
➔ TANZANIA: FROM “TOP-UPS” TO SUSTAINABLE INCENTIVES FOR CIVIL SERVANTS

In a Nutshell

The government and donors have come together in Tanzania to institutionalize a system of incentives within the public service. The Selective Accelerated Salary Enhancement scheme (SASE) offers a potentially sustainable solution to salary incentive problems within the wider context of pay reform, and is part of the overall government’s Public Service Reform Programme (PSRP).

Aimed at addressing low motivation, uncompetitive salary structures and constraints on capacity development, SASE targets personnel with the greatest impact on service delivery. In providing an opportunity for donors to harmonize their practices around national systems, it also strives to reduce inducements that distort the local labour market.

The Story

In 1999, the government of Tanzania adopted a medium-term pay reform strategy as part of the PSRP. Recognizing the centrality of capacity development in improving public sector performance, the government considered enhancements in public service pay, especially in technical and professional grades, as a precondition for building and utilizing capabilities. While recognizing that more income in itself is not a sufficient condition for better performance, it reasoned that there was little likelihood of sustaining reforms without fair compensation for work and access to requisite skills.

Striving for a system perceived as fair, objective and transparent, the government came up with the SASE scheme. Qualification is selective, targeting personnel in positions having the greatest impact on service delivery and the wider reform efforts of government. Nominees sign performance agreements that serve as the basis for determining acceptable performance, and they have up-to-date job descriptions that specify outputs and time frames. Performance is appraised on an annual basis, using an objective assessment system.

SASE is being phased in starting with ministries, departments and agencies that have a leading role in change management and a potential impact on the

socioeconomic well-being of the average Tanzanian. They must also be well advanced in formulating their strategic plans, and have been selected for inclusion in the performance improvement model that offers incentives to undertake institutional reforms.

From its inception, the plan for SASE implementation was as follows:

- The government would set a medium-term target pay structure covering the period 2000/01 through 2004/05, while donor budget support would, *inter alia*, supplement salaries of SASE-funded positions.
- All personnel of a particular grade and step/increment, whether a SASE scheme beneficiary or not, would be entitled to the same basic salary for a given fiscal year. The difference in compensation between SASE beneficiaries and non-beneficiaries would be the difference between the target salary and the basic salary for the given fiscal year.
- Donors would agree to phase out other supplementation arrangements. The SASE salary scales would serve as the benchmark for the payment of any salary supplements, as this would allow the government to internalize such supplementation as and when donor support was phased out.
- Each fiscal year, as the government would make salary adjustments, the gap between actual and target pay would be reduced, thus lowering donors' financial commitment as the government's ability to pay competitive compensation rose.

SASE was to start with 11 ministries, departments and agencies before being extended throughout the public service. However, a number of bottlenecks and constraints have meant that it has not been implemented as envisaged, and some of the anticipated benefits are now unlikely to accrue. Difficulties have arisen on both the donor and government sides. The latter has been unable to conduct performance reviews and adhere to the envisaged annual salary adjustments, which has reduced the willingness of donors to fund the scheme. Without the convergence of actual salary levels with the target salary levels, there is no clear time horizon for phasing out the salary supplement and no exit strategy for donor funding – which will up the costs of the initiative.

Implementation also started slowly, with the Civil Service Department being the only place to qualify for support in 2000/2001, although the Ministry of Health became eligible at the beginning of 2001/2002. By the second quarter of 2002, four additional institutional branches were able to join, with a major push on to get the remainder from the first phase to qualify by mid-2002/2003, nearly half way through the life of the plan.

The slow roll-out pace poses at least two problems. By the time that all the different ministries, departments and agencies are in a position to benefit from the scheme, its salary supplements are likely to be inadequate to induce any change in work behaviour. Gradual pay reform is likely to be the reality and

traditional supplementary payments will persist. In this case, the shift of funds to the SASE scheme is unlikely to happen.

Results and Critical Factors

SASE has much going for it in seeking to provide a sustainable solution to the issue of salary incentives. In harmonizing the work of donors, it could curtail distortions in the local labour market. However, the case demonstrates the difficulties of implementing such a programme, and highlights some of the factors that can derail implementation.

- A complex system that ties the government and various donors to an agreed course of action only works when the partners are able and willing to combine their efforts. However, factors beyond the control of any stakeholder can result in the partners renegeing on their commitments. This can in turn chip away at confidence in the system, and lead to a fall back on the practices the scheme intended to replace.
- Initiatives of this nature are time sensitive and technically complex, and any departure from the agreed schedule of implementation can undermine the whole roll out. Issues of the capacity to manage the system arise.
- It was originally envisaged that SASE would be funded through donors contributing to a common pool. As government sectors qualify, they may solicit sponsorship of their own SASE schemes directly from donors. Yet this type of financing arrangement runs the risk of “projectizing” whole ministries. Those viewed as unattractive would not receive support.
- A robust and transparent performance appraisal system is required to ensure that bogus applications for SASE entitlements are avoided, and that the system does not breed resentment. Either way, a scheme like SASE is likely to place extreme pressure on management to extend benefits even to those who do not necessarily merit them.

Further information

Government of Tanzania. 1999. *Public Service Reform Programme (PSRP)*. Dar es Salaam.

———. 2002. *Public Sector Reform Programme Quarterly Progress Report* (January-March 2002). Dar es Salaam.

Ted Valentine. 2001. *Revisiting and Revising Tanzania's Medium-Term Pay Reform Strategy*. Dar es Salaam: Crown Consultants International, DFID East Africa.

The authors gratefully acknowledge the contributions of Philip Courtnadge and UNDP Tanzania.