>
<td>Geological Survey of Tanzania (GST)</td>
</tr>
<tr>
<td>Ministry of Finance and Economic Affairs (1)</td>
<td>1</td>
<td>40,450</td>
<td>Tanzania Institute for Accountancy (TIA)</td>
</tr>
<tr>
<td>Ministry of Foreign Affairs and International Cooperation</td>
<td>3</td>
<td>1,199,121</td>
<td></td>
</tr>
<tr>
<td>Ministry of Health and Social Welfare (2)</td>
<td></td>
<td></td>
<td>Tanzania Food and Drugs Authority (TFDA)</td>
</tr>
<tr>
<td>Ministry of Home Affairs</td>
<td>3</td>
<td>870,270</td>
<td>Government Chemist Laboratory (GCL)</td>
</tr>
</tbody>
</table>

8 Sum of PIF disbursements to Ministries in 2003-2006 divided by recurrent expenditures of Sector Ministries as reported in the budget speeches for FY03, FY04, FY05 and FY06.
<table>
<thead>
<tr>
<th>Parent Ministry (no agencies in parenthesis)</th>
<th>PIF Support</th>
<th>Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Appl.</td>
<td>Amount (Tshs. ‘000)</td>
<td>Share of FY03-FY06 Budgets</td>
</tr>
<tr>
<td>-----------------</td>
<td>-----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Ministry of Industry and Trade (2)</td>
<td>2</td>
<td>255,378</td>
</tr>
<tr>
<td>Ministry of Labour and Employment (1)</td>
<td>1</td>
<td>41,484</td>
</tr>
<tr>
<td>Ministry of Lands, Housing and Settlements Development (1)</td>
<td>6</td>
<td>576,880</td>
</tr>
<tr>
<td>Ministry of Natural Resources and Tourism (2)</td>
<td>3</td>
<td>264,600</td>
</tr>
<tr>
<td>Ministry of Science, Technology and Higher Education</td>
<td>4</td>
<td>519,703</td>
</tr>
<tr>
<td>Ministry of Water and Irrigation (1)</td>
<td>2</td>
<td>56,332</td>
</tr>
<tr>
<td>Ministry of Transport (4)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Ministry of Works (2)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>President’s Office (3)</td>
<td>13</td>
<td>3,306,600</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total (24)</strong></td>
<td><strong>50</strong></td>
<td><strong>8,349,013</strong></td>
</tr>
</tbody>
</table>
Annex E. List of Persons Interviewed

1. Ms. Denyse Morin, Governance & Anti-Corruption Specialist, The World Bank (TTL), Washington DC
2. Mr. Denis Biseko, Senior Public Sector Specialist, World Bank, Dar es Salaam
3. Mr. Sanjeev Ahluwalia, Senior Public Sector Specialist, World Bank, Dar es Salaam
4. Ms. Chiara Bronchi, Lead Public Sector and Governance Specialist and Cluster Leader, World Bank, Dar es Salaam
5. Mr. James W. Adams, former Country Director for Tanzania, World Bank, Washington DC
6. Ms. G. Nkonoki, Director of Planning, President’s Office, Public Sector Management, Dar es Salaam
7. Mr. R. Waida, Assistant Director Planning, President’s Office, Public Sector Management, Dar es Salaam
8. Ms. Joyce Kafanabo, PSRP II Coordinator, President’s Office, Public Sector Management, Dar es Salaam
9. Mr. Priscus Kiwango, Director of Information System Management, President’s Office, Public Sector Management, Dar es Salaam
10. Dr. Albina Chuwa, Director General, National Bureau of Statistics, Dar es Salaam
11. Prof. Gelase Mutahaba, Former Chief Technical Adviser, President’s Office, Public Sector Management, University of Dar es Salaam
12. Dr. Agnes L. Kijazi, Director General Tanzania Meteorological Agency, Dar es Salaam
13. Mr. Mathew S. Mazanda, Acting CEO, National Housing and Building Research Agency (NHBRA), Dar es Salaam
14. Mr. Joseph Rugumyamheto, former Permanent Secretary, President’s Office, Public Sector Management, Dar es Salaam
15. Mr. Philip G. Saliboko, CEO, Registration Insolvency and Trusteeship Agency (RITA), Dar es Salaam
16. Dr. Firmin Mizambwa, CEO, Agricultural Seeds Agency (ASA), Morogoro
17. Mr. Mathias Kabunduguru, Director of Policy Development, President’s Office, Public Sector Management, Dar es Salaam
18. Mr. Emmanuel Mlay, Director of Human Capital Management, President’s Office, Public Sector Management, Dar es Salaam

19. Mr. Charles Magaya, Director of Records and Archives, President’s Office, Public Sector Management, Dar es Salaam

20. Mr. E. Achayo, Director of Planning, Ministry of Agriculture and Food Security, Dar es Salaam

21. Mr. Mick Kiliba, Director of Management Service, President’s Office, Public Sector Management, Dar es Salaam

22. Mr. Charles Sokile, Public Sector Advisor, Department for International Development (DFID), Dar es Salaam
Annex F. Borrower Comments

UNITED REPUBLIC OF TANZANIA

PRESIDENT'S OFFICE
PUBLIC SERVICE MANAGEMENT

COMMENTS ON THE PROJECT PERFORMANCE ASSESSMENT REPORT

PUBLIC SERVICE REFORM PROJECT
(IDA-33000-TZ AND IDA 3300A-TZ)

JULY 9TH, 2013
INTRODUCTION:

The Government acknowledges receipt of the Public Service Reform Project assessment report which was undertaken by the Independent Evaluation Group (IEG) on the Public Service Reform Programme (PSRP I/IDA-3300-TZ and IDA 3300A-TZ) implemented from 2000 to 2007.

The Government has gone through the report and has provided general and specific comments in relation to the aforementioned report. Notwithstanding these comments the report has provided a diverse view from the previous programme related reports of Programme Review Missions, ICR and ICR Review.

1. GENERAL COMMENTS

2.1 Timing of the Report

The Project Performance Assessment Report has been produced after the ICR draft report of PSRP II whereas the Consultant undertook the mission in October 2012. In this regard, the Government is deeply concerned whether the findings of this assessment are independent of PSRP II ICR review report, given that the Assessment report for PSRP I should have been submitted by the end of December 2012.

2.2 Repetitions

There is a lot of repetition of issues discussed in the report. Same discussions are found at outputs and outcome levels. This has distorted the conclusions of the Consultant.

2.3 Misunderstanding of the Program Objectives

The overall purpose of Public Service Reform Programme is to improve delivery of public services. This was to be attained through three phases with different objectives and focus. Phase one, which is the phase under review, had a purpose of designing and installing Performance Management Systems (PMS) and was implemented through seven components. PSRP I had succeeded in designing and installation of PMS tools. Thus it is not true that the focus was on form rather than substance. In accordance with the design of the programme, PMS usage was to be entrenched in phase two. The Assessment of the Consultant should have thus been focused on assessing the design and installation of PMS and not on service delivery which were to be the focus of other phases.

2.4 Bias in reporting results

The Consultant report is not balanced in reporting the results of PSRP I. The report is focused mostly on CSC and OPRAS and has disreported successes
achieved in other PMS tools. PMS tools developed during PSRP I included Service Delivery Surveys, Strategic Plan, Performance Budget, Action Plan and M&E. In addition to PMS which belong to component one, other components of PSRP I were underreported. These components are Restructuring and Private Sector Participation; Executive Agencies; Management Information Systems; Leadership, Management and Governance; and, Project Coordination, Monitoring and Evaluation. These components had reported significant successes which should have been discussed in this report.

2.5 Misconceptions

Generally there are a number of misconceptions and conclusions being made from individual opinions with no evidence to back up the assertions. These will be discussed under specific comments.

3.0 SPECIFIC COMMENTS

3.1 Improved service delivery

3.1.1 The Government wishes to underscore the following:

a. The Consultant has asserted that most of the Executive Agencies have failed to improve services. The Government refutes this statement as the majority of Agencies have improved services to a great extent compared to when they were just functions (departments or sections) under their respective Ministries. Evidence can be seen vividly in the Agencies such as TFDA, WMA, TMA, TCAA, TAA, BRELA, TANROADS, RITA, ADEM, GCLA, TPSC, TTSA, ASA, TIA, NCT, and EASTC just to mention a few. Examples of some few Executive Agencies which have improved service delivery are attached as Appendix I.

b. The consultant has misconception on the scope of Private Sector Participation (PSP) and Public Private Partnership (PPP). PSP thrust was to outsource the non-core functions, which were initially been done by the institutions to the private sector, so that the institution focuses mainly on core functions. In addition, it is not true that only two services were outsourced. Apart from the two mentioned outsourced services in the report, others are reception in MDA's, laundry services in hospitals, revenue collection in Local Government Authorities (LGAs), land surveying, garbage collection in LGAs, catering and ground maintenance. Evidence show that there has been improvement in service delivery in all institutions that have contracted out their non-core functions. Further, the Consultant need to appreciate that over time new service centers were introduced, hence need for more auxiliary staff. The Consultant should have gone further to find the underlying factors for the increase in the personnel.
c. PMS could not be introduced in phases. The government cannot be functioning in piecemeals. It should be understood that, whereas the restructured PRAP funded only 14 MDAs, the Government continued to implement PSRPII in all MDAs. Implementation of PSRP1 across all MDAs has provided a foundation that enables reforms to continue to be implemented across the government even when there is reduced funding or scope of development partners’ funds.

3.1.2 Leadership Support on Reforms

The Consultant alleged that “...after the change in administration in 2005, commitment started weakening, and the public sector reform program was reversed in many respects”. It is unfortunate that the Consultant has provided no evidence to back this claim. The Government strongly refutes this statement and put on record that the President and his Administration is fully committed to administrative and economic reforms in the country. This is justified as follows:-

a. Emphasized the implementation of the Public Service Management and Employment Policy by considering appointment of senior officials to take into consideration merit and experience within the institution, then the entire public service and later in the market if there are no qualified and competent personnel within the entire public service. It is not true that the President was not in favour of meritocracy. This can be justified by the fact that there are a number of top positions that are advertised in the labour market. For instance CEOs of the Public Institutions and all Executives Agencies have been recruited from the Private Sector to head institutions such as the NHC, TPB, TIRA, EWURA and many others.

b. The government has continuously been committed to support PSRP. This is evidenced when the President inaugurated PSRP II in 2008 and emphasized implementation of reform agenda to all Government Institutions. He also established the Reforms Coordination Unit (RCU) in his Office to oversee performance of all reform initiatives in the country. Moreover, the President's support is shown in his directive to releasing Government funds to support the Human Capital Management Information System (HCMIS) when World Bank had declined to support the purchase and maintenance of Lawson Version 9. The installation of this system has been successful in public service payroll management.

c. The President has continuously provided directives to POPSM on the implementation of the programme, in particular on the need for an efficient and effective public service.
d. CCM Election Manifesto emphasized, accountability, integrity and improved service delivery. The Programme outputs have always featured in the government performance reports on the implementation of CCM Election Manifesto.

3.1.3 SASE Scheme

There is no evidence on how the ruling party CCM resisted SASE scheme. It is not a normal practice for the ruling party to interfere with the Government operations especially on such isolated policy issues. If this was the case, the government would not have implemented the scheme to the extent it did. It should be noted that SASE scheme was started as a pilot scheme. SASE was however not rolled over to other institutions since it was heavily depending on the development partners.

3.1.4 Resource management

The consultant opinion on paragraph 4.25 has no relationship to this programme. PIF funds were meant to facilitate implementation of PSRP reform activities within MDAs. PIF funds that were disbursed to TANROADS and other Institutions were not meant to support sector development issues but rather to facilitate implementation of PSRP activities. The assertion raised by the consultant on the development of education in Tanzania is not relevant to the objectives of this programme. Education and health development programs are being addressed by their respective sector reforms.

4. RATING

During the seven years of PSRP1 implementation, there were nine review missions of which they all rated the programme as “satisfactory”. The rating of moderately unsatisfactory given by the consultant in regards to the Borrower’s performance is not only unfair, but also unjustified. No evidence is given by the consultant to justify the rating. It is ironic that one consultant has a differing view from the nine previous consultants who monitored the program, throughout its implementation. In addition, ICR rated the programme outcome and Borrower’s performance as “satisfactory”, while ICR review had rated the programme outcome “moderately satisfactory” and Borrower’s as “satisfactory”.

The Borrower’s opinion is that the appropriate rating should be satisfactory for Outputs, Outcomes and Borrower’s performance. As regards to Risk Assessment, the rating should remain significant for the following reasons:

- If it was a high risk programme, the World Bank and other Development Partners would not have funded the second phase of the programme;
• The risk was low because PSRPI was building on the achievements of the Civil Service Reforms. One of the lessons from CSRIP recommended the installation of Performance Management Systems for improving public service delivery.

• Performance Management systems are in place and are being applied across government institutions.

5. CONCLUSION

The Government takes note of the report including the lessons contained therein. However, it is unfortunate that the Consultant visited the country for a short specific time and lacked history and continuity of the reform implementation. This makes the consultant unable to make comparisons on the state of public service before and after PSRP, and appreciate changes and improvements that have taken place over the years. If the consultant had been with the public service before reform initiatives, he would have seen the results within the public service and the spill-over effect of the reforms that have trickled down to other public and private institutions. Some examples include, Open Appraisal System, which is being implemented in other institutions outside the public service; the introduction of PSP has led to the formation of cleaning and catering companies, which have resulted in job creation; new vocational training programmes have been introduced, to name a few.

Taking into account all the above comments the government is not in the position to accept the rating of the project assessment report.
### Selected Improved Areas in Selected Executive Agencies

<table>
<thead>
<tr>
<th>NO</th>
<th>AGENCY</th>
<th>IMPROVED AREAS</th>
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| 1  | BRELA  | • Registration of companies used to take more than six months BUT now take one to three days. On line application is possible  
• Name search used to be manually BUT now is through electronic  
• The Agency is full independent from the Government as it meets its operational costs 100% |
| 2  | TFDA   | • Registration of food and drug premises takes short time than before  
• Is a leading model on the concept of ‘One Stop Centre’ or ‘All Service Under One Roof’ through business process improvement  
• Have improved enforcement of laws related to food and drug business  
• Has increased accessibility to its services by using ICT and opening new offices at zonal level |
| 3  | GPSA   | • Availability of fuel and other accessories to all regions in Tanzania Mainland  
• Has refurbished its Kurasini fuel depot from just three pumps to 12 pumps to save Government vehicles,  
• Has build new office buildings in Manyara region and rehabilitated its regional office buildings in Dar es Salaam, Mtwar, Mbeya |
| 4  | RITA   | • Registration of birth certificates now take one to seven days while used to be more than six or even a year  
• Have improved accessibility to the services by opening more offices at district level and through the use of electronic  
• Improved usage of ICT in its services as the certificates are printed electronically rather than manual as before  
• Through ICT the Agency is connecting HQ and its district offices to improve efficiency  
• Has managed to build a new building (23 stories) for office accommodation and commercial purposes at the prime area at the city centre |
<p>| 5  | TAA    | • Has increased the number of airports which can run though out a year from 10 to 55 |</p>
<table>
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<th>6</th>
<th>Training Oriented Agencies (TIA, TPSC, ADEM, NCT, EASTC)</th>
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<tbody>
<tr>
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<td>- Airports environment and security systems has improved</td>
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<td>- Revenue generation has increased from less than 10 billion before being an Agency to more than 30 billion in 2012</td>
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<td>- They have increased students enrolment e.g. TIA has increased students enrolment from 4,000 (2003) to 12,000 (2012)</td>
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<td>- Have tremendous expansion by opening new branches in regions like Mtwara, Singida, Tanga, Mwanza, Dar es Salaam</td>
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<tr>
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<td>- Have improved and increased the number of courses/programmes e.g. TIA from 2 programmes to 6 programmes as of to-date.</td>
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<td>- They have build or rehabilitated buildings for office accommodation, teaching and learning purposes</td>
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