

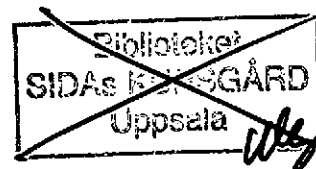
Swedish Public Administration Assistance in Tanzania

A Study by

Joel Samoff and Marc Wuyts
Björn Mothander and Kristina Flodman



December 1988/
January 1989



Foreword

This report was prepared as a background document to discussions between the Tanzanian authorities concerned and SIDA about future cooperation in the field of Public Administration. This cooperation dates back to the 1970s, but the report reflects a shared concern that the programme ought to be seen in the context of the Tanzanian Public Sector as a whole in a period of readjustment.

The study also reflects SIDA's ambition to develop methods and criteria for a better understanding of the role and functioning of the Public Sector in countries faced with declining resources. As such we believe that it will be of more general interest to practitioners and researchers who are concerned with these issues.

Comments that you would like to make on its findings as well as on the methodological approach used would be welcome.

Ingemar Gustafsson
Head of Education Division, SIDA

Stockholm, May 1989

Project Study on

Part I. Future Development of Swedish Public
Administration Assistance in Tanzania

prepared by

Joel Samoff and Marc Wuyts

Part II. Experiences of Institutional Cooperation
in the Public Administration Sector in
Tanzania

prepared by

Björn Mothander and Kristina Flodman

R E P O R T

to

The Ministry of Finance, Economic Affairs and Planning
and

The Swedish International Development Authority

December 1988/January 1989

Joint Government of Tanzania -
Swedish International Development Authority
Project Study on the
Future Development of Swedish Public Administration Assistance
in Tanzania

(November-December, 1988)

REPORT

To the
Ministry of Finance, Economic Affairs and Planning, Tanzania
and the Swedish International Development Authority

Joel Samoff and Marc Wuyts

in collaboration with
Mary Marunda and Cosmas Mogella

15 December 1988

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INTRODUCTION

1. Preface

As authors of this report, we of course assume responsibility for its content, analysis, and conclusions. At the same time, this report depends heavily on the contributions--direct and indirect--of many people.

Mrs. Mary Marunda, of the Ministry of Finance, Economic Affairs and Planning, and Dr. Cosmas Mogella, of the Department of Political Science at the University of Dar es Salaam, were core members of the Project Study throughout our stay in Tanzania. Their views, and more important, the insights gained through their probing questions, comments, and critiques are reflected throughout this discussion. We are grateful for this opportunity to have worked with these colleagues.

Bie Ridaeus, the Swedish International Development Authority Programme Officer in Dar es Salaam responsible for public sector support cooperation, has been extraordinarily thoughtful, patient, and resourceful in supporting our work. Her understandings and puzzles, too, have informed and guided this discussion. Hallgerd Dyrssen and Rolf Lindsjö have provided comparable support in Stockholm.

We are grateful to the numerous other Tanzanians and Swedes in both Dar es Salaam and Stockholm who met with us to discuss topics of common interest. Although we surely do not agree with them on everything, their willingness to share their perceptions and thinking with us have greatly strengthened the study.

Finally, we wish to record our appreciation for the kind reception and assistance we have received in Tanzania, both official and especially unofficial. As always, we have found many thoughtful, considerate, and compassionate people in Tanzania who, though their own situations may be difficult, nonetheless extend themselves to welcome visitors. For both of us, Tanzania is a second home to which we enjoy returning.

What follows, then, is in an important sense a collective product. Many have participated in its development. We hope those who read it will find it both informative and at the same time a bit irritating--because if we have not called into question what is generally taken for granted, or raised unanticipated questions, or asserted the utility of unfamiliar perspectives, or shown that what once seemed simple and clear is in fact rather more complex and less straightforward, then we shall have failed in our primary task: to stimulate informed, engaged, and productive dialogue on the future of cooperation between Tanzania and Sweden to support the public sector.

Stockholm, 15 December 1988
Joel Samoff
Marc Wuyts

2. A Project Study on the Future Development of Swedish
Public Administration Assistance in Tanzania

2.1. Origins of the Project Study

The Swedish International Development Authority has since the mid-1970s assisted Tanzania in the area of public administration. This support has primarily been in the form of assistance to specific projects based in the Ministry of Finance, Economic Affairs and Planning. In the beginning of the 1980s, these loosely related projects were organized into a more coherent sector program that emphasized support to central institutions in Tanzania with responsibility for planning and resource allocation. This orientation was re-emphasized in the present four-year agreement, signed in June, 1985.

The core concern of this support has been institutional development, including technical assistance, training, and to some extent, systems development. Programs currently supported include:

- Bureau of Statistics
- Tanzania Audit Corporation
- Debt Management (Bank of Tanzania)
- Treasury Computer Centre
- Institute of Tax Administration
- Budget Management
- Aid Coordination
- Treasury Training
- Collaboration between the Universities of Lund and Dar es Salaam
- Travel support for overseas student programs
- Personnel Fund
- Ancillary and incidental support

The cooperation strategy that was adopted in the beginning of the 1980s has gradually been implemented. Training Tanzanian staff has been a major part of this cooperation. For that training, concentration has been on in-service training and on strengthening local capacity. As well, organizational and systems development activities have been combined with the training programmes.

During the annual public administration sector review in Dar es Salaam, 12-19 April 1988, the fundamental idea underlying Swedish support--institution building--was again emphasized. Swedish support was intended to be long term, with external professional expertise used to fill gaps only where those gaps could be clearly located within a long term plan for training and development in a particular supported institution, department, or function.

The current agreement on Public Administration Assistance will expire in June, 1989. As an essential part of the preparatory work for a new agreement to begin on 1 July 1989, this joint study on the future cooperation in the field of public administration has been undertaken.

2.2. Participation in the Project Study

The principal external consultants in this Project Study have been Dr. Joel Samoff, a political scientist and educationist associated with Stanford University in the United States, and Dr. Marc Wuyts, an economist associated with the Institute of Social Studies in The Hague, The Netherlands. Dr. Samoff, the Team Leader, has been a student of the Tanzanian political economy over the past two decades, having begun his first research project in Tanzania in 1968. Dr. Wuyts was a member of the faculty of the University of Dar es Salaam from 1972 to 1976. Both Dr. Samoff and Dr. Wuyts have conducted research and taught on the political economy of Africa, and of the Third World more broadly. Both Dr. Samoff and Dr. Wuyts have also participated in the development of general guidelines for SIDA Public Administration support. In that context, Dr. Samoff recently completed, in collaboration with Jonathan Jansen, a critical survey of the general literature on decentralization ("Decentralization in Africa: Specifying Who Rules," 1988). Dr. Samoff and Dr. Wuyts have assumed responsibility for drafting the report of the Project Study.

The principal Tanzanian participants in this Project Study have been Mrs. Mary Marunda, of the Ministry of Finance, Economic Affairs, and Planning, and Dr. Cosmas Mogella, of the Department of Political Science, University of Dar es Salaam.

Björn Mothander, of Mothander Consultants, Stockholm, in collaboration with his colleague, Kristina Flodman, undertook a focused review of the experiences of institutional collaboration in public administration between Tanzania and Sweden. His analysis and findings are appended to this report as Appendix 3.

A list of the individuals consulted during the course of this Project Study is attached as Appendix 1.

2.3. Terms of Reference of the Project Study

The terms of reference for the Project Study were intentionally defined quite broadly. The major focus of the Project Study has been to develop a general overview of public administration support, both in the present and in the future. Although the Project Study necessarily reviewed the experiences of several of the supported projects, it was not intended as a formal or systematic evaluation of those projects. Rather, the task has been to provide a broad foundation for that detailed evaluation and for the specification of areas for future collaboration.

2.3.1. General Objectives of the Project Study

- To provide necessary basic information and background material to enable Tanzania and SIDA to identify and decide on areas and approaches for future long term cooperation within the public sector.
- To achieve this, to develop an analysis of the public sector and the prevailing administrative system, in relation to the Tanzanian economy more generally, with particular attention to the consequences for this sector

of the current economic crisis and the Economic Recovery Programme.

- To identify and analyze problems and constraints foreseen for the next 5-10 years within public service management, with particular attention to the shortage of local skills and measures for addressing that shortage.

2.3.2. Specific Tasks of the Study

2.3.2.1. Public Sector Mapping

- Noting the different organizations and institutions currently supported within this programme on central level (ministries, parastatals, university, and others).
- Noting the different organizations and institutions within regional and district administration. In this respect, particularly the different links between central and local government, that is, authority flow of funds, information, and services, as well as decentralization of developmental responsibilities should be considered.
- Describing the scope and responsibilities of the public sector vis a vis those of the private sector in the country, thereby outlining alternative scenarios for the future division of responsibilities and influence.
- Reviewing other donors' involvement in the field of public administration and identifying a methodology for co-ordination.

2.3.2.2. Identification of Problems and Bottlenecks within the State Administration

- Identifying problems and constraints hampering the efficiency of public service at present as well as taking a view of 5-10 years ahead.
- Considering ways and means to attack these problems and yield results in the short run and taking a view of long term development. Problems to be especially elucidated are for instance:
 - How to curb the ongoing brain drain--key personnel as well as other staff at all levels--from the public service.
 - How to tackle the low participation and development of women in the civil service and public sector.

2.3.2.3. Review of the Experiences of Institutional Cooperation [this objective to be completed by Björn Mothander]

The specific objective of this part of the study is to provide to SIDA information on the strengths and weaknesses of present institutional cooperation within the SIDA-supported projects.

Institutional cooperation has taken varied forms in the different projects. In some cases the cooperation is organized between institutions which in their respective national setup have similar duties; in other cases, the Swedish institutional partner is specialized in trans-

ferring competence through training and advisory services, for example, a consultancy organization. It is thus of importance to assess the respective advantages and draw-backs of these forms of cooperation in order to guide the Tanzanian authorities and SIDA in future similar arrangements.

One working hypothesis is that the corporate skills of a particular institution are better developed if a cooperation can be set up with an institution with similar responsibilities. Another hypothesis is that training and consultancy organizations are better qualified to provide institutional development in the form of transfer of knowledge.

The review shall also analyze whether the present training and methodology of transferring knowledge and advice is sufficiently realistic to be able to deal with the existing problems in the administration.

The work should be done by reviewing two of the projects which have received Swedish support, specifically, the Budget Management Project and the Bureau of Statistics, which represent examples of the two forms of cooperation described above.

The review shall

- Give a detailed historical account of the development of the two projects with particular emphasis on the objectives, how they have changed over time, and how they have been perceived by the key actors.
- Relate achievements to objectives as identified above. It may be necessary to make a selection of main objectives at a certain point in time in relation to achievements.
- Identify the principal actors responsible for planning and implementing the projects in Tanzania and Sweden. Actors should include SIDA and others responsible for the funding.
- Include interviews with actors as identified above about their assessment and analysis of strengths and weaknesses of the cooperation.
- Pay special attention to the methodology used for institution building, transfer of knowledge, and development of skills.
- Also contain, on the basis of the above, the consultants' independent assessment of factors vital for the success of the project as well as for their shortcomings.

2.3.2.4. Project Possibilities and Priorities

Develop an agreed specification of what constitutes the highest priority areas of attention.

- Noting, but not limited to, the projects, agencies, and institutions currently supported.
- Identifying areas and target institutions where support is judged to be of high importance.

- Recognizing that support for new projects may involve reduced or discontinued support for current projects.

2.4. Timing of the Project Study

The Project Study began with a briefing involving Dr. Samoff and Dr. Wuyts at SIDA, Stockholm, on Monday, 21 November 1988. Dr. Samoff, Dr. Wuyts, Ms. Marunda, and Dr. Mogella conducted interviews and discussions in Dar es Salaam from 24 November through 7 December 1988. Preliminary reports to the Ministry of Finance, Economic Affairs and Planning and to SIDA, Dar es Salaam, were presented on 8 December 1988. A fuller report of the Project Study is to be presented to SIDA, Stockholm, on 14 December 1988. The final report of the Project Study will be submitted by 15 January 1989.

It is important to note here that although our visit to Tanzania was brief, we were in fact able to accomplish much more than two weeks' work during our stay. The support we received from our Tanzanian collaborators, as well as Dr. Samoff's and Dr. Wuyts' extensive prior experience in Tanzania, and their long-standing personal relationships with numerous Tanzanians inside and outside the public sector facilitated a very productive use of the time available.

2.5. Organization of the Report

To highlight the integration of the several themes considered in this Project Study and to reflect the interconnections among its analysis, findings, and recommendations, this report is organized around the issues deemed most critical to future cooperation between Tanzania and Sweden in the area of public administration. Within each of those issue-focused sections, we review the salient dimensions of the issues discussed, and we relate the general discussion to cooperation between Tanzania and Sweden (both projects and process). Major observations and specific recommendations have been summarized in the final section of the report.

The appendices to this report include lists of the people consulted and the documents received during the Project Study, as well as Björn Mothander's analysis and findings.

3. The State of Management and the Management of the State

At first glance, management is the sort of activity that is precise and rational in character and that is better left to those with the relevant expertise. Even if that were desirable, it is not so. As those who undertake management responsibilities quickly discover, management is likely to involve as much coping and adjusting--what some scholars have called "satisficing" and "muddling through"--as precision and rationality. And in practice, most professional officers, from the middle to the most senior ranks, must be effective managers.

The genesis of this study lies in a concern among both Tanzanians and their Swedish counterparts that management in Tanzania has become simultaneously both more important and less effective. The common understanding suggests that

- Economic crisis increases the importance of effective management.
- Active managers are too often inadequately trained for their responsibilities, especially on the principles of economic rationality, with the result that policies are adopted without regard to their cost.
- Underpaid, managers flee public service.
- Those who remain focus more attention on supplementing their salaries than addressing their duties, or worse, divert public funds into private pockets. Civil servants have become, in this view, the urban chicken vendors, managing to meet expenses by raising poultry behind their homes or engaging in other entrepreneurial activities.
- With few incentives and low morale, unmotivated civil servants become apathetic and indecisive. Inefficiency becomes the norm and evasion of responsibility an accomplished art.
- Consequently, there is a breakdown in accountability throughout the public service.

We report this common view here not because we find it persuasive, but rather because how one conceives of the problem necessarily shapes the strategies adopted to address it, specifically programmes to strengthen the institutions of the public sector. Often, things are not what they seem. A major concern that has informed this study throughout is to expose myths and to query "givens." Critical understanding of the present situation is an essential foundation for planning for the future. Unfortunately, a good deal of what we need to know is simply not adequately documented.

A related concern that has also informed this study throughout is the tendency for international and perhaps especially bilateral cooperation agreements to relocate, often unwittingly, the initiative away from the African partner. Underlying our analysis and recommendations, therefore, is the understanding that the appropriate center of gravity for initiating, and then monitoring and evaluating, cooperative projects must lie within Tanzania.

In preparing this report, we have found it useful to organize our comments around the major issues we have addressed. That pattern reflects more clearly the concerns and thrust of our analysis than would a series of comments organized by the specific items of the Terms of Reference. Our central focus is on strategies for strengthening the public sector in Tanzania and on obstacles to that enhancement of institutional capacity. Accordingly, each part of our discussion--whether the specific topic is civil service wages or women in public service--should be read with that central focus in mind.

We begin, then, with attention to the state of management of the public sector in Tanzania. As our analysis proceeds, it will indicate that strengthening and improving public administration

requires recognizing that the state of management and the management of the state are inextricably intertwined.

ANALYTIC ISSUES

4. From Public Sector Support to Managing The Financial Sector

4.1. Public Administration: Terminological Confusion

The terms "public administration" and "public sector" have proved confusing and somewhat misleading to most of the people with whom we have spoken, since the cooperation has in fact involved projects associated with the Ministry of Finance, Economic Affairs and Planning. The public administration of course is much wider, including both central ministries and the various institutions of local government. Many would include the parastatals within the public administration.

Several people, both Tanzanians and Swedes, described "public administration" as a residual category for SIDA: a label for projects that did not fit well elsewhere and that seemed to have little explicit connection with each other. That perspective is an important one, since it helps to explain the apparently limited Tanzanian involvement in the sector as a whole. That is, although there was clearly deep involvement in particular projects, we found it difficult to identify individuals who felt more than formal responsibility for the entire sector. Indeed, there was limited participation from the Ministry of Finance, Economic Affairs and Planning in both the briefing at the beginning of our visit to Tanzania or the presentation of our Preliminary Report at the conclusion of our visit. As we shall suggest below, that poses broader problems. Activities in which there is little local involvement are unlikely to be successful, and there is little prospect of promoting deeper involvement in what is perceived as a residual category.

It is important, therefore, to define purposefully this cluster of projects. That may require a new conceptualization of their connections, and perhaps the creation of a level of activity somewhere between sector and project. Without such a redefinition, it seems likely that this "sector" will be regarded as a catch-all, for which no one will be prepared or able to take overall responsibility. Hence, if the cooperation is to continue largely in its current form, it is important to re-label this programme, perhaps to be identified as Financial Sector Support, or Financial Management Support (a proposal we shall elaborate below).

Having said that, we also want to note that there may be projects worth pursuing in their own right that do not fit neatly in a particular sectorally defined category. For example, to complement current cooperation in several areas, it may prove important to support specific efforts, say, to promote citizen participation in development planning. It may be useful, therefore, to retain what is essentially a miscellaneous category, clearly identified as Other Projects.

4.2. Mapping the Public Sector

Initially we anticipated developing a description of the entire public sector. It quickly became clear that "mapping" the public sector in that sense was not a fruitful exercise. That is so for four major reasons, two more obvious and two less so. First, SIDA's support has not extended to the far corners of the Tanzanian public administration, and, as we suggest below, it seems undesirable that it do so in the foreseeable future. Second, the Nsekela Commission has recommended substantial changes in the organization of both central and local governmental institutions and responsibilities. Although we learned informally that some of those recommended changes may soon be implemented (for example, detaching Planning from the Ministry of Finance, Economic Affairs and Planning and creating an extra-ministerial Planning Commission, to which the Manpower Planning Department of the Ministry of Labour, Manpower Development and Administration may be attached), we were not able to consult the report of the Nsekela Commission. Consequently, it is simply not possible to map the public sector in a form likely to assist the specification of future cooperation between Tanzania and Sweden in this area. As well, it seems desirable to focus Swedish support on strengthening institutional capacity in the management of the public finance.

A third reason for not pursuing the initial detailed mapping plan stems from the danger that concentrating on formal organizational relationships may obscure the actual behaviors that are of greatest interest. Since the most important connections in the public service are often those that appear on no organizational chart, we were loathe to invest additional energy in mapping formal relationships just as we were discerning the importance of informal relationships.

Finally, the complex interpenetration of government and party in contemporary Tanzania must be reflected in a map of the public administration. The Chama Cha Mapinduzi has its own civil service that in some circumstances undertakes the activities in which the government is also involved. The internal organization of the party is also currently being revised. Hence, to construct an organizational chart of the actual public sector at this juncture would require a more thorough investigation of the party structure--a study we were not charged to undertake--and would in any case be misleading in suggesting a continuity of organizational relationships rather than the substantial reorganization that is currently in process.

Our general conclusion in this regard is that Tanzania and Sweden should focus the next cooperation agreement on supporting the achievement of functional objectives rather than specific institutions or institutional levels in the Tanzanian civil service. For example, if it is determined that budget management warrants continued support, that support should be focused on strengthening those institutions, or sections, responsible for budget management--in the Ministry of Finance, Economic Affairs and Planning, in relevant sectoral ministries, in regional and local government, and perhaps in selected parastatals. In that way, the support is focused on achieving the functional objective of improving budget

management rather than on strengthening a particular ministry or local government more generally.

4.3. From Supporting the Public Sector to Managing the Financial Sector

4.3.1. Support to managing the financial sector

As we have noted, SIDA's support to public sector management has historically been linked with the Ministry of Finance, Economic Affairs and Planning and has concentrated on strengthening specific institutions of financial management and planning (and related tasks such as statistical data collection). The question arises whether future support to public sector management in Tanzania should maintain this focus on managing the financial sector, or whether it should aim at a broader scope of activities concerning public sector management?

It is our view that in the present conjuncture of economic crisis and the Economic Recovery Programme the continued support to strengthening the management of the financial sector is a useful priority to maintain and to develop.

At one level the rationale for this argument is that it would not be desirable for SIDA to spread its involvement in support to public sector management too thinly over a wide range of sectors. It appears most fruitful to build up a capacity within a more closely defined field and to use past experience to advance in the future.

The focus on the financial sector is as well important in its own right. In a period of economic restraint the need for careful financial management becomes an overriding priority in overall public sector management. Furthermore, there is also the strong tendency to establish a clear link between public sector performance and financial imperatives. Finance matters a great deal, and the capacity for financial management becomes a necessity for the public sector at large. This argues for the need to concentrate support in this area, but it also raises complex questions on the nature of such support.

Furthermore, in a changing context for the respective roles of the public and private sectors as well as for the mode of operation within the public sector, the demands on the state's ability to manage the economy through financial and fiscal mechanisms tend to increase, not decrease. The tendency is to shift away from direct administrative controls over allocations to more indirect forms of management through monetary and fiscal policies. Also, at the micro level there are likely to be changes in the extent to which the production of goods and services within the public sector are to be self-financing and subject to a hard budget constraint imposed by market forces. Those changes will have direct implications for financial management and its relation to the effectiveness of providing social goods and services.

4.3.2. Supporting the management of the financial sector: a complex task

In a period of economic restraint the manner in which the relationship between finance and performance is restructured is a key issue. Public sector management needs to come to terms with financial imperatives, but a narrow conception of financial management may easily lead to defining public sector performance purely in financial terms. Managing under financial restraint may easily become transformed into finance as the sole criterion for assessing managerial efficiency (and hence, the basis of accountability for public sector performance). We address this concern below.

The challenge this poses to SIDA's support programme to the financial sector is considerable. As we understand it, the primary aim of SIDA's support programme consists in institution building rather than achieving the production of immediate output (although the latter is clearly important). That is, the basic concern is with strengthening the institutional capacity to undertake financial management within the Tanzanian public administration. This involves defining clearly the interrelationship between the scope of financial management on the one hand, and its institutional setting(s) and the institutional environment in which it takes place on the other hand.

4.3.3. The institutional setting of financial management

Locating the institutional emphasis for supporting financial management will depend on the underlying conception of financial management. As will be argued below, if finance becomes the overriding objective, the tendency in Tanzania will be to locate financial management centrally and to define performance criteria largely in financial terms. If, on the other hand, the basic conception is one which defines performance in terms of broader criteria--including especially the provision of specific services--the key issue becomes one of managing public sector output under financial restraint. This requires more emphasis on both the coordinating and directing capacity at the center as well as on the sectoral and local capacity to manage services within a clear conception of cash planning. That is, the institutional settings of management systems and their interconnectedness will differ depending on the underlying conception of the definition of public sector performance and the role of finance therein.

A broader conception of public sector performance and its relationship to financial management requires that support programmes be aimed at strengthening simultaneously the central capacity to coordinate and manage as well as the sectoral and local capacity to manage the provision of public goods and services within a financial imperatives. Since competent financial management is not solely the concern of the Ministry of Finance, Economic Affairs and Planning, relevant support programmes will need to include other institutions as well.

4.3.4. Strengthening institutions: environmental conditions

In strengthening specific institutions with respect to financial management it is important to recognize that these institutions do not exist within a vacuum and to assess their wider institutional environment. In this report we shall also draw attention to some of these environmental conditions which influence institutional performance. Critical in this respect are the incomes of public sector employees and their complex interaction with public sector performance. This affects as well a wide range of other issues, including public sector efficiency and accountability and facilitating the advancement of women within the public sector.

5. Dimensions of Managing the Financial Sector

5.1. Economic Crisis and the Economic Recovery Programme: the Changing Environment of Public Administration

To assess the relevance of SIDA's support programme to public administration (and specifically to the financial sector), it is important to take account of the rapidly changing economic, political, and social environment in Tanzania. Clearly, the general background is the economic crisis of the 1980s and the Economic Recovery Programme (ERP), and its predecessors, the National Economic Survival Programme and the Structural Adjustment Programme, in recent years. These programmes have been studied and widely debated; their broader characteristics need not be elaborated here. However, the economic crisis and the ERP have undoubtedly brought about a changing environment for public sector management, affecting both its scope and its organizational dynamics. It is with these latter aspects, and specifically with their implications for SIDA's support to the public sector, that we are concerned in this report.

In fact, SIDA's support to public administration in Tanzania reflects a need to respond to the changing demands placed on the public sector. On the one hand, that support has included programmes intended to restore or preserve essential management-related tasks linked with the Treasury. The impact of the economic crisis on public sector resource availability and performance severely threatened the ability to accomplish these tasks. On the other hand, any period of economic constraint typically places greater demands on the public sector's ability to manage, and hence requires the development of enhanced management-related skills and capabilities.

The changing environment brought about by the ERP in a context of economic crisis is characterized by four major trends that affect public administration in general and public finance in particular.

5.1.1. The changing role of the state

In this context, there has emerged a more questioning view of the state: from a sense of the state as the unquestionably active and dynamic agent of development to a more limited and skeptical

view of the appropriateness of public sector involvement in various domains (economic and social) as well as of the state's inherent capability to manage the provision of public services. This more questioning view of the state has been stated repeatedly in the course of our interviews. A few examples illustrate the point:

- A senior official of the Treasury argued that people have come to expect too much from the state in terms of providing social services. Similarly, he argued, parastatals should be made to operate in a more commercial environment without the implicit expectation that the state will come to their rescue whenever the need arises. It was necessary, he concluded, to reduce the role of government in the economy and society as well as to introduce user charges for specific social services.
- An economist at the University of Dar es Salaam used the concept of the "soft state" to stress the inability of the state to manage effectively the production of goods and the provision of services as well as to implement public policies more generally.
- As several people noted, the lack of accountability of the public sector was explicitly put on the public policy agenda following the Presidential address of June, 1986.

In summary, there has been a noticeable shift towards the view that the public sector has become an overgrown bureaucratic structure virtually unaccountable for its actions. Consequently, there is a widely articulated demand for administrative reform concerning both the scope and modus vivendi of the public sector in the economy and society.

5.1.2. The shift in emphasis towards a greater concern with economic rationality (efficiency) in public sector management

The economic crisis and the ERP have generated a demand for greater emphasis on an economic (if not, more narrowly, financial) orientation, and concomitantly, the expressed need for more attention to the economic viability of public sector activities (defined in terms of this orientation). Cost-effectiveness and the importance of financial indicators (that is, the concern with controlling expenditures) become the overriding concerns to which the provision of public services becomes subordinated.

- A senior civil servant in the president's office put this issue as follows: the expansion in public sector employment has been out of line with the much slower or lack of growth in its output. A major concern at present is the size of the public sector deficit which needs to be brought under control. This official quoted the Nsekela Commission's call for a compact, efficient, and committed civil service as a principal task to be accomplished. The major issue, he argued, concerned how

to make the performance of the civil service have a positive influence on the economy.

- A senior official of the Treasury put forward the demand for economic rationality more forcefully. He argued that at present there was no compelling force to insure that the behavior of 'spending' ministries be cost effective. Hence, in his view it is necessary to locate initiative and control within the Treasury (a controlling rather than spending ministry) to insure that economic rationality would be the primary criterion in determining public policy. Also, he argued, the political and administrative leadership lacks essential knowledge of economic management. Professionals should press for greater awareness of the importance of economic management and should be given room to do so by making greater use of advisory teams of independent and competent economic experts.

- 5.1.3. The erosion in the real incomes of civil servants and its implications for the morale of the civil service as well as for public sector performance.

Two related issues are important in this respect. First, we must understand clearly the extent to which public sector employees depend on activities outside the public sector to assure an acceptable livelihood. Second, we must also understand clearly the interrelationships between salary levels and the various incentive payments on the one hand and public sector efficiency on the other. That is, we must explore the extent to which low salaries have become a major source of low productivity in the public sector. This is an issue that has been raised repeatedly at various levels in our interviews. It is as well a topic of great concern to SIDA officials (see, for example, the recent paper by Lennart Wohlgemuth).

- 5.1.4. The increased policy role of foreign assistance agencies

These three elements (5.1.1-3) which characterize the changing environment in which the public sector operates need themselves to be situated in a context where foreign assistance agencies have assumed a more prominent role in recent years. This is the case in a double sense: directly, in the case of International Monetary Fund and World Bank conditionality, which shapes the overall context of macro-economic policy making and influences the direction of administrative reforms. As well, as foreign assistance agencies providing significant aid to the public sector in the form of import support and concrete projects, their actions indirectly influence, and are conditioned by, these issues of public sector management. This is even more important where such projects involve support to public administration itself. This in itself provides a complex arena in which appropriate donor action is to be developed.

5.1.5. Financial management and overall policy making in a situation of economic crisis and recovery programme

As the ERP has shifted the center of gravity towards financial management, the financial sphere has increasingly come to dominate. This is in part a necessity that results from the overall context of managing under economic constraint. It also involves the danger that finance becomes the end in itself, rather than a means to an end. That is, the dominance of financial concerns entails the danger that public sector performance be assessed purely in financial terms, rather than in terms of providing public services under financial constraints. This distinction--assessing the public sector's ability to provide services in a situation of economic constraint rather than assessing it more narrowly in terms of the cost effectiveness of the public sector--is a critical one in the formulation and implementation of a programme of cooperation in the area of financial management between Tanzania and Sweden.

We seek here to link a broader conception of financial management with the need to achieve tighter financial control in planning public expenditures. A period of economic constraint undoubtedly implies the need for greater cash planning as a means to set priorities and choices with limited cash resources. In that setting, however, it is essential to avoid the tendency to define financial planning as centrally imposed cash limits.

The understanding of efficiency in the public sector is of central importance here, as is accountability in public sector performance. We deal more fully with these issues below. Our concern will be to caution against simple definitions of efficiency as well as to establish accountability as a relationship that involves both accounting (and the definition of its content) and holding to account (and the effective power to sanction). We will also be concerned with distinguishing between responsibility and responsiveness in public sector management.

Before turning to these critical areas, however, it is important to address the erosion of public sector incomes and the proposition that the primary source of civil servants' incomes is increasingly located outside the public sector. We shall argue that this proposition is misconceived and that it fails to address the critical issues. Although discussing the sources of civil servants' wages may seem at first glance to be somewhat distant from our central concern with support to the public administration, a clear analysis of this situation is an essential foundation for assessing the relationship between earnings and efficiency in the public sector.

5.2. Salaries and the Livelihood of Public Servants

It is undoubtedly the case that the prolonged economic crisis of the 1980s has adversely affected the levels of real incomes of most strata in Tanzanian society. This is also the case for the civil service. The issue we address here concerns whether public sector employees have effectively come to depend on activities

outside the public sector for their survival. The argument--which is commonly accepted within the civil service as well as within the donor community--runs as follows:

Historically, the crisis of the 1980s brought about a substantial reduction in the real incomes of civil servants. In the years up to the ERP this reduction in real incomes was mainly experienced as a sharp reduction in the availability of commodities in general (and specifically, in official markets), and the negative income effect resulting from the inflation of prices in the parallel markets. This brought about a flight from the civil service, and for those who remained, a demoralization within the public service. Civil servants increasingly sought to supplement their access to money and goods by engaging in side activities (poultry farms, vegetable gardening, transport, and the like). The ERP has increased the availability of goods within (liberalized) markets, but real incomes of civil servants declined drastically, since salaries did not keep up with the steep rise in prices as the exchange rate was adjusted downward. Salary levels for all strata of the civil service can no longer provide adequately for the livelihood of government employees and their families. In fact, a declining proportion of the expenditures needed to sustain a family is provided by the salaries earned in the civil service. This further propelled public sector employees at all levels to try to improve, or even maintain, their standard of living by engaging in activities outside the public sector and consequently devoting less energy and attention to their work, resulting in increased absenteeism and reduced productivity.

Stated in this way, this argument points to a malaise in the public sector resulting from the fact that income from public sector employment becomes an increasingly marginalized component of the livelihood of public sector employees.

This argument, we believe, is only partially accurate. Our research and interviews lead us toward a rather different understanding. It is important to stress here, however, that we have not been able to substantiate our analysis with sufficient empirical evidence. Indeed, as far as we are able to determine, the necessary empirical evidence simply does not exist.

Our understanding involves two basic propositions:

- 5.2.1. The ERP has brought about a considerable divergence between the formal salary structure in the civil service and the effective structure of nominal earnings of civil servants. This is partly the result of the introduction of a programme of incentives which greatly overshadows formal salary levels. More broadly, this results from a generalized practice of finding avenues to convert public expenditures into private incomes.

- 5.2.2. The capability of civil servants to develop profitable endeavors outside the public sector to substitute for or significantly supplement public sector earnings is often severely overestimated, and its relationship to public sector earnings is misunderstood.

In short, civil service salaries have come to have two components: an official salary set by government or parastatal directive, and an unofficial salary composed of various allowances and supplementary payments. In practice, it is these allowances and supplementary payments within the public sector that provide the bulk of civil servants' incomes, and not private entrepreneurial activities outside the public sector.

The first proposition (5.2.1) points to a situation stemming largely from the ERP in which the official salary structure is no longer reflective of real earnings within the public sector. The numerous allowance and incentive payments (which are highly differentiated by level within the civil service itself) boost the effective nominal earnings far beyond the official salary.

- A senior official in the president's office explained differentials in these payments. Lower level civil servants rely heavily on the lunch allowance (paid to civil servants who work overtime) to supplement their income. Although the amount of the lunch allowance depends on level within the civil service (higher level employees receive a larger allowance), frequent overtime can generate income equal to or surpassing the basic salary. Higher level civil servants are more likely to depend on travel allowances (for internal and overseas travel) and on transport and petrol allowances to expand nominal earnings to several times formal salary levels. This official reported that he had seen legitimate claims for allowances of TShs. 45,000 per month, and at least one instance where the claims reached TShs. 100,000 per month (formally, the highest civil service salary is approximately TShs. 8,000 per month).
- Parastatal employees, whose situation we did not explore as fully, are eligible as well for various incentive payments, depending on both their own activities and the apparent profitability of their employing organization.

This situation is even more complex if one takes account of donor activities. Donors influence the effective structure of earnings in several ways:

- Within aid projects donors may employ these allowances and incentives to encourage greater commitment for their projects. Since donor financed projects tend to have more resources than other activities, there may emerge a sharp discrepancy in the total volume of such payments between donor funded and other undertakings.
- Donors can contract local consultants from within the public service for payments well above their normal salaries.

- In at least one instance (the Programme Management Unit of the Ministry of Agriculture, subsequently moved to the Treasury), even formal salaries were increased for the duration of a project.

There may as well be secondary sub-contracting within the public sector. For example, a local consultant for a donor agency may sub-contract typing to a government secretary after office hours. Although the income thus earned is legitimately private income, it could not be earned without the secretary's access to typewriters and perhaps other office equipment. Similarly, a local consultant may hire research assistants, or data collectors, or programmers. Although their incomes too are legitimately private, those incomes are possible precisely because the people involved are public sector employees and because they have access to public sector facilities. Primary school teachers may similarly increase their incomes by providing private tuition for a fee. The difference in that case, however, is that while the school teachers are paid from private funds, the typists, programmers, and the like are paid (indirectly) from public (including donor provided) funds.

Our brief visit did not permit us to document adequately the sources of funds for these extra-salary payments. Indeed, it is unlikely that the necessary documentation currently exists. When the relevant evidence is gathered, it may turn out that foreign assistance agencies play a major role in closing the gap between the volume of these extra-salary payments on the one hand and the funds allocated to specific ministries and departments on the other.

Just as there is ample evidence of substantial direct and indirect supplementary payments within the public sector, there is also good evidence that earnings by civil servants entirely outside the public sector are generally overestimated. The common examples here are poultry farming, vegetable gardening, and transport. Engaging in such activities at the scale necessary to provide regular substantial salary supplements requires access to resources which are beyond the reach of most public sector employees, and especially those at the lower levels. Poultry farming, for example, requires sufficient capital to secure the initial flock, access to ready capital and perhaps foreign exchange to insure the reliable procurement of feed (regularly in short supply in recent years) and veterinary medicine, stable marketing arrangements, and reliable transport. Although it is not uncommon for civil servants who travel overseas to return with a pickup truck or other vehicle intended for commercial use, in the absence of continued access to capital and perhaps foreign exchange (for regular maintenance in a situation where roadways are poor and overloading is common, for major repairs and spares, and for replacing the vehicle, perhaps within a few years of its acquisition), the profitability of that vehicle will decline sharply.

For those civil servants with access to sufficient capital to engage in such activities, the source of their capital is usually within the public sector. For example:

- an overseas scholarship that permits civil servants to acquire basic equipment and foreign exchange;
- preferential access to government distribution channels; and
- receipt of various allowances and incentive payments that provide continued accumulation of working capital.

In short, lower level civil servants are unlikely to have access to sufficient capital (whether to use directly or to hire others) to reach much beyond limited small-scale gardening and food preparation. And higher level civil servants who have substantial incomes from outside the public sector are able to do so precisely because of their positions and extra-salary payments within the public sector.

While incentives payment can constitute an important stimulus for enhancing public sector productivity, there are potentially serious problems about the present system, in which extra-salary payments may far exceed formal salaries.

- The effective levels of income and its distribution of within the public sector are essentially unknown.
- The income tax structure bears little relation to actual incomes. In practice, a highly progressive tax system may well have become regressive, since allowances, incentive payments, and other extra-salary earnings dependent on public sector service are not taxed.
- Within the public service, an informal market based on public expenditures (including donor funding to the public sector) has emerged which may divert human and other resources away from more general task and towards those tasks that are attractive because they carry extra income. That is, certain projects or activities may deflect resources and time away from other, possibly more important or even essential, activities. Similarly, donor agencies may compete for the services of local professionals within the public sector, drawing them away from their primary public service tasks. All of this may lead to the fragmentation of public sector activity as a result of the operation of parallel earning circuits within the public sector and between the donor agencies and the public sector.
- This practice may well fuel an attitude among civil servants that public expenditures provide a legitimate source of income. Public sector equipment and/or resources may be used to generate private incomes. In this case, public sector resources are used as a means to sustain remunerative activities outside the public sector. The recently expressed concern about the misuse of the civil service car loan scheme refers to this practice (Tanzania Sunday News 4 December 1988). Or, public expenditures may increase income directly, as is the case for allowances and incentives (and perhaps

other, illegal, forms of diverting public expenditures toward private pockets). This may lead to misdirected entrepreneurship within the civil service aimed at finding avenues to boost private incomes from public expenditures. Since such expenditures need to be authorized within the established civil service hierarchy, this practice may easily lead to patronage and corruption.

- Finally, where extra-salary payments from a foreign assistance agency are the major source of earnings, the paymaster--rather than the Tanzanian government or the Tanzanian people--may come to command a civil servant's major attention and perhaps even primary loyalties. Although this re-direction of attention and loyalties may be difficult to discern, it is surely undesirable. Even the donor agency is poorly served: purchased attention and loyalties are capricious and unreliable, rarely enduring beyond the last payment.

Thus, while it is true that most civil servants cannot really survive on their formal incomes derived from public employment, it would be incorrect to deduce from this that civil servants have come to rely principally on activities outside the public sector. Rather, most civil servants appear to depend on public expenditures to supplement their incomes, either directly (public expenditures as a source of income) or indirectly (public resources used to generate private income). This situation entails the danger that it erodes the cohesion of public sector action and adversely affects public sector ethics. It is likely to produce a civil service that is neither compact nor committed and that is, as we shall argue below, hardly likely to be efficient.

The major implication of this finding is to suggest the importance of developing a comprehensive salary policy that recognizes the primary dependence of civil servants on income from public service on the one hand, and on the other hand that draws a clear dividing line between salaries and other forms of public expenditures, rather than allowing the boundary to become blurred by various types of hidden incomes.

In this regard, it is important to note again that donor agencies play an important role in this process of the progressive divergence between formal salaries and effective earnings out of public expenditures (including donor funding).

- Donor agencies are naturally interested in the successful execution and completion of their projects and may find it easier to enlist the commitment of Tanzanian staff by taking relying on extra-salary payments. This practice, however, makes it more difficult to phase out projects due to the impact of the termination on the incomes of colleagues within the Tanzanian civil service.
- Donor agencies may find it useful to engage senior Tanzanian public servants as consultants to acquire general information about the Tanzanian political economy as well as to secure reports on specific policies, or pro-

grammes, or projects. Subcontracting these consultancy fees may then produce a multiplier effect through the engagement of assistants, programmers, typists, and the like--all with public sector resources. Not only are these expenditures difficult to trace in a normal accounting system (and they rarely show up on the income side of the ledger), but these arrangements may divert civil servants (both the senior consultants and the assistants they employ) from the very tasks necessary for the successful completion of the donor-funded project.

Our point here is not that foreign assistance agencies should not provide allowances or make incentive payments. Nor is it that donor agencies should not enlist the services of local consultants drawn from the civil service. Rather, our point is that where extra-salary payments constitute the dominant component of public employee earnings, these practices effectively make a significant group of higher level professionals within the public service dependent on donor agencies for their livelihood. Foreign assistance agencies already have considerable influence on domestic policies through the resources they command, and the danger of displacing the initiative away from Tanzania is always present. If this is further compounded by the fact that an important part of the high level civil service comes to depend on donor agencies for their income and therefore may, perhaps unwittingly, relocate their loyalties toward the provider of their major income, it seems to us that the cohesiveness of state action may well be further eroded. Over the long term, this strategy of securing assistance and promoting more energetic implementation may come to undermine the very purpose for which it was initiated: improving the quality and performance of the public administration itself.

Clearly, addressing this situation in a comprehensive way must be a function of Tanzanian policy and not individual donor action. SIDA can, however, support the formulation of policies in this area in three ways. First, SIDA can discuss explicitly with the Tanzanian government the implications of current (and future) remuneration schemes. Second, SIDA can extend the consultation it has begun with other foreign assistance agencies to include explicit discussion of the various forms of extra-salary payments and their negative consequences with the goal of developing a common system that is consistent with Tanzanian policy. Third, since there is little documentation on these arrangements, SIDA can support applied policy research to permit gathering the necessary information. Below, we propose that the new cooperation agreement include a fund to support applied research.

5.3. The Pursuit of Efficiency and the Efficiency of that Pursuit

Both in Tanzania and in Sweden the efficiency of the public sector is a prime concern. The common view is that the level efficiency is very low. That is especially troublesome in an era of economic crisis, when it is particularly important to rationalize and maximize the impact of scarce resources.

5.3.1. The tendency to define (and measure) efficiency narrowly

Assessing efficiency in the public sector is extraordinarily difficult in the best of times. At issue, of course, is what, exactly, is meant by public sector efficiency. In practice, efforts to improve public sector efficiency in an era of economic crisis tend to narrow the understanding and specification of efficiency.

- «Efficiency» comes to be defined as «measurable efficiency». That reflects the notion that 'the only things that count are things that can be counted.' Activities that are not easily quantified tend to be ignored.
- Since costs are generally more easily measured than benefits, the pursuit of efficiency becomes a «search for economies». Cost-effectiveness emphasizes cost rather than effectiveness.
- Since economic costs are generally more easily quantified than social costs (which are usually treated in this context as externalities), cost-effectiveness becomes «financial cost-effectiveness».
- On the output side, proximate short term benefits are generally more easily measured (or approximated) than long term benefits, with the result that performance criteria are tilted toward the near future.
- Since financial benefits are generally more easily measured than broader social benefits, financial surpluses, rather than improved well being, become the primary indicators of public sector performance.

These pressures toward a narrowed specification of public sector efficiency foster a technical or mechanical orientation toward increasing that efficiency. There is an inclination to believe efforts to improve efficiency should focus on the 'correct' institutional arrangement, or training program, or reward structure, at the expense of attention to the entire work environment, to the involvement and commitment of civil servants, to participation in decision making, to accountability, and to responsiveness to the public in general.

In short, the concern with improving efficiency has largely lost sight of the primary role of the public service: public service. In our view, it is essential that efforts to improve institutional capacity, including improved efficiency, must be conceived and assessed (and measured) in these terms: provision of services to the public and, over the long term, improvement in the public's standard of living.

5.3.2. Proposals to improve efficiency

Throughout our interviews, proposals for improving efficiency in the public sector fell into three broad categories:

- tighter economic (which was usually taken to mean financial) management;
- tighter central control exercised by a small group of better trained managers; and
- provision of incentives, usually in the form of extra-salary payments, to civil servants.

Each of these is, in our view, flawed and misdirected. Indeed, to pursue them energetically is likely to reduce, rather than increase, the efficiency of the public administration.

5.3.2.1. Tighter financial management

As we have noted, defining efficiency narrowly means that criteria for efficiency are largely specified in economic, or more often, financial terms, and that financial indicators come to be the only acceptable indicators of public sector performance. The need for a broader assessment of public sector performance based on effectiveness in providing services and goods then becomes overshadowed by the more narrowly conceived financial calculus. The inherent danger in this is that finance becomes the end, rather than the means to an end. Planning for the effectiveness of the provision of social services and public goods in a situation of financial restraint can easily turn into a preoccupation with generating financial surpluses per se. That in turn focuses primary attention on imposing reductions on sectors whose benefits cannot easily be quantified or realized in monetary terms.

It is essential, therefore, that in developing support to public sector financial management a broad perspective on financial planning be maintained. This has implications for the scope and organizational location of such support programs, the issue we turn to next.

5.3.2.2. Central control by a core of highly trained managers

Many people with whom we spoke asserted the necessity of tighter central control and of focusing training programs on small group of highly skilled, centrally located managers. Their orientation is toward strengthening the 'controlling' institutions to enable them to limit the 'excesses' of the 'spending' institutions. (Although we put these issues sharply below, it is of course the case that the people with whom we spoke were aware of the broader issues involved. For most, the issue was emphasis on a particular orientation without excluding other concerns. Nevertheless, relative emphasis is a matter of substance, not simply preference, and is closely related to one's understanding of public sector efficiency.)

- A senior official of the Treasury stressed the necessity of strengthening central management capabilities within the central ministries--first the Treasury itself, followed by the Ministry of Local Government and Cooperatives and the agencies responsible for overseeing local government finances. In his view, an effective strategy for improving efficiency requires locating the initia-

tive firmly within these ministries and training and equipping a team of high level experts within those institutions.

- A senior civil servant in the president's office also stressed the need for the central capability to undertake high-level policy analysis and monitoring. In conjunction with the development of better management information systems (whose primary task is to provide better information to central managers), centrally located analysts can insure improved public sector performance.
- A senior economist at the University of Dar es Salaam also stressed the need for schooling top-level analysts in macro-economic management as a priority an effective program to improve the efficiency of the public sector.

In our view, this, too, is an unfortunate narrowing of the issues. As the current Budget Management project shows, central managers are dependent on the quality of management, decision making, and information processing in sectoral and local institutions. Put sharply, for central financial management to be effective, there must as well be effective financial management in the supporting institutions. In the Tanzanian context it seems unlikely that central institutions can manage these tasks, or even control their management. Hence, improving the efficiency of the public sector cannot rely entirely on central institutions or on a highly trained managerial elite. Rather, it requires strengthening management capabilities simultaneously at central, sectoral, and local levels.

We did find support for this view in our conversations in Tanzania and Sweden.

- Officials of the Budget Management project, while agreeing with the need for enhancing the central management capability of the Treasury, argued that it was essential to develop sectoral and regional financial management capabilities in order to shift the emphasis toward enhancing sectoral and local performance rather than merely controlling expenditures. Rather than imposing cuts on spending plans generated by sectoral ministries, the need, in their view, was to assist sectoral ministries to acquire the skills necessary to plan services within financial constraint, that is, to make cash planning an integral part of assessing priorities and expenditure plans at the level of each sector or locality.
- A Swedish consultant in the Foreign Debt Management project of the Bank of Tanzania argued that central management and centralized management information systems do not really work unless they interconnect with and are based on decentralized levels of managerial capabilities (and management systems). She argued that management is an integrated process of managing policies and implementation at different levels, rather than a

separation of central management from lower level implementation.

Note here the sector-specific character of public service efficiency, which requires a solid knowledge of the type of services provided, the process of setting priorities and making choices particular to that sector, as well as the different costs components unique to that sector. This sectoral specificity highlights the importance of assessing public sector performance in more than financial terms. It highlights as well a conception of central management as the allocation of financial resources across sectors according to relevant policy decisions, an allocation whose effectiveness is ultimately dependent on both solid managerial support from and at sectoral and local levels.

Note too that one implication of the Swedish consultant's comments is that it is distinctly inefficient to distinguish rigidly between policy analysis, formulation, and monitoring (usually located at the higher or central level) on the one hand, and on the other policy implementation (usually located at the subordinate or local level). Instead, it is important to understand that policy analysis, formulation, monitoring, and implementation occur simultaneously at different levels and that, therefore, management skills are necessary at all of those interconnected levels.

Hence, although it is common to distinguish between policy analysis and policy implementation, in practice they are rarely clearly separated, especially in the management of the public sector. Effective management requires choices, which precludes separating implementing policy from policy analysis and policy making. Effective civil service implementors must be able to analyze the policies with which they work, and effective policy makers must address directly issues of implementation. It is important, therefore, that relevant training programmes recognize the integration of policy analysis and implementation rather than emphasize their separation.

We therefore recommend that specific consideration be given to conceptualizing future public sector support programmes in these terms and that priority be assigned for those programmes which aim to strengthen public sector management simultaneously at its interconnected levels of operation. The Budget Management project is, we think, a good example of this principle. In the future, local government as well as sectoral ministries will need to be involved in such efforts.

5.3.2.3. Incentive payments to improve efficiency

As we have noted above, we have frequently encountered the claim that motivation in the public sector has declined considerably since civil servants must resort to a variety of additional activities in order to make ends meet. Above, we argued that although formal salary levels were indeed insufficient to make ends meet, most civil servants do rely on extra income derived directly or indirectly from public sector expenditures to get by.

In that discussion, we noted several consequences of this reliance on extra-salary payments, some of which clearly negative-

ly affect efficiency in the public sector. The key issue is not that public sector expenditures provide incomes for public servants over and above their formal salary levels. Rather, the issue is that quite a lot of effort and energy is devoted to exploring avenues to secure that supplemental income and that this process seriously erodes civil service ethics by fostering the sense that public expenditures are a legitimate source for additional income. This tends to erode the cohesiveness of government action and to lead to the diversion of time and energy toward areas of action that may be of secondary importance.

Hence, what is most important is not that civil servants have low (public sector) productivity because they are continuously engaged in activities outside the public sector that absorb their time and energy. Rather, these other activities appear to be mainly located within the public sector and within the realm of public expenditures. The demand for cost effectiveness becomes hollow if costs are a source of income and if public sector resources are frequently directed toward those incomes.

The argument that incentive payments improve productivity is unsupported in these circumstances. Indeed, a reduction in productivity seems the more likely outcome. That is, it is more likely that the existence of these parallel circuits within the public sector produce distortions that adversely affect performance.

- A donor funded project may be able to achieve greater productivity in the short term by making full use of the available set of incentive payments, but this may be at the expense of reduced productivity elsewhere. Furthermore, phasing out a project may become nearly impossible if its termination requires eliminating the incentive payments.
- Linking incentive payments to the ability of a specific institution to afford them may also produce considerable distortions in productivity and performance. For example, the SCOPO directives on incentive payments for parastatals clearly links these payments to the requesting organization's ability to finance them. The underlying rationale presumably is that parastatals with financial surpluses should be rewarded (and that those that do not produce financial surpluses should be penalized). However, those parastatals that provide social services (for example, hospitals, or training institutions) are unlikely to generate financial surpluses. In contrast, the Bank of Tanzania is a very desirable employer, due to the incentives it pays out of its 'financial surpluses.'
- Incentive schemes of the sort currently employed in the Tanzanian public sector assume that efficiency is a function of individual behavior. Although individual behavior can of course have significant impact on efficiency, it is not at all clear that the primary obstacles to improved efficiency in Tanzania are individual rather than institutional or collective. As well,

the ideology of ujamaa asserts the importance of understanding outcomes as the result of collective activities.

Consequently, the incentive scheme is likely to produce a strong bias within the public service against emphasizing the provision of public services. We fail to see, however, why the 'production' of health care is deemed unproductive because the patient pays through taxes rather than by a user charge, while the production of bread is deemed productive because the consumer pays for the bread directly and the operation of the central bank is deemed productive because the service fees and interest it charges exceed its direct expenses.

In sum, we conclude that an incentive system that overshadows the formal salary structure and that effectively anchors public servants' interests in the pursuits of such incentives, combined with a tendency to link incentives with the ability to generate financial surpluses, provides a recipe for establishing and nurturing distortions in public sector behavior that bear no relationship whatsoever to the genuine improvement of public sector efficiency.

It is also reasonable to conclude that foreign assistance agencies play a major role--perhaps even far more so than they themselves realize--in producing these distortions. Although there may be advantages in more market-centered allocation processes within Tanzanian economy and society, it hardly seems desirable for foreign assistance agencies to be creating markets within the Tanzanian state. As they do so, they re-direct local priorities and effectively erode the cohesiveness of overall state action. In this area it is possible for SIDA to play a correspondingly major role in exposing the detrimental influence of external agencies through these practices. For that to occur, SIDA must be prepared to stand apart from many, on occasion most, of the other external agencies (both national and international) and to criticize their understandings as well as their actions.

Finally, we also conclude that efforts to develop institutional capacity in order to improve public sector efficiency should include:

- an explicit focus on the delivery of public services (service effectiveness and not solely cost effectiveness, and thus a rejection of efforts to define efficiency solely or primarily in financial, that is, cost-cutting, terms);
- a recognition of the negative consequences of extra-salary payments and individual incentive payments;
- attention to the sector-specific character of public administration efficiency; and
- as appropriate, simultaneous attention to and support for the various sectors and levels responsible for accomplishing particular tasks.

5.4. Accountability and Financial Management

Our concern in this analysis has been with efforts to improve efficiency in an era of economic crisis. In our view, the single most important strategy for improving efficiency amidst financial constraint is institutionalizing institutional and individual accountability.

The lack of public sector accountability--both organizations and civil servants--was repeatedly stressed during the course of our discussions in both Tanzania and Sweden. It was clear, however, that different people interpreted accountability in different ways. For some, the major issue was the breakdown in established procedures and regulations to sanction and control the behavior of individual civil servants. Others referred to a broader notion of institutional accountability for public sector management.

Since SIDA's major area of concentration in public administration support has been in financial management, and since, as we have argued above, there is good reason to continue this pattern, it seems appropriate to focus primarily on institutional accountability.

Accountability is necessarily a relationship that embraces the account on the one hand and the power to hold to account on the other. This relationship defines the responsibility of the institution which provides the account toward the institution empowered to hold to account. For this relationship to be manageable, the content of the account must be clearly specified. Note that an institution can be accountable to different institutions for different contents.

Accountability is possible only if there exists a field of autonomy of action for which one is held accountable. It makes little sense to hold either an individual or an organization responsible for a set of actions over which that individual or organization had no decision making authority or other control. Yet, in public sector management this autonomy is all too often preempted by general patterns of hierarchy and centralization and by ad hoc interference by superior levels. It is precisely for this reason that we have argued for the need to develop the capacity to manage at different levels within the public sector, and consequently, the need to define the relationships of accountability and the corresponding field of autonomy of action.

SIDA's concern that its support programme to the public administration aim not only at securing improved output but also, and more important, building local institutional capacity for public sector management, requires special attention not only to the content of accountability but also, and more important, to the specific ways in which institutional accountability is structured.

This is especially important in the area of financial management. As we argued in the previous section, considerations of efficiency and effectiveness of public sector performance cannot be reduced merely to financial indicators. Similarly, accountability for public sector management is not merely a question of

financial objectives. Rather, it concerns the ability to manage providing public services within financial constraints.

It is also important to distinguish clearly between links of responsibility and links of responsiveness. The former has to do with accountability within the public administration, while the latter has to do with accountability to the consumers of particular services provided, or to other individuals, groups, or institutions who are directly involved in or are affected by those services. A hospital is responsible to the ministry of health, and at the same time it must develop a responsiveness to the needs and concerns of its patients, its health workers, and its local community. Similarly regional administrations in Tanzania are responsible to the Prime Minister's Office, but they need as well to be responsive to the needs of local government and to their local communities. Responsiveness at different levels needs to be part of the content of the account within a relationship of accountability. That responsiveness needs as well to be institutionally structured.

In sum, we conclude that establishing and institutionalizing accountability should be a prominent objective of in future SIDA support to public sector projects. That will involve addressing both accounting and holding to account, and both responsibility and responsiveness. Over the long term, institutionalizing accountability may be the single most effective strategy for improving public sector efficiency.

6. Training and Building Institutional Capacity

To strengthen institutional capabilities constitutes the main purpose of SIDA's support programme to public administration in Tanzania. Central to the initial conception of most of the projects within this sector and critical to their success is strengthening and developing local staff.

The very centrality of this concern with training points to a number of issues of direct relevance to the conceptualization of public sector support projects:

- the extent and importance of a brain drain out of public employment;
- the extent to which public sector behavior itself influences the market for skills and consequently affects the allocation of skilled person power;
- the tendency towards credentialism and its implications for on the job training schemes and related training institutions; and
- the issue of training, incomes and incentives.

6.1. A brain drain out of public employment?

As one senior official put it: "The Tanzanian public sector has no serious brain drain problem, with the possible exception of

a few limited sectors." At first, this may appear somewhat surprising, but on reflection it should not surprise us:

- As we have indicated in our analysis above, the potential flight from the civil service is restrained by a wide range of extra-salary payments, which may amount to more than official salaries.
- Furthermore, in Tanzania there does not exist a well developed private sector which might offer better salaries and incentives to higher civil servants than the public sector.

Even the 'few exceptions' may not constitute a real brain drain. The departure of medical doctors or skilled professionals who seek employment outside the country does suggest such a brain drain. However, in such cases it remains to be seen whether this brain-drain in fact amounted to a definite out-migration, or whether it merely constituted a temporary employment abroad. Several officials we interviewed were of the opinion that many who seek employment abroad do so on temporary contracts and eventually return.

Other apparent exceptions may also not in fact constitute a serious brain drain. Accountants provide one case in point. Tanzanian accountants and auditors are said to leave public employment in order to establish themselves as private consultants. However, not uncommonly, most of their business as private consultants arises out of public expenditures. That is, they provide consultancy services to parastatals.

In an important sense, the most significant brain drain in the Tanzanian senior civil service is toward the foreign assistance agencies. Although the foreign assistance agencies do not normally engage high level personnel as regular employees, those energies do create a major demands for their time and energy. There is often a multiplier effect in these arrangements: the initial consultant employs assistants, or programmers, or typists, thus drawing even more skills into the effective employ of the external agency.

That there does not appear to be a major brain drain out of public employment does not imply that people remain indefinitely in the positions for which they were trained. Lateral movement has been, and is likely to continue to be, common. Its magnitude will require educating and training more personnel than the current number of openings or the projected number of openings would seem to require.

6.2. Public sector behavior and the market for skills

The distinction between the issue of a brain drain on the one hand and the problem of attrition in a particular place of work on the other, highlights the need to take account of the influence which is exerted by public expenditures on the demand for skills. In fact, in Tanzania the public sector is a major actor on the demand side. There is simply no significant private demand for

professionals. That is, the major demand for professional services is located within public sector, and the major funds for those services come from public expenditures (including, of course, funds whose point of origin is foreign assistance agencies).

Under ERP, the allocation of these services has increasingly been governed by a market for skills within the public sector. A considerable part of this market is funded and propelled by foreign assistance agencies. This market thrives on the various extra-salary payments discussed above and their multiplier effects created through sub-contracting services (for example, the computer programmer hired by the consultant paid from foreign funds) and consultancy contracts. Occasionally, market conditions may lead to the privatization of particular skills (for example, the accountants described above), but it is important to be clear that even then the market for those now-privatized services continues to be the public sector.

In other words, contrary to the common image of the general market in which the state competes, in Tanzania, the major market for skills is within the public sector, not outside it.

This will become even more important as direct administrative allocation of person-power is discontinued in the near future, and more market oriented processes of allocation be allowed to play.

6.3. The tendency towards credentialism

Our initial review of training programmes points to a number of areas of concern. In public sector employment there is a definite tendency towards credentialism (the ever increasing demand for higher levels of certified educational achievement). The Tanzanian civil service, like most other Tanzanian employers, relies almost exclusively on certified educational achievement in making its decisions on selection and promotion. Three parallel credentialist pressures emerge.

- Individuals, whose initial selection, rank, and salary, and subsequent promotion depend on certified educational achievement, are highly motivated to seek further education and ever higher, or at least more, certificates.
- A parallel inflation occurs in employers' expectations: educational qualifications expected for a particular job rise inexorably.
- Training and educational institutions, too, escalate their expectations. Those organized to offer short courses aspire to award certificates. Certificate-granting institutes propose diploma and eventually degree programs.

Consequently, training programmes designed to provide on the job training are at a disadvantage in comparison with courses that award certificates, diplomas or degrees. Similarly, institutions

set up specifically to provide practical on the job training sooner or later seek to improve their status by continuously aiming at raising the level of training they offer: from short courses to certificates, from diplomas to degrees.

Finally, and not unrelated to this process of upward drift, there has been a striking proliferation of training institutions, which now number more than 400. Although this is not in itself necessarily a problem, it does suggest that there is room for improving the management, coordination, and efficiency of training in Tanzania.

If Tanzania and SIDA find it important to include significant on-the-job training in their public administration support programmes, it seems most advantageous to do so within the confines of the strict scope of the project itself. That is, rather than supporting a particular training institution or building new training institutions (as part of the public sector support), it is preferable to link training directly to the specific institutional capability that is the target of the support programme. For that, existing training institutions may be able to provide the needed instruction.

There are complex issues to be worked out in this regard. Existing institutions may be able to offer the needed instruction but may not be willing to devote much time or energy to that task. Newly created institutions, however much they may duplicate others' efforts may well prove more responsive to the supported programme's needs. At the same time, they have not have adequate resources, or facilities, or personnel.

In view of these conflicting pressures, and of the parallel tendencies toward credentialism, it seems preferable not to engage in general training (and training institutions), but rather to link training directly to the specific task of institution building.

6.4. Training, incomes and incentives

As noted in the above, training is affected by criteria and procedures for selection and promotion and by the availability of special allowances and incentive payments. The attractiveness of training courses may depend more on the extra-salary payments they can generate than on their intrinsic value or even on the certificates they award. For the present, these are the realities of the setting for job-related training. In working with, or around, them, it seems important to avoid establishing a wide variety of differential practices across different training schemes.

7. Women in the Public Sector

As in most countries, the public sector in Tanzania has recruited the majority of its personnel from only half the pool of prospective civil servants: the men. Both Tanzania and SIDA have expressed concern and adopted policies to address this situation. There is currently under consideration for final approval by the

party what is apparently a comprehensive policy on the status of women in Tanzania. SIDA has adopted its own policy in this regard: an emphasis on enhancing the participation of women in all its projects and on enhancing the access of women to decision making positions. SIDA's general orientation, which we share, is not to make the situation of women a separate project but rather to include attention to the situation of women in all of the projects it supports. Clearly, then, there is solid ground for a combined effort to achieve what has become an increasingly prominent policy concern within Tanzania. Our concern, here, therefore, is not to assign responsibility or blame for the current situation. Instead, we seek to explore the current situation in terms of strengthening institutional capacity in the public sector.

The current situation has now been extensively documented: as one proceeds up the ladder of authority and responsibility, one finds fewer and fewer women. (For detailed data, see the papers by Kamba, Mukurasi, and Shayo noted in the appended List of Documents Received.) We must note, however, that notwithstanding this evidence, and notwithstanding specific procedures that treat men and women differently, one senior official claimed "I do not believe such a thing exists as gender discrimination in Tanzania."

For most of the people with whom we have met, both women and men, the primary explanation for this state of affairs lies in the gender-differentiated character of training programmes. Put simply, obstacles specific to women reduce their access to initial and subsequent training, and thus reduce the likelihood that they will be selected for and promoted to senior positions. That is a partial but not a sufficient explanation. There is ample evidence that women with requisite training are not selected and promoted as rapidly and consistently as their male counterparts. The available pool of skilled female personnel is not reflected in managerial appointments.

In this regard, it is useful to differentiate access to professional positions from access to managerial positions. Access to professional roles does seem to depend heavily on training, while access to managerial positions is much more dependent on gender, irrespective of training or prior experience. For example, appropriate education and training are clearly essential for becoming a medical doctor. Selection to managerial positions within the medical profession, whether regional medical officer or appointment to a senior position within the Ministry of Health, is far less closely linked to specific education, training, or experience, and is clearly far slower and far less frequent for women. Indeed, we learned of numerous situations where women were apparently by-passed for promotion in favor of men with equivalent or even less training and by men who were themselves trained by the women who subsequently became their subordinates.

7.1. Training for Women

To enhance women's access to professional positions, it is important to support training for women in historically non-female fields. It is also essential to provide support to meet needs

particular to women (for example, funds to permit children to accompany women sent overseas for training, or adequate day care facilities).

To enhance women's access to managerial positions, it is important to recognize and draw on female focal points (a network of women who have assumed responsibility for monitoring the progress of women in their institutions and for providing assistance in particular cases) within public sector (and other) institutions. This is a good example of a setting where SIDA can support a significant Tanzanian initiative and those most directly involved in transforming their own situation.

There is substantial room from SIDA to improve its own practices in this regard, both to redress the apparent gender discrimination and to provide a model of what is possible: engage women as expatriate and local consultants and include women in SIDA's local reference groups and among SIDA's local advisers and collaborators.

Clearly, for there to be progress in this regard, both Tanzania and Sweden must take improving the situation of women as a serious goal. For that goal to be serious, it must be institutionalized. That is, there must be people--both Tanzanians and Swedes--responsible for making progress (with appropriate rewards) and accountable for the lack of progress.

It is useful to note here that experience elsewhere suggests that what seem at first glance to be formalistic strategies can in fact bring significant results. For example, it is useful to require that each project evaluation and each annual review (at project and sector level) report on improvements in the situation of women. That reporting both permits regular data collection and monitoring and at the same time links the overall success or failure of a particular project with its efforts to improve the situation of women. Similarly, each selection or promotion process within supported projects or institutions should be required to provide data on the number of women eligible for selection or promotion and the number of women actually selected or promoted. Those responsible for the selection or promotion should also be responsible for explaining, where appropriate, why women were not selected.

In sum, although it is certainly important to improve women's access to and participation in relevant training programs, lack of training is not a sufficient explanation for the current situation. The issue here is not, as is often suggested, "integrating women into development and development projects." Women are already substantially involved in development and development projects. What matters is whether or not women are involved as full and equal participants and, even more important, whether or not women occupy decision making positions. To achieve that, it may be necessary to focus less on causes than on results. That is perhaps an unusual suggestion for academics to make, but experience elsewhere suggests it is quite a workable strategy (rather like aspirin, which for decades has provided relief even though for much of that time the medical profession has not been sure exactly why). Put sharply, projects and their managers must be

evaluated, at least in part, in terms of the number of women advanced to decision making authority.

8. Tanzania in the World Economy: realistic expectations

In concluding this discussion of the major analytic issues in the Tanzanian-Swedish cooperation to support the public sector, it is important to recall that the underlying causes of many of the problems encountered in public administration are largely beyond Tanzania's control. We make this comment at the end of our discussion to insure that we not be understood to be suggesting that Tanzania's situation in the world system precludes effective action within Tanzania. Not at all. There are important problems to be addressed and that can be addressed fruitfully within Tanzania. Rather, our concern here is to insist on the importance of realistic expectations.

Tanzania came to independence with a very small pool of people with advanced education or training. Notwithstanding the Herculean efforts that have been made and the important progress that has been accomplished, shortages of skilled personnel at both upper and middle levels are likely to continue for the foreseeable future. Tanzania also came to independence reliant for capital accumulation on a few primary exports. Agriculture was, and largely remains, dependent on adequate and timely rainfall. There was little developed infrastructure and even less industry. In the absence of a major global reorganization, Tanzania's options and room to maneuver will continue to be limited.

Consequently, strengthening institutional capacity should be understood as necessarily a long term process, likely to experience reverses as well as advances. Effective cooperation, therefore, similarly requires a long time horizon, flexibility and an ability to adjust to changing and often trying circumstances, and a recognition that modest progress and partial successes are important.

PROGRAMMATIC ISSUES

We turn now from the broader discussion of issues of major analytic interest in the Tanzania-Sweden cooperation to support the public sector to address specific programmatic concerns. In an important sense, this distinction is quite arbitrary: programmatic decisions must rest on careful analysis and careful analysis must in turn rest on a solid familiarity with specific programmes and their contexts. Since our charge was primarily analytic, we have focused the majority of our attention, and the bulk of this report, on those issues that seemed to have the broadest implications for the continuation of the cooperation between Tanzania and Sweden in this area. At the same time, we think it useful to address here several concerns related to the nature and organization of specific projects.

9. Evaluation of Specific Projects

Although this Project Study has not undertaken an evaluation of specific programs within the Tanzania-SIDA public administration cooperation--that was not our charge--our colleagues Björn Mothander and Kristina Flodman have reviewed the experiences of institutional cooperation. Their report is attached as the third Appendix.

10. Supported Projects: Institution Maintenance and Institution Building

The supported projects within this cooperation are currently of two major sorts. Some projects have been focused on a general strengthening of institutional capacity (for example, the cooperation agreement between the Universities of Lund and Dar es Salaam). Other projects have focused on maintaining or preserving or restoring essential services (for example, the Treasury Computer Centre). It seems useful to approach these two types of projects in somewhat different ways.

10.1. Institution Maintenance, Preservation, and Restoration

For those projects concerned with maintaining, preserving, or restoring key services, it is essential to have explicit, concrete, and realistic outcome objectives and clear and reasonable time horizons (often termed "sunset provisions"). Our concern here is to avoid the situation where a project initially undertaken as a short term response to a specific need becomes in practice the indefinite responsibility of the cooperation agreement. Where that occurs, however valuable the specific service, the goal of strengthening the institution is likely to be lost. As well, continued funding for such projects reduces the ability to undertake cooperation in new areas, however valuable and important they may seem.

Hence, we suggest the importance of concrete objectives and clear expiration dates. Whether or not objectives have been met by the scheduled termination date, the project should be considered concluded. And whether there are successes to celebrate or failures to analyze, there should be no automatic extension. Rather, if an extension is warranted, it should be on the basis of a new project, with new objectives, and a new termination date. In that way, if support is to be continued, it must be re-negotiated, and not simply extended indefinitely.

10.2. Support: Functional Objectives (rather than specific institutions)

An extension of this point is the recommendation that--except where there is an explicit decision to allocate resources to strengthening a specific institution--support be focused on particular functional objectives rather than particular institutions. The Budget Management project provides a useful example. If Tan-

zania and Sweden determine that improving budget management capability is a high priority objective, then that should be the central purpose of the project. Support may be needed to strengthen a wide range of institutions, including both central ministries and local councils. Wherever that support is targeted, however, its central focus remains: improving institutional capacity to plan and manage budgets.

This focus on functional objectives rather than specific institutions has several advantages for the cooperation agreement. "Public Administration" can be specified in terms of what is to be accomplished rather than which institutions are to be supported, thus reducing the dismay of those in institutions not supported and at the same time highlighting the connections among projects located in different institutions. Also, the cooperation agreement is not tightly tied to a particular organizational configuration precisely when that configuration is apparently about to be significantly modified. Equally important, concerns with efficiency, training, accountability, and women in the public sector can all be addressed programmatically. That is, training, for example, becomes a part of the project, rather than a project in its own right. Increasing efficiency and institutionalizing accountability, which we have argued are closely linked, can be addressed in a manner that recognizes their sectorally specific character. Selection and promotion of women can be enhanced through procedures appropriate to each endeavor.

10.3. Strengthening Institutional Capacity

There are circumstances where it seems appropriate to seek to strengthen institutional capacity more generally. Since projects of that sort are likely to involve extended training, they should normally have a relatively long time horizon. And since neither the full range of institutional needs nor the trajectory of institutional evolution can be fully specified in advance, such projects should have (in addition to secure long term funding) a good deal of autonomy in setting and modifying objectives. In these circumstances, where diffuse rather than concrete objectives are appropriate, it may prove most manageable to specify at the outset a finite period for the cooperation to continue. That is, in order to maintain the ability to use resources for some other institution(s) in the future, such a project might have, say, a ten-year life span, after which the supported institution will need to rely on internal resources or to look elsewhere for external support, and the cooperation programme can identify another institution that warrants support.

11. Access to Contract Research

In the current era, much of the research on the public sector in Tanzania (as on other topics) is in fact contract research, commissioned and-or supported by external agencies. Indeed, university faculty commonly assert that they cannot conduct research without a 'sponsor,' most often an external organization. While that arrangement has several desirable features, it commonly leads to limited dissemination of research results and as a consequence,

to duplication of research efforts. More important than duplication of effort, research results that are not circulated cannot be evaluated critically by those with relevant expertise. Very little of this research, however, is either really proprietary or secret.

Hence, it is timely for Tanzania and the external agencies with which it cooperates, including SIDA, to establish clear policies for consulting and contract research. Those policies should include the expectation that both the employer and consultant will make public who is employed by whom to do what. Those policies should also insure that the knowledge created through such arrangements (reflected in studies, reports, commentaries, and the like) should be reasonably accessible to scrutiny and critique.

12. Aid Coordination

Nearly everyone with whom we discussed actually or potentially overlapping or incompatible assistance programs agreed on the importance of better coordination. That relatively little coordination occurs, however, suggests the importance of unstated agendas. In at least some, perhaps most, circumstances neither Tanzania nor its foreign partners has a strong interest in coordinating assistance programs. Bilateral negotiations provide greater flexibility and autonomy, and facilitate local initiative more effectively, than would combined discussions between Tanzania on the one side and its foreign partners in concert on the other. Foreign assistance agencies as well are often unwilling to compromise their own analyses and analytic perspectives, or ideologies, or programmatic goals, or even to reveal them to other external organizations.

In this setting, the initiative must lie with Tanzania. External initiatives to promote greater coordination are likely to be unworkable, since many of the prospective participants will have strong incentives to deviate. Worse, external initiatives, whatever the original motivations, are likely to be perceived as efforts to ally against, rather than with, Tanzania.

For these reasons, SIDA's most positive courses of action lie in supporting Tanzanian initiatives and in extending the collaboration it has begun on terms of service for local consultants, expanded to address the concerns with contract research that we discuss below. On particular issues SIDA's most useful role may be to resist pressures from the powerful economic agencies toward common action, to expose the assumptions and understandings that underlie their initiatives, and to help legitimize within the international community alternative courses of action for Tanzania.

13. Joint Tanzanian-Swedish Group Responsible for Projects, Project Areas, or Sectors

As we have had several occasions to note in this report, during our visit to Tanzania we were unable to identify local personnel with a deep involvement and personal as well as institutional stake in the public administration support cooperation. We could

identify such individuals for some projects, but not for the sector as a whole. As we have argued above, without that local involvement there cannot be effective accountability, and more generally, cooperation arrangements are unlikely to be successful. In practice, it is not surprising that a single ministry, responsible for managing the finance of the country, or any of its senior personnel, cannot devote substantial attention to what is only one project among many, and a modest-sized effort at that. As well, it is difficult for that ministry to speak authoritatively on behalf of units not directly under its control (for example, the university and its departments, institutes, and programs).

We deem it essential, therefore, that a future cooperation agreement identify--create, if necessary--a continuing group responsible for each project or project area. (The size of the group and the scope of its responsibilities will necessarily reflect a compromise among comprehensiveness, efficiency, and the ability to act authoritatively. Some experimentation in this regard may be necessary.)

That group, whose majority should be Tanzanian, should assume responsibility for setting goals, monitoring and evaluating projects undertaken, and considering priorities and directions for further cooperation. Such a group will create a more tangible local stake in the outcomes of cooperation projects. Such a group can also permit linking responsibility to advice and to extra-salary payments: those who consult and provide advice become accountable for outcomes, both successful and unsuccessful.

Such a group can also provide a setting for the further determination of "critical points" for SIDA support through a process characterized by genuine substantive interaction between Tanzania and SIDA, in which neither SIDA nor Tanzania should be solely advisers or solely listeners.

That last point is worth elaborating. Many foreign assistance programs rely on a curative metaphor: outside agencies and individuals are considered to be medical practitioners with the requisite expertise to diagnose illnesses and to prescribe remedies. We find that metaphor neither an accurate reflection of the actual relationships nor a useful model for what relationships between Tanzanian and its external partners can be. Instead, it seems clear that development assistance should be genuinely interactive, should recognize the priority of local initiative and control, and should focus as much on process as on outcomes. It is important, therefore, to reinforce the general commitment to promoting Tanzanian initiative and involvement (which are not the same thing) in programmes of cooperation.

14. A Fund for Applied Research on the Public Sector

As is clear from even this brief summary of initial findings, there are many areas that seem promising for future public or financial sector collaboration between Tanzania and Sweden where requisite basic information has not been collected or is not available in a readily accessible form. It seems especially useful, therefore, to include in the next cooperation agreement an

applied research fund, to support research on the public or financial sector, its problems, and related matters. It is reasonable to expect that most of the research supported by this fund will be conducted by Tanzanians in Tanzania. The results of that research should be disseminated according to the procedures outlined above.

During the course of our visit to Tanzania, we received several suggestions for activities that might be included in a research agenda supported by such a fund. Among those suggested were (listed in no particular order):

- a study of the effects of different incentive structures on public or financial sector performance;
- a study of the extent (number of people involved) and magnitude (amount of money expended) of the various extra-salary payments and incentives; and
- a systematic and detailed study of the impact of particular projects on the provision of public services (that is, not solely how many people were trained, or how much money was spent, or whether or not specific institutional goals were achieved, but in addition, the extent to which public services increased or otherwise improved).

15. Summary of Major Observations and Recommendations

ANALYTIC ISSUES

- The terms "public administration" and "public sector" have proved confusing and somewhat misleading to most of the people with whom we have spoken, since the cooperation has in fact involved projects associated with the Ministry of Finance, Economic Affairs and Planning. The public administration of course is much wider, including both central ministries and the various institutions of local government. Many would include the parastatals within the public administration.
- Several people, both Tanzanians and Swedes, described "public administration" as a residual category for SIDA: a label for projects that did not fit well elsewhere and that seemed to have little explicit connection with each other. That perspective is an important one, since it helps to explain the apparently limited Tanzanian involvement in the sector as a whole. Activities in which there is little local involvement are unlikely to be successful, and there is little prospect of promoting deeper involvement in what is perceived as a residual category.
- It is important, therefore, to define purposefully this cluster of projects. Without such a redefinition, it seems likely that this "sector" will be regarded as a catch-all, for which no one will be prepared or able to take overall responsibility.
- Although the particular programs included within this cooperation have had a certain ad hoc character in their development, there is a solid rationale for supporting the management of public finance. Especially in an era of economic crisis and an economic recovery programme, the management of the financial sector assumes a particular importance. As well, to disperse limited resources over the entire public administration risks significantly reducing what can be accomplished. Accordingly, it makes sense for SIDA to continue to focus this program on supporting financial management.
- Financial management, however, is not entirely contained within the Ministry of Finance, Economic Affairs and Planning. Indeed, for central financial management to be effective, there must as well be effective financial management in the supporting institutions. This broader conception of public sector performance and its relationship to financial management requires that support programmes be aimed at strengthening simultaneously the central capacity to coordinate and manage as well as the sectoral and local capacity to manage the provision of public goods and services within a financial imperatives. Accordingly, it seems useful to Tanzania and SIDA to consider including in this programme support for financial management in both sectoral and local institutions.
- Within that, Tanzania and Sweden should focus the next cooperation agreement on supporting the achievement of functional

objectives rather than specific institutions or institutional levels in the Tanzanian civil service.

- To assess the relevance of SIDA's support programme to public administration (and specifically to the financial sector), it is important to take account of the rapidly changing economic, political, and social environment in Tanzania. Clearly, the general background is the economic crisis of the 1980s and the Economic Recovery Programme (ERP), and its predecessors.
- Within this changing environment, it is useful to highlight three major trends:
 - The changing perception of the role of the state: from a sense of the state as the unquestionably active and dynamic agent of development to a more limited and skeptical view of the appropriateness of public sector involvement in various domains (economic and social) as well as of the state's inherent capability to manage the provision of public services.
 - The shift in emphasis towards a greater concern with economic rationality (efficiency) in public sector management. Cost-effectiveness and the importance of financial indicators (that is, the concern with controlling expenditures) become the overriding concerns to which the provision of public services becomes subordinated.
 - The erosion in the real incomes of civil servants and its implications for the morale of the civil service as well as for public sector performance.
- These three characteristics of the changing environment in which the public sector operates need themselves to be situated in a context where foreign assistance agencies have assumed a more prominent role in recent years. This is the case in a double sense: directly, in the case of International Monetary Fund and World Bank conditionality, which shapes the overall context of macro-economic policy making and influences the direction of administrative reforms. As well, as foreign assistance agencies providing significant aid to the public sector in the form of import support and concrete projects, their actions indirectly influence, and are conditioned by, these issues of public sector management
- As the ERP has shifted the center of gravity towards financial management, the financial sphere has increasingly come to dominate. There is here the risk that finance becomes the end in itself, rather than a means to an end. That is, the dominance of financial concerns entails the danger that public sector performance be assessed purely in financial terms, rather than in terms of providing public services under financial constraints. This distinction--assessing the public sector's ability to provide services in a situation of economic constraint rather than assessing it more narrowly in terms of the cost effectiveness of the public sector--is a critical one in the formulation and implementation of a programme of coopera-

tion in the area of financial management between Tanzania and Sweden.

- The ERP has brought about a considerable divergence between the formal salary structure in the civil service and the effective structure of nominal earnings of civil servants. This is partly the result of the introduction of a programme of incentives which greatly overshadows formal salary levels. More broadly, this results from a generalized practice of finding avenues to convert public expenditures into private incomes.
- The capability of civil servants to develop profitable endeavors outside the public sector to substitute for or significantly supplement public sector earnings is often severely overestimated, and its relationship to public sector earnings is misunderstood.
- This situation has two major results:
 - There emerges an informal market of economic opportunities within the state and public administration.
 - There develop close connections between public expenditures on the one hand and private economic activity on the other, which in turn nurture a particular form of entrepreneurship. Effectively, the situation is one of a market within the state (rather than the state within a larger market).
- The spread and prevalence of these extra-salary payments pose several potentially serious problems.
 - The effective levels of income and its distribution of within the public sector are essentially unknown.
 - The income tax structure bears little relation to actual incomes. In practice, a highly progressive tax system may well have become regressive.
 - Within the public service, the informal market based on public expenditures (including donor funding to the public sector) that has emerged may divert human and other resources away from more general task and towards those tasks that are attractive because they carry extra income.
 - This practice may well fuel an attitude among civil servants that public expenditures provide a legitimate source of income.
 - Where extra-salary payments from a foreign assistance agency are the major source of earnings, the paymaster--rather than the Tanzanian government or the Tanzanian people--may come to command a civil servant's major attention and perhaps even primary loyalties.
- All of this suggests the importance of developing a comprehensive salary policy that recognizes the primary dependence of

civil servants on income from public service on the one hand, and on the other hand that draws a clear dividing line between salaries and other forms of public expenditures, rather than allowing the boundary to become blurred by various types of hidden incomes.

- Clearly, addressing this situation in a comprehensive way must be a function of Tanzanian policy and not individual donor action. SIDA can, however, support the formulation of policies in this area.
- The concern with the efficiency in the public sector has led to a narrow view of what is public sector efficiency. Specifically, the concern with improving efficiency has largely lost sight of the primary role of the public service: public service. In our view, it is essential that efforts to improve institutional capacity, including improved efficiency, must be conceived and assessed (and measured) in these terms: provision of services to the public and, over the long term, improvement in the public's standard of living.
- Throughout our interviews, proposals for improving efficiency in the public sector fell into three broad categories:
 - tighter economic (which was usually taken to mean financial) management;
 - tighter central control exercised by a small group of better trained managers; and
 - provision of incentives, usually in the form of extra-salary payments, to civil servants.
- Each of these is, in our view, flawed and misdirected. Indeed, to pursue them energetically is likely to reduce, rather than increase, the efficiency of the public administration.
- The inherent danger in most proposals to tighten financial management is that finance becomes the end, rather than the means to an end. Planning for the effectiveness of the provision of social services and public goods in a situation of financial restraint can easily turn into a preoccupation with generating financial surpluses per se.
- For central financial management to be effective, there must as well be effective financial management in the supporting institutions. In the Tanzanian context it seems unlikely that central institutions can manage these tasks, or even control their management. Hence, improving the efficiency of the public sector cannot rely entirely on central institutions or on a highly trained managerial elite. Rather, it requires strengthening management capabilities simultaneously at central, sectoral, and local levels.
- As well, it is distinctly inefficient to distinguish rigidly between policy analysis, formulation, and monitoring (usually located at the higher or central level) on the one hand, and on the other policy implementation (usually located at the subor-

dinate or local level). Instead, it is important to understand that policy analysis, formulation, monitoring, and implementation occur simultaneously at different levels and that, therefore, management skills are necessary at all of those interconnected levels. Therefore, that relevant training programmes recognize the integration of policy analysis and implementation rather than emphasize their separation.

- An incentive system that overshadows the formal salary structure and that effectively anchors public servants' interests in the pursuits of such incentives, combined with a tendency to link incentives with the ability to generate financial surpluses, provides a recipe for establishing and nurturing distortions in public sector behavior that bear no relationship whatsoever to the genuine improvement of public sector efficiency.
- Our analysis of efficiency in the public sector suggests that establishing and institutionalizing accountability should be a prominent objective of in future SIDA support to public sector projects. That will involve addressing both accounting and holding to account, and both responsibility and responsiveness. Over the long term, institutionalizing accountability may be the single most effective strategy for improving public sector efficiency.
- There is little evidence of a long term brain drain from the public sector. At the same time, there is likely to be lateral mobility of a magnitude that requires educating and training more personnel than the current number of openings or the projected number of openings would seem to require.
- Public expenditures in Tanzania have come to exercise a dominating influence on the demand for skills. The public sector is effectively the major actor on the demand side of this market. There is as yet no significant private market (that is, outside and not largely dependent on the public sector) for high level skills.
- There are three parallel tendencies toward credentialism in Tanzania.
 - Since employment, rank, and salary all depend on certified educational achievement, individuals are highly motivated to seek ever higher certification (and to be far less enthusiastic about training that does not lead to a certificate or equivalent).
 - Institutions are inclined to require ever higher levels of education for particular positions.
 - Educational and training institutions are motivated to offer ever higher certificates. One consequence of these tendencies is the proliferation of training institutions.

Although none of these is in itself necessary problematic, they do provide a context within which support for training programmes must be understood.

- For these and other reasons, it seems most fruitful for most of SIDA's support to link training directly to the specific task of institution building, rather than to underwrite general training (and training institutions).
- Since training is related to promotion and selection (and even to incentive payments), it seems important to avoid a wide variety of differential practices across different training schemes.
- Both Tanzania and SIDA have expressed concern about and adopted policies to address the situation of women in the public sector.
- In this arena, it is useful to differentiate access to professional positions from access to managerial positions. Access to professional roles does seem to depend heavily on training, while access to managerial positions is much more dependent on gender, irrespective of training or prior experience.
 - To enhance women's access to professional positions, it is important to support training for women in historically non-female fields. It is also essential to provide support to meet needs particular to women (for example, funds to permit children to accompany women sent overseas for training, or adequate day care facilities).
 - To enhance women's access to managerial positions, it is important to recognize and draw on female focal points (a network of women who have assumed responsibility for monitoring the progress of women in their institutions and for providing assistance in particular cases) within public sector (and other) institutions. This is a good example of a setting where SIDA can support a significant Tanzanian initiative and those most directly involved in transforming their own situation.
- Clearly, for there to be progress in this regard, both Tanzania and Sweden must take improving the situation of women as a serious goal. For that goal to be serious, it must be institutionalized. That is, there must be people--both Tanzanians and Swedes--responsible for making progress (with appropriate rewards) and accountable for the lack of progress.
 - For example, it is useful to require that each project evaluation and each annual review (at project and sector level) report on improvements in the situation of women. That reporting both permits regular data collection and monitoring and at the same time links the overall success or failure of a particular project with its efforts to improve the situation of women.
 - What matters is whether or not women are involved as full and equal participants and, even more important, whether

or not women occupy decision making positions. To achieve that, it may be necessary to focus less on causes than on results.

- There is substantial room for SIDA to improve its own practices in this regard (both to redress the apparent gender discrimination and to provide a model of what is possible): engage women as expatriate and local consultants and include women in SIDA's local reference groups and among SIDA's local advisers and collaborators.
- Since much of what happens within Tanzania is conditioned by factors largely beyond Tanzania's control, it is essential to maintain realistic expectations about what can be accomplished and how quickly. Specifically, strengthening institutional capacity should be understood as necessarily a long term process, likely to experience reverses as well as advances. Effective cooperation, therefore, similarly requires a long time horizon, flexibility and an ability to adjust to changing and often trying circumstances, and a recognition that modest progress and partial successes are important.

PROGRAMMATIC ISSUES

- The supported projects within this cooperation are currently of two major sorts. Some projects have been focused on a general strengthening of institutional capacity (for example, the cooperation agreement between the Universities of Lund and Dar es Salaam). Other projects have focused on maintaining or preserving or restoring essential services (for example, the Treasury Computer Centre). It seems useful to approach these two types of projects in somewhat different ways.
- For those projects concerned with maintaining, preserving, or restoring key services, it is essential to have explicit, concrete, and realistic outcome objectives and clear and reasonable time horizons.
- An extension of this point is the recommendation that--except where there is an explicit decision to allocate resources to strengthening a specific institution--support be focused on particular functional objectives rather than particular institutions. "Public Administration" should be specified in terms of what is to be accomplished rather than which institutions are to be supported, thus reducing the dismay of those in institutions not supported and at the same time highlighting the connections among projects located in different institutions.
- There are circumstances where it seems appropriate to seek to strengthen institutional capacity more generally. Since projects of that sort are likely to involve extended training, they should normally have a relatively long time horizon. And since neither the full range of institutional needs nor the trajectory of institutional evolution can be fully specified in advance, such projects should have (in addition to secure long

term funding) a good deal of autonomy in setting and modifying objectives.

- Since much of the current research on the public sector in Tanzania is in fact contract research supported by foreign assistance agencies and consequently of limited circulation, it is timely for Tanzania and the external agencies with which it cooperates, including SIDA, to establish clear policies for consulting and contract research. Those policies should include the expectation that both the employer and consultant will make public who is employed by whom to do what. Those policies should as well insure that the knowledge created through such arrangements (reflected in studies, reports, commentaries, and the like) should be reasonably accessible to scrutiny and critique.
- During our visit to Tanzania we were unable to identify local personnel with a deep involvement and personal as well as institutional stake in the public administration support cooperation. Without that local involvement there cannot be effective accountability, and more generally, cooperation arrangements are unlikely to be successful. We deem it essential, therefore, that a future cooperation agreement identify--create, if necessary--a continuing group responsible for each project or project area. (The size of the group and the scope of its responsibilities will necessarily reflect a compromise among comprehensiveness, efficiency, and the ability to act authoritatively. Some experimentation in this regard may be necessary.) Such a group will create a more tangible local stake in the outcomes of cooperation projects. Such a group can also permit linking responsibility to advice and to extra-salary payments: those who consult and provide advice become accountable for outcomes, both successful and unsuccessful.
- As is clear from even this brief summary of initial findings, there are many areas that seem promising for future public or financial sector collaboration between Tanzania and Sweden where requisite basic information has not been collected or is not available in a readily accessible form. It seems especially useful, therefore, to include in the next cooperation agreement an applied research fund, to support research on the public or financial sector, its problems, and related matters.

16. Appendices

16.1. List of People Consulted

Project Study Group

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SIDA Staff Support: Bie Ridaeus, Programme Officer, Development
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Others Consulted

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Training and Development (Budget management project)
Dr. Immanuel Bavu, Head, Department of Political Science and Pub-
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Raphael D. S. Mollel, Deputy Principal Secretary, Ministry of Finance, Economic Affairs and Planning
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Gösta Wilholm, SIDA Consultant, Institute of Tax Administration (Ministry of Finance, Economic Affairs and Planning)
Lennart Wohlgemuth, Assistant Director General, SIDA, Stockholm

16.2. List of Documents Received

Correspondence (by date)

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EXPERIENCES OF INSTITUTIONAL
COOPERATION IN THE
PUBLIC ADMINISTRATION SECTOR
IN TANZANIA.

A Study Prepared for

The Ministry of Finance,
Economic Affairs and Planning,
Tanzania

and

The Swedish International Development Authority

Björn Mothander
Kristina Flodman
DEVELOPMENT CONSULTING PARTNERS

January 1989

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appendix 1: Terms of Reference 1988-09-26

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INTRODUCTION

SIDA has been assisting Tanzania in the area of public administration since the mid-1970s. This support began - and has continued - as assistance for specific projects generally labelled "public administration".

The methodology used has been institutional development including technical assistance, training and, to a certain extent, systems development. The support has covered areas such as statistical production, financial and budget management, auditing, tax administration and debt management.

During the annual public administration sector review in Dar-es-Salaam 12-19 April 1988, it was underlined that the main idea upon which Swedish support to the public sector is based is institution building. The support would be long term in character and outside professional expertise would be used for gap filling only as part of a long term plan for training and development of knowledge in the respective institution, department or function supported.

In June 1989 the current agreement on Public Administration Assistance will expire. As part of the preparatory work for a new agreement, a joint study on the future cooperation in the field of public administration was to be undertaken. Its purpose was to provide necessary basic data and background material to enable the Ministry of Finance, Economic Affairs and Planning (MFEAP) and SIDA to identify and decide on areas and methodology for future long-term cooperation within the public administration sector.

As a part of the joint study, it was decided to undertake a study with the specific objective to provide SIDA with information on the strengths and weaknesses of present institutional cooperation within the SIDA-supported projects.

The study was assigned to Development Consulting Partners and has been carried out by Björn Mothander and Kristina Flodman.

Terms of Reference for the study are attached as appendix 1.

The study was carried out during the period October - December 1988. The part of the work done in Tanzania coincided with the field work of the over all study.

A list of persons interviewed, both in Sweden and in Tanzania, is attached as appendix 2.

The study is based on these interviews and on relevant reports and documents.

We wish to thank Tanzania government officials at MFEAP and TAKWIMU, as well as staff at the University of Dar-es-Salaam, Statistics Sweden, SIPU, SIDA and the Nordic Institute for African Studies for patiently providing us with valuable information and for their much appreciated assistance.

Björn Mothander

Kristina Flodman

1 THE CENTRAL BUREAU OF STATISTICS, TAKWIMU

1.1 Background

Since the first population census in 1967, Swedish statisticians have been working as experts at the Central Bureau of Statistics (today named TAKWIMU) in Tanzania, recruited both through SIDA and the UN. Statistics Sweden (SCB) were then involved merely as a passive resource base for recruitment of statisticians.

The statistical services in Tanzania are provided by the Central Bureau of Statistics (TAKWIMU), at the centre, and several statistics units attached to ministries and other public institutions. The main duty of the Central Bureau of Statistics is to collect, compile and publish statistical data and information related to population processes and to economic, social and cultural activities and conditions of the people. It is also expected to collaborate with and to supervise other public institutions in the collecting, compiling and publishing of statistical information.

Among these other units are: the Research and Statistics Department of the Bank of Tanzania, the statistics unit in the ministries of Agriculture, Health and Education, and the statistics unit of the department of Customs and Excise.

TAKWIMU consists of the head office and twenty regional offices. It is headed by the Government Statistician assisted by eight Assistant Government Statisticians, responsible for the subject matter sections; Population and Tourism, Labour and Price Statistics, National Accounts, Agricultural Statistics, Industrial Statistics, Trade and Transport Statistics, Sample Surveys and Statistical Services (data processing, printing, etc). The main duty of the Regional Statistical Offices, which are headed by a Regional Statistical Officer (RSO), is the collection of statistical data for the head office.

No substantial progress was made during the seventies in terms of statistics production in Tanzania. The improvements brought by the expatriate statisticians tended to disappear once they left the

project. Gradually, the Government of Tanzania and SIDA began to realize the possible advantages of a more continuous cooperation between TAKWIMU and Statistics, Sweden.

After a stagnation period during the seventies, a major re-organisation of TAKWIMU was effected from January 1st, 1981. A new Government Statistician was appointed and eight subject matter sections were established, each headed by an Assistant Government Statistician. The new Government Statistician presented a long-term development plan for the statistical services needing urgent attention, and the Government realized that the resources needed had to be provided through foreign assistance. Subsequently, a joint mission of the government and SIDA/SCB was formed and the report, presented in June 1982 was accepted by all parties. The first contract between TAKWIMU and SCB was signed in November 1982.

Statistics Sweden (SCB) is the national statistical office of Sweden, established more than 200 years ago and responsible for the production of most of the official national statistics. Part of its organisation is a special unit, the International Consulting Office (ICO), which since 1983 offers services covering the whole field of statistical production in national statistical systems. The ICO specializes in assistance to developing countries. To every project is assigned a project manager stationed at Statistics Sweden in Stockholm and a long-term adviser or team leader who works at the project site. Short-term consultants are appointed for various tasks.

1.2 Objectives

In the first SIDA memo from 1983 no overall objectives for the statistical project are mentioned. In the SIDA memo from 1985 the stated objective is to increase Tanzania's capacity in producing statistical information relevant to planning and follow-up of economic and development planning. In the public sector review of 1985 and 1988, the stated objective is to develop and improve Tanzania's capacity to produce relevant and timely statistics, and in the public sector review of 1987, to in-

crease Tanzania's capacity in data collection and dissemination of statistical information.

1.3 Project Activities

The cooperation has mainly been confined to three major areas:

- statistical methodology and systems development
- training and skills development
- physical infrastructure development.

The methodology and systems development has mostly been conducted through studies performed by short-term consultants. Studies regarding various statistical matters such as sampling techniques and sample design, as well as agricultural surveys and census surveys studies have been conducted. Additionally, studies have been performed by subject matter specialist within areas such as agriculture, price indices, industrial statistics, national accounts etc.

The creation of a National Master Sample (NMS) was stressed at an early stage. Several short-term missions were devoted to the design and implementation of the NMS, which became operative in 1986. The first implementation of the NMS was the Agricultural Sample Survey (AGSASU) for which several missions have also been assigned. The first round of AGSASU's field work terminated at the end of 1987. Presently, the updating of the NMS is part of the general strengthening activities within TAKWIMU, the purpose of which are to reinforce the achieved results.

The Industrial statistics section has received support for the production of a Quarterly Industrial Survey. The first publication of the first and second quarters of 1986 was finalized March 1987. Today the section regularly publishes these surveys without any assistance from Statistics Sweden.

The Census 1988 is presently an area of major support, and several short-term missions have been attached to this sub-project. Several other areas have received support, such as Labour Statistics, National Accounts, Transport

statistics, Foreign Trade statistics, etc. A central register of establishments was developed in 1985 and is currently being updated. However, the focus has been on the NMS, AGSASU, the production of the Quarterly Industrial Survey and the Census work.

The training and skills development consists of some coherent training programmes for determined target-groups, of short-term missions with an educational purpose and of study tours to Sweden or other countries. Short-term courses abroad have occasionally been attended by TAKWIMU staff.

The first major course within the programme was a tailor-made, nine-months training course for Regional Statistical Officers (RSO). The programme was elaborated by a group of statisticians from TAKWIMU, SCB and the University of Uppsala. The programme was pronouncedly practical and problem-oriented and two rounds of training were planned. The first round started in July 1983 and the second round ended in March 1985. The courses were partly conducted in Tanzania and partly in Sweden. As a follow-up of these courses, two workshops have taken place, one in September 1985 and one in February 1988. During this last seminar, it was concluded that more training in management, planning and office routines, rather than training in statistics, was necessary in the future.

The second coherent course was a seven months training course for programmers. Two short-term consultants from SCB worked in periods together with Tanzanian teachers.

There has been a substantial amount of training in computing. This training has been conducted both within the framework of short-term missions specifically designed for training on microcomputers, personal computers etc and in connection with installation of new equipment. Some training on microcomputers has taken place in Sweden and Zimbabwe. Different suggestions on how to make this training as coherent and as widely applicable as possible are discussed at present, but these aspects will not be elaborated in this report.

Other short-term missions with purely educational purposes have been conducted, such as a mission

regarding the improvement of presentation and dissemination of statistical information, as well as on techniques for the drafting of diagrams and lay-out.

Study tours for members of TAKWIMU staff have been quite numerous. These study tours have mostly been to Sweden but also to Zimbabwe and Kenya. Moreover, other statisticians working outside of TAKWIMU have been able to benefit from these arrangements, such as members of the Prime Minister's Office (PMO) and of other ministries.

A planning conference was held in Mikumi in May 1987. This type of conference can partly be considered as a form of managerial training, where various topics are discussed and future plans are elaborated.

The physical infrastructure has been largely improved upon, through provision of new equipment and through short-term missions assigned to identify needs, install equipment and perform training. The improvements have mainly been achieved within the areas of data processing, printing and publishing and transportation (cars and bicycles). Building of office facilities have also been finalized. In January 1988, a long-term adviser on publishing issues was appointed for a period of two years.

1.4 Achievement of Objectives

An evaluation of the statistical project was carried out in April/May in 1986 by a team from SIDA and Norconsult. Among the main conclusions are that the capacity and image of TAKWIMU have improved and that the over-all objective has been fulfilled.

If the fulfillment of the objectives is to be assessed with reference to the over-all and very general objective, it would seem that all activities that have been undertaken assure the fulfillment of the objective, as every effort can be considered as a step in the right direction regardless of its impact. However, if the objectives listed in the Terms of Reference are taken into account, it is quite obvious that behind this

vaguely stated objective there are more specific goals applicable to selected areas within TAKWIMU. The objective can then be regarded as the building or upgrading of fields within the statistical project, selected in common by TAKWIMU and Statistics Sweden. In this case we conclude that the objectives have been fulfilled, as all the major sub-projects scheduled so far have been completed and the sections have reached a fair level of competence.

2 THE COOPERATION BETWEEN TAKWIMU AND SCB

2.1 Purposes

The purposes of the institutional cooperation between TAKWIMU and SCB are specifically stated in the Terms of Reference. In the first Terms of Reference from 1982, they are expressed as follows: "The purpose of the consultative service shall be to provide technical know-how for the development of the statistical infrastructure in Tanzania. The cooperation should be specially devoted towards the creation of adequate basic capabilities for the production, analysis and dissemination of data in the Tanzanian society." In the Terms of Reference from 1987, this is slightly differently formulated: "The purpose of the cooperation is to support Tanzania building an efficient system for production of current statistical information required for planning and development. In particular, emphasis is given to the creation and maintenance of basic capabilities for the production analysis and dissemination of statistical data in the Tanzanian society".

In the Terms of Reference from 1987, the purpose has been somewhat specified, emphasising production of statistical information required for planning and development, as well as the maintenance of the created capabilities. Areas to be strengthened are particularly stressed.

2.2 Elements of the Cooperation

The main elements of the institutional cooperation are the following:

- a team-leader from SCB stationed at TAKWIMU acting as coordinator
- a project manager stationed at SCB in Stockholm
- short-term consultants contracted for various assignments
- courses
- study tours to Sweden
- service for acquisition of equipment.

Agreements have been made every second year, thus three agreements have been settled so far. Programme reviews are made in connection with the contract renewals. Within the scope of these reviews, two year plans are elaborated by the heads of section (Assistant Government Statisticians), the Government Statistician and the SCB personnel involved in the project, whereupon the project programme in total is made.

A team leader from SCB is assigned on a two-year basis to work at TAKWIMU in Dar-es-Salaam. The team leader is responsible to the Government Statistician. According to the job description enclosed in the Terms of Reference from July 1982, the working duties are:

- To act as the link between TAKWIMU and SCB to provide a smooth running of the project.
- To be responsible in Tanzania for carrying out the activities on behalf of SCB.
- To assist the government statistician in the development of TAKWIMU.
- To become acquainted with and assess the basic statistics available for planning and policy purposes, and in this connection establish contacts with users of statistical data.
- To suggest fields of future cooperation between Tanzania and Sweden in the direction of statistical development.

- To be SCB's liaison officer in Tanzania.

The team leader shall furnish SCB and SIDA quarterly progress reports within one month of the end of each calendar quarter.

The present team leader is the third appointed so far.

SCB's responsibility for the project is assigned to a project manager at SCB, Stockholm. Prior to 1987, a project group was appointed. The project manager serves as support and adviser to the team leader, and organises the resources requested. The team leader and the project manager have a regular telephone contact every two weeks. The project manager makes regular visits to TAKWIMU for planning, follow-up and discussion of programme performance.

Short-term consultants are contracted for specific missions lasting 2-6 weeks. These consultants are normally current or former staff of SCB. The missions are planned as long in advance as possible and a list of coming missions is displayed on the SCB information board at TAKWIMU. SCB has the responsibility to train and prepare the consultants before their departure. SIDA provides a course of a few days at SIDA's training centre, giving general information about Tanzania. No pedagogical training is provided prior to departure.

The aims of each mission are identified in common by TAKWIMU and SCB staff, viz the Government Statistician, the team leader, the project manager and the Tanzanian staff in the section concerned. New ideas mainly originate from the Tanzanians, such as the heads of section or other staff. For each mission one or several counterparts are assigned to carry out the necessary preparations, including the formulation of Terms of Reference. The Terms of Reference were previously written by the team leader from SCB, but as a rule this is now done by TAKWIMU staff. The number of counterparts for one mission have been as many as five.

If no counterpart is found or if the mission has not been adequately prepared, the mission may be cancelled. This procedure has been applied during the later stage of the project as some earlier mis-

sions were less successful due to lack of preparations. However, in order to facilitate the administrative work at SCB, Stockholm, the aim is to identify possible problems as early as possible. The main task of the short-term consultants is to discuss the specific problem at hand with the counterparts, suggesting how they could be tackled and leaving to the Tanzanians to actually solve the problem.

After the accomplishment of the mission the team leader compares the Terms of Reference with the achieved results. A debriefing takes place, with the consultant, his/her counterpart(s), the Government Statistician and the team leader. The consultant shall then submit a report before his/her departure. This report will be diffused to all section heads and displayed on the information board, but no further discussions among the staff are normally held.

The other elements of the cooperation, viz the courses, study tours to Sweden and support for acquisition of equipment, have been described in the first part of this report.

2.3 Observations and recommendations

The presence of the team-leader is generally perceived as important, as he represents continuity, in contrast with other experts from different donor organisations.

The short-term missions seem in general to be functioning well. Preparations in Tanzania have increasingly been emphasized and there seems to be an ambition to further improve upon this crucial part of the missions. However, one Assistant Government Statistician makes a reservation by saying that if no previous experience of the subject matter exists, it may render the preparations very difficult. The importance of proper preparations is emphasized by the fact that a mission is cancelled if preparations seem insufficient.

TAKWIMU seems to have the over-all controlling function of the cooperation as most new ideas are

generated from the Tanzanian side and as the Tanzanian counterparts write the Terms of Reference for the short-time missions.

The system of having short-term rather than long-term consultants seems to be appreciated. The general view is that the short time assigned to the missions prevents the consultant from taking over the job. It forces the counterpart to continue working on the task which is never fully completed when the short-time consultant leaves. The follow-up is sometimes done by several staff members, not necessarily by the counterpart only.

Another aspect, brought up by the Government Statistician, is that this system creates possibilities for TAKWIMU to receive assistance from SCB's best experts, who can only be available to TAKWIMU for short periods which is far better than not being able to benefit from this expertise at all. The team leader is of the opinion that the short-term missions provide inspiration and increase the pace of the work at TAKWIMU.

However, some improvements regarding these missions have been suggested. The missions do transfer knowledge, but only to one person or a small group of people. It would often be useful to extend the briefing at the end of a mission into a seminar, this being particularly relevant in areas of concern to many staff members, such as sampling techniques or data processing. In some cases, a series of discussions could be sufficient to enable all departments to benefit from the results of the study. The reports are circulated, mostly to the heads of section, but they do not seem to be widely read and the feedback to the staff not involved in the missions is seemingly rather poor. Additionally, it would be beneficial to allow the consultants a period of familiarization in Tanzania, in order to get acquainted with the working environment if it is the first time in the country, and to have discussions with the counterpart. We suggest that the short term missions should be prolonged in order to allow for an introduction period and a concluding seminar or series of discussions.

It has also been suggested that the Tanzanians should have more possibilities to go to Sweden. We would favour this, provided that the Terms of

Reference for such trips are as strict as for present short-term missions. Visits to fellow institutes in other countries should not only be made for establishing contacts, but must be job-orientated.

There is some self-criticism from the Tanzanian side suggesting that the sections might occasionally be somewhat overambitious, requesting more missions than they can use. This can be the result of competition between staff members who want to enhance their particular area, or of pressure from superiors and users of data. This situation emphasizes the need for priorities, especially as the volume of consultancies is quite large. It seems, however, that SCB is aware of this. The present team leader makes efforts to reduce the number of projects, to strengthen the achieved results. This is partly a result of the criticism in the evaluation report of 1986, which suggested that SCB was working on too many projects simultaneously.

There is general consensus that training is of crucial importance. Among the weaknesses of the sections identified by the Assistant Government Statisticians are the lack of competence, thus lack of training. We are convinced that staff reinforcement and further training are TAKWIMU's basic requirements at present. It is, however, important to define the purpose of this training. The Tanzanian staff seems quite aware of where the training needs are the greatest.

In-service training should be stepped up as soon as office facilities become available. This training may have to be complemented by some specialized training overseas. However, method-orientated training should normally be done in Tanzania.

The training of the RSO's needs further follow-up, as agreed in the 1988 sector review. The previous training effort has been considered useful, but there are RSO's which have not yet benefitted from it and in some cases further up-grading may be required. It is important that the functions of the RSO's are clearly specified as a background for further training.

Computer training is of great importance for TAKWIMU's development, but we believe that the processing competence should not be imparted to specialized computer operators as these may be difficult to retain once they are trained, but rather be disseminated to all technical staff.

On the other hand, it should not be considered a failure if staff trained and up-graded by TAKWIMU moves on to other institutions, as these could become important allies in the future.

An institutional development project must include a reasonable balance between infrastructural development and competence improvement, which we believe TAKWIMU has achieved. If the day-to-day work is frustrated by lack of equipment, this will act as a disincentive to the staff.

It is essential that the computer equipment acquisitions are made considering standardizations of spare parts and maintenance, compatibility and further development.

It is our conviction that institutional cooperation besides training and support in technical areas must also include assistance for the managerial development of the local institution. There seems to be a general awareness, especially among the Assistant Government Statisticians, of the need for a managerial development programme. Some efforts have been made and managerial problems are among the topics of a workshop to be held in February 1989. However, we believe that TAKWIMU and SCB should look further into managerial weaknesses at TAKWIMU to identify areas in need of reinforcement. This does not imply that the long-term coordinator should become a management adviser, his role should remain as previously described, i.e. a link between the two institutions and a support to TAKWIMU. Management support could be organised as short-term missions.

2.4 General Conclusions

We agree with the main conclusion of the 1986 evaluation study that the objectives of strengthening TAKWIMU in some specific areas of statistical

production and of improving TAKWIMU's image, have been achieved.

More specifically we conclude that the strengthening of TAKWIMU's physical infrastructure in terms of transport capability, printing and processing hardware has been very good, that appropriate statistical techniques are being gradually developed and that the general level of competence has increased.

Originally, the cooperation between TAKWIMU and SCB had a very vaguely expressed objective. The structure of the programme has been clarified, notably in the last Terms of Reference, but we believe that it is important to clarify it further, so that the partners share a commonality of purpose. It is also important to clarify the objectives so that an evaluation of these can be performed more easily. TAKWIMU and SCB should for the next period elaborate the expected results of the cooperation in terms of relevance and timeliness of statistics production, in terms of level and coverage of training and in terms of infrastructural strengthening. The programme should also include a planned phasing out of individual projects in order to introduce a time horizon in the cooperation. The partners seem aware of the importance of setting priorities, as the team leader together with his colleagues at TAKWIMU strives to reduce the total number of projects.

We lack the competence to judge if TAKWIMU's statistical production is the most relevant for Tanzania's needs and if the specific areas in which TAKWIMU cooperates with SCB are those that should be given the highest priority. We note, however, that central areas of statistical production e.g. the statistics on the private sector in the National Accounts are still very weak. Such establishing of priorities is an essential task, which can be partly done in cooperation with the main users of TAKWIMU's reports.

Finally, it seems to us that it is of crucial importance that TAKWIMU is more outward oriented, establishing new working links with other ministries and institutions in Tanzania, thus being in a position to fully utilize data already collected, but also fulfilling its task of disseminating the

results of TAKWIMU's work and giving support in technical areas. We believe this is one of the major tasks of the Government Statistician. It seems possible that TAKWIMU could step up its cooperation with the University of Dar-es-Salaam to create a working relationship of mutual benefit.

2.5 Recommendations to SIDA

Increase the length of the next cooperation to four years, provided a program can be worked out by TAKWIMU for this period, which we believe is possible.

TAKWIMU and SCB should be responsible between themselves for implementing the agreed programme limiting the relations with SIDA to regular reporting.

We believe that SIDA and SCB have a common interest in preparing SCB's staff of short-term consultants, which may be called upon to serve in developing countries, for the conditions that they are likely to meet. The course at SIDA's training centre could be further developed. Furthermore, we believe that there should be tangible incentives to SCB staff for undertaking such assignments.

The new contract should include activities aiming at strengthening TAKWIMU's cooperation with other Tanzanian institutions. This may possibly take the form of tripartite subprojects. However, this should not be allowed to develop into general institution building outside TAKWIMU, but must be restricted to specific tasks.

3. THE BUDGET MANAGEMENT DEVELOPMENT PROGRAMME

3.1 Background

A well-functioning budget system is central to every administration. A deficient Government budget system in Tanzania has been considered an important obstacle to efficient utilisation of scarce Govern-

ment resources and to the strive to improve public institutions.

For several years, SIDA has been involved in a close dialogue with the Ministry of Finance in order to identify and discuss problems and needs of strengthening the ministry. Beginning in 1980, SIDA supported staff training programmes at the Ministry of Finance and the Ministry of Planning and Economic Affairs. The support consisted of the development and financing of pilot courses in various areas, which after a trial period were taken over by the ministries themselves. SIDA also supported the compilation of a Manual of the Budget Process that constitutes the first description of the Government budget process.

These efforts did not seem sufficient to upgrade budget management within the Government, which was increasingly perceived as an urgent need. However, attempts had previously been made to tackle the problems, in particular in 1979 when a study was performed by an expert in budget matters, Premshad. His analysis was accurate but the results were never converted into a plan of action.

In 1985, a request from the Ministry of Finance, Economic Affairs and Planning (a merger of the two previously mentioned ministries) was presented to SIDA. This request concerned the training needs of Government budget officers. Subsequently, a project identification mission was carried out by SIPU (the National Institute for Civil Service Training and Development), as consultant for SIDA, and the Ministry of Finance, Economic Affairs and Planning (MFEAP). The training needs and the system development needs were identified in the report presented in January 1986. Shortly thereafter, the programme was approved. The Terms of Reference were completed in April 1986 and SIPU was contracted to implement the programme. The agreement period was settled for three years, starting July 1st, 1986 and prolonged one year during the SIDA Public Administration Sector review in 1988.

3.2 Objectives

The long-term objective of the Budget Management Development Programme, according to the first Terms of Reference, is to improve budget management in the Government administration, implying a more effective utilization of funds and hence improved service to the public. More specifically, the goals stated in the project identification mission report are the following:

- to improve the information flow between MFEAP and the implementing agencies,
- to produce and introduce an operational manual on budget management,
- to develop a course programme for the training of key groups involved in budget management,
- to develop competence within the Budget Division of the Ministry of Finance to plan and implement development projects in the field of budget management, and to develop and conduct training in budget management.

3.3 Project Activities

The programme initially comprised four components, viz systems development, course development, course implementation and staff development. Eventually, these four components became reduced to two major components, being systems development and course and staff development. Staff development was perceived as a prerequisite for the systems development, for which it should act as a support. The systems development is mainly connected to the two first long-term goals; the course and staff development is more connected to the last two goals.

The systems development programme initially constituted one review of the guidelines for budget preparations and another of the reporting system. The production of an operational budget manual was also scheduled.

It was stated in the project identification mission that no major changes of the budget system should be aimed at during the initial stage of the programme and that measures to improve the operation of the existing system should be emphasized. However, the results of the budget guidelines review presented in May 1987 comprised among others a proposal to revise the budget cycle in order to provide more time for the budget work. Some additional measures to adjust the prevailing techniques were proposed. In connection with the proposed reform, a special study on financial commitments started in June 1987.

A preliminary report on the review of the reporting system was presented mid 1987, including tentative recommendations for improvements. Before submitting the final report, a complementary special study of the financial information system was launched. The final findings were presented in August 1987, suggesting simplifications as well as completions of the reporting system.

The main results of these two reviews, as stated in the quarterly progress report of the second quarter 1988, are that budget techniques and procedures have been studied, the reporting system has accordingly been reviewed and additional studies have been carried out on inflation, commitment stock-taking, the financial information system and the organisation of budget work.

A new budget cycle has been designed and approved, providing more time for review, analysis and dialogue. Technical improvements in the budget preparation have been elaborated and are to be implemented. Additionally, joint and technically improved budget guidelines were issued for this year's budget, which had previously not been the case.

The Budget Manual, later named the Budget Handbook, was intended to serve as a base for training in budget management and to guide Government officials in performing their functions. This budget handbook has, however, not yet been completed. A draft outline was scheduled for the last quarter of 1988. During the course of the programme, it was gradually realized that the handbook could benefit from

the content of the course programme as well as from the results of the major reviews. Therefore, the completion of the handbook has gradually been postponed. Its completion is nevertheless scheduled before the end of this agreement period. Another booklet, Budget in Brief, is also planned to be produced, an annual booklet giving a brief review of the budget contents.

The course and staff development programme consists of two major parts: the course development and implementation, and staff development mainly in the form of workshops.

Initially, the project mission identified three different courses in Budget Management and Budget Techniques for various levels of personnel involved in budget work.

However, when the course programme was planned during a workshop in March 1987, only two courses were proposed, namely one course in Budget Management and Budget Techniques for warrant holders, such as Permanent Secretaries, Deputy Secretaries and officials of similar level, and one course in Budget Techniques for technical staff involved in the budget work, such as planning officers, accountants and other finance officers. A series of pilot courses were planned to be held by the Budget Techniques Unit (BTU) prior to the implementation of a regular training programme. Subsequently, material for the courses was collected and the content was drafted. During a workshop in September 1987, the content of the planned pilot courses was specified. Course material was produced and key messages for the lectures drafted. In the beginning of 1988, the course programme had been completely elaborated.

The target was to run pilot courses in January/February 1988 and to launch a regular programme for 1988/89. However, the pilot courses were postponed to August 1988, in order to promote the courses within the MFEAP. Accordingly, two workshops for leading MFEAP officials were held in January/February 1988 which resulted in a general "go ahead" with the outlined training plans. Thereafter, a workshop was arranged in Stockholm to finalize the production of the course material. In

August 1988, the first pilot course in Budget Management and Budget Techniques was launched.

The intention is that the regular course programme should be completed by mid-1989, so as to transfer the knowledge necessary for the implementation of the suggested system changes (such as the revision of the budget cycle).

As a means for general staff development, the system of workshops has increasingly been used for planning, problem-solving and for reaching consensus on the content of the programme. As one of the first elements of the programme, a workshop on administrative research and project work methods was held in Tanzania. The objectives were to create motivation for the development work represented by the programme and to build up knowledge about project work. The plans for the projects on guidelines, reporting system and the operational budget manual were also elaborated. Another workshop, the training of trainers workshop, was arranged for the BTU in October 1987 at SIPU in Sweden.

3.4 Principal Actors

The parties involved in the programme are, on the Tanzanian side, a steering group, a project manager and a project group, and on the Swedish side a project coordinator (SIPU) based in Stockholm, a long-term consultant stationed in Dar-es-Salaam and short-term consultants appointed for specific missions.

As the programme deals with issues which are handled in several divisions of the Ministry, a steering group was established in September 1986 for high level coordination. At this stage, the group included the Deputy Secretary for Expenditure, the Commissioner for Budget and the Commissioner for Programming, Budget and Controlling. It was extended to include the Commissioner for Sectoral Planning in September 1987.

The responsibility to carry out the programme rests with the Budget Division within the MFEAP. When the programme was launched a budget techniques unit (BTU) was formed within the Budget Division. The

group was initially composed of six officers, the Assistant Commissioner of the Budget Division, the Assistant Commissioner of the Programming, Budgeting and Control Division, the Assistant Commissioner for the National Economic Policy Division, a Senior Statistician of the Programming, Budgeting and Control Division, and two Finance Management Officers of the Budget Division. The Principal Management Analyst of the Ministry of Labour and Manpower Development also became assigned to work with the programme.

Today, the group has an appointed Project Manager, the Assistant Commissioner of the Budget Division, and the BTU has been extended to include the Assistant Commissioner of Programming, Budgeting and Control, as well as a Senior Economist of Sectoral Planning.

The Swedish National Institute for Civil Service Training and Development (SIPU) was established in 1979 with the task of promoting efficiency and effectiveness in the public service through training and consultancy services.

Through their International Division, SIPU acts as executing agency for several projects financed by SIDA in Tanzania as well as in Botswana and Zimbabwe. A project coordinator stationed at SIPU in Sweden acts as a backstopping and supporting partner to a long-term consultant recruited by SIPU and attached to the programme in Tanzania.

Other participants in the programme are the ministries who are involved through their participation in the course programme, namely initially the Ministries of Education, Health, Agriculture and the Prime Minister's Office (PMO).

Courses will in the first place be offered to the ministries. It is stated in the programme review of 1988 that when experience has been gained consideration will be given on how to cover remaining target groups.

3.5 Achievement of Objectives

It is difficult to assess whether the objectives of the Budget Management Programme are being fulfilled, as the programme still is in its initial phase.

The goals stated above have been somewhat modified in the programme review and plan of 1988. The first goal previously formulated as "to improve the information flow between MFEAP and the implementing agencies" is now expressed as "to consolidate results achieved on improvements in the budget system and continue to improve, step by step, communication and information between the different levels of the budget process". As the systems development is only in a pre-implementation stage the first part of this goal is yet to be achieved. Regarding the information flow, indications show that it is improving. One of the effects of the programme is that awareness of the importance of budget work has increased substantially for the parties concerned. This is an important factor for the future development of the programme.

The budget handbook has not yet been completed but is scheduled for 1989.

The course programme is progressing as planned, the training material has been compiled, the pilot courses have started off very satisfactorily and the regular training programme should be established within this agreement period.

Finally, the fourth goal, in the programme review expressed as "to strengthen the performance of the MFEAP and make systematic efforts to improve performance through systems development and training", is a continuous process. There are nevertheless indications that the Budget Techniques Unit is consolidating its position as a project group within the Ministry, which is important for the further progress of the programme.

4 THE COOPERATION BETWEEN MFEAP AND SIPU

4.1 Purpose

The purpose of SIPU's cooperation with MFEAP in the Budget Management Development Programme is to provide a stable structure and organisational framework to the programme, as well as to contribute with knowledge of budget techniques, budget management, pedagogy and knowledge of public service institutions.

SIPU's approach is to rely on the Tanzanian capacity and knowledge as far as possible, and only to intervene indirectly and assist in the problem solving. SIPU seeks to initiate a developmental process through a close dialogue in which SIPU staff contribute with their experience.

SIPU also gives legitimacy to the programme as it apparently is important enough to mobilize foreign assistance.

4.2 Elements of the cooperation

The programme started 1st of July 1986 and initially covered three fiscal years. The agreement period was prolonged one year during the SIDA Public Administration review in 1988.

The institutional cooperation consists of the following elements:

- A long-term expert stationed in Dar-es-Salaam.
- A project leader at SIPU, Sweden.
- Short-term consultants.
- Systems development, being reviews of the budget system and the development of an Operational Budget Manual.
- Course and staff development, being the elaboration and the implementation of a course programme, as well as workshops.

The long-term expert is stationed at MFEAP in Dar-es-Salaam for a two year period. According to the Terms of Reference, his working duties are:

- to act as a coordinator of the Swedish assistance to the programme;
- to act as an adviser to the Commissioner for Budget;
- to assist the Budget Techniques Unit to carry out development and training projects;
- to organise and participate in workshops and courses;
- to assist in preparing manuals, guidelines and training material;
- to report to the home office and SIDA;
- to be responsible to the Tanzanian Government, MFEAP.

The long-term expert shall within three weeks of the end of each third month submit a Periodic report to SIDA HQ, SIDA-DCO and MFEAP. The report shall include a progress report covering the last three months and a plan of action for the next three months. An annual progress report should be produced.

The project leader at SIPU's home office is responsible for coordination and of back-stopping to the programme.

The short-term consultants are assigned for missions in the following fields:

- systems development to perform various studies and contribute to the development of the Budget Manual.
- Course and staff development to assist in the preparation of course material, develop and conduct courses and organise staff development activities in the form of workshops.

The short-term consultants recruited by SIPU are SIPU staff or personnel from other institutions such as the Swedish Ministry of Finance and the National Audit Bureau (Riksrevisionsverket). Many studies were carried out in 1987 during a rather short period of time. The studies have been useful both for course development and for the concrete reform proposals. The consultants also assist during the workshops and contribute with their pedagogical knowledge, both in the workshops assigned for the preparation of course material and to those assigned for staff development activities.

The SIPU approach to the course development programme has consequently been to rely as much as possible on the local capacity for the production of course material and for the carrying out of the pilot courses. The Tanzanians have produced the contents of the course material and SIPU has arranged, completed and printed it together with the Tanzanian staff. The pilot courses are mainly carried out by the Tanzanians. They give lectures and lead the discussions. The Swedish consultants produce team work assignments.

4.3. Observations and Recommendations

The present long-term expert has previously worked with budget matters at the city council of Stockholm. His deep knowledge gives his post a legitimacy within the Ministry. However, his role is not to solve problems or to suggest solutions. He assists with the identification of problems and relies upon the Tanzanian counterpart to solve them. His knowledge makes in depth discussions possible and the Tanzanians can use it to test their own ideas. He should act as a catalyst for the ideas emanating from his Tanzanian colleagues, without intervening too much in the process. Most of the people interviewed seem to approve of this attitude. Some also suggest that his contract should be extended as the smooth running of the programme partly has to do with a commonality in views between the coordinator and the project manager at MFEAP.

It can not be said that the short-term missions have not been successful. They have, however, not

always been appreciated. The large number of missions during 1987 invoked some negative reactions among the Tanzanian staff.

The missions might have been too result-oriented given the complex nature of the problems in Tanzania. There is a general opinion that the counterparts were not involved enough in the missions, which could be a result of the time pressure. SIPU has gradually reduced the number of short-term consultancies. This seems to be a logical evolution within this programme, as it has increasingly been realized that it is more a question of finding out how the prevailing system works and how to make it function than to acquire new knowledge or apply new ideas.

The organisational framework of the programme viz the steering group, the BTU with its Project Manager, the long-term coordinator from SIPU and SIPU's organisation as a backstopping support, has been of major importance. The BTU has increasingly consolidated its position within the Ministry and the goal is that the group should eventually be responsible for training and systems development, that is to identify training needs and to suggest improvements of the system. The group is very active and their involvement in the pilot course programme is extremely valuable. There is also within this group a strong awareness that this programme is very important not only for the Ministry but for the budget system in general within Government.

The work of BTU, together with the support from the steering group, strongly contributes to the success of the programme so far. It is of great importance for the implementation of the courses and the system changes that the groups pursue their work in the creative spirit that has been prevailing so far.

The course development programme has been successful. The first pilot courses have started in a satisfactory way, the enthusiasm and the commitment of the attendants is obvious. The Tanzanians are gradually assuming total responsibility for the course programme and SIPU does not expect to provide any assistance once the regular training pro-

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