Analysis

Building the capacity for managing public service reform

The Tanzania experience

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Study of Capacity, Change and Performance
Notes on the methodology

The lack of capacity in low-income countries is one of the main constraints to achieving the Millennium Development Goals. Even practitioners confess to having only a limited understanding of how capacity actually develops. In 2002, the chair of Govnet, the Network on Governance and Capacity Development of the OECD, asked the European Centre for Development Policy Management (ECDPM) in Maastricht, the Netherlands to undertake a study of how organisations and systems, mainly in developing countries, have succeeded in building their capacity and improving performance. The resulting study focuses on the endogenous process of capacity development - the process of change from the perspective of those undergoing the change. The study examines the factors that encourage it, how it differs from one context to another, and why efforts to develop capacity have been more successful in some contexts than in others.
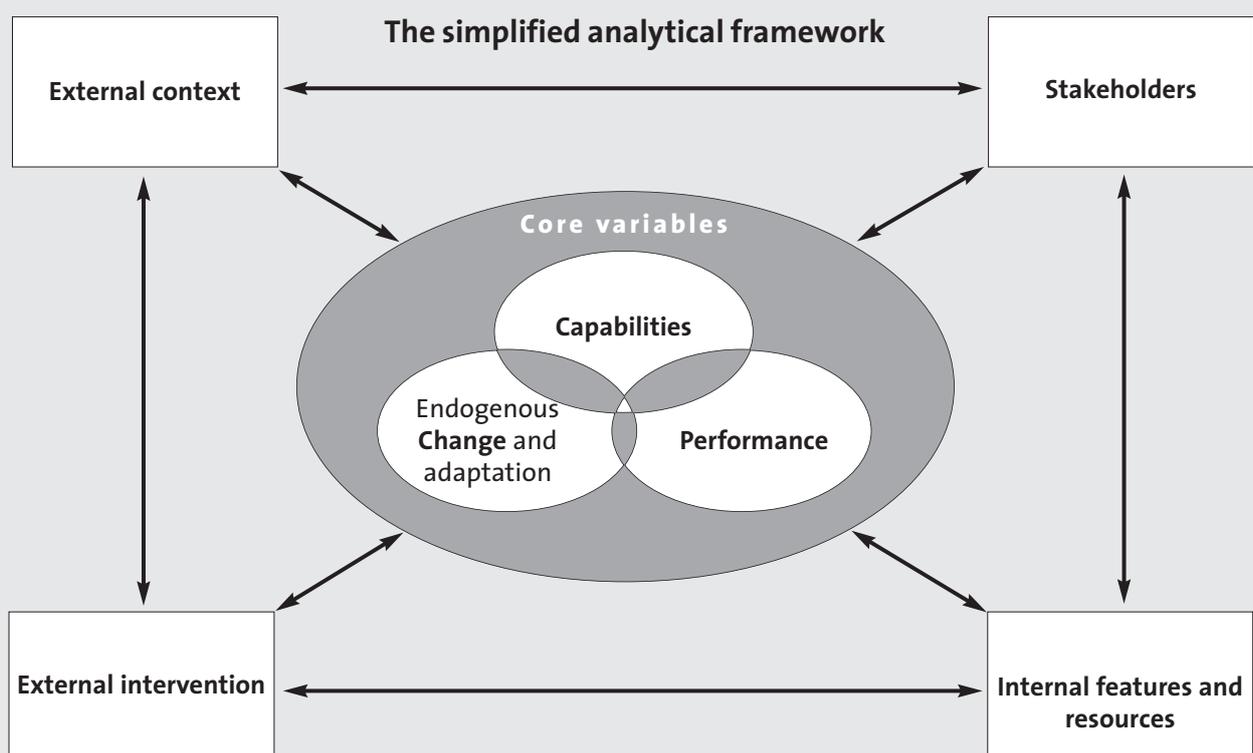
The study consists of about 20 field cases carried out according to a methodological framework with seven components, as follows:

- **Capabilities**: *How do the capabilities of a group, organisation or network feed into organisational capacity?*
- **Endogenous change and adaptation**: *How do processes of change take place within an organisation or system?*
- **Performance**: *What has the organisation or system accomplished or is it now able to deliver? The focus here is on assessing the effectiveness of the process of capacity development rather than on impact, which will be apparent only in the long term.*

- **External context**: *How has the external context - the historical, cultural, political and institutional environment, and the constraints and opportunities they create - influenced the capacity and performance of the organisation or system?*
- **Stakeholders**: *What has been the influence of stakeholders such as beneficiaries, suppliers and supporters, and their different interests, expectations, modes of behaviour, resources, interrelationships and intensity of involvement?*
- **External interventions**: *How have outsiders influenced the process of change?*
- **Internal features and key resources**: *What are the patterns of internal features such as formal and informal roles, structures, resources, culture, strategies and values, and what influence have they had at both the organisational and multi-organisational levels?*

The outputs of the study will include about 20 case study reports, an annotated review of the literature, a set of assessment tools, and various thematic papers to stimulate new thinking and practices about capacity development. The synthesis report summarising the results of the case studies will be published in 2007.

The results of the study, interim reports and an elaborated methodology can be consulted at www.capacity.org or www.ecdpm.org. For further information, please contact Ms Anje Jooya (ahk@ecdpm.org).

The simplified analytical framework

External context — Stakeholders

Core variables
- Capabilities
- Endogenous **Change** and adaptation
- Performance

External intervention — Internal features and resources

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Acronyms and abbreviations

CIDA   Canadian International Development Agency (CIDA)
DAC   Development Assistance Committee
DFID   Department for International Development (UK)
ECDPM   European Centre for Development Policy Management
EFQM   European Foundation for Quality Management
IMTC   Inter-ministerial Technical Committee
JICA   Japanese International Cooperation Agency
NPM   'new public management'
M&E   monitoring and evaluation
MDAs   ministries, departments and agencies
OECD   Organisation for Economic Cooperation and Development (OECD)
PIM   Performance Improvement Model
PIU   project implementation unit
PS   Permanent Secretary
PO-PSM   President's Office, Public Service Management
PSRP   Public Service Reform Programme
SASE   Selective Accelerated Salary Enhancement
Sida   Swedish International Development Agency
TA   technical assistance
TANU   Tanzanian African National Union
TGDLC   Tanzania Global Development Learning Centre
UNDP   United Nations Development Programme

Acknowledgements

Executive summary

This case study is about how Tanzania went *about building its capacity to manage a complex process of institutional and organisational change*. With the agreement of the Government, it concentrates on the topic of capacity development for change management within the public sector. The main unit of analysis is thus the President's Office, Public Service Management (PO-PSM) unit as a change manager within the public service rather than the Public Service Reform Programme (PSRP) as such.

The Government of Tanzania, with the help of the international development community, has made genuine progress in building a capacity to design and manage public service reform. This case looks at how and why this has happened, with an emphasis on the efforts of the Tanzanians involved.

There were several factors in the wider Tanzanian context that shaped the development of the capacity for change management. These include a supportive context for public service reform, a relatively homogeneous population with no one dominant ethnic group, and global trends and the demands of foreign investors and the international development community which acted to demand improved performance from the public service.

In general, *public service reform has more traction* in Tanzania than in many other countries. The actions of government officials have been broadly supportive and the Tanzanian governing elite appears convinced about the need to embrace globalisation as a key part of any national development strategy. In addition, Tanzania has gone a considerable distance to depoliticise its policy making and to create space for ministries and departments to craft and manage reform programmes with politicians supplying general oversight.

At the same time, the *readiness* of the Tanzania public service for large-scale change has been mixed. Many staff appear to have welcomed the chance to improve their individual and collective performance and were determined to make progress. But major constraints on the implementation of public service reform still existed, including the fact that many public servants saw themselves as having being the targets of continual reform measures since the early 1990s.

The Government of Tanzania positioned the Public Service Reform Programme (PSRP) in the *mainstream of global public sector reform*. In the late 1990s, the Government, with enthusiastic international support, opted for the wholesale adoption of a set of reform measures collectively known as the 'new public management' (NPB), much of which was being applied internationally under the sponsorship of agencies such as the World Bank and DFID. This preference for foreign models had implications in terms of the transfer of organisational practices, absorptive capacity and a heavy reliance on technical assistance.

The Tanzanian approach to public service reform favoured what might be called *planned comprehensiveness*. It was an ambitious government-wide approach that did not rely much on piloting or incrementalism. Participants seemed to relish the idea of 'rolling out' new systems. Few low-income countries can have embarked on as many simultaneous institutional and organisational reforms as did Tanzania.

At the same time, the Tanzanian approach to capacity and performance improvement favoured the *reform of existing public sector organisations* rather than the creation of new ones. While taking this approach, the government tried to build both long- and short-term horizons into the implementation of the PSRP. It also recognised the need for 'soft' changes such as cultural and attitudinal change, although it has implemented hard changes such as organisational structures and systems first.

The Public Service Management (PO-PSM) unit initially functioned as a project implementation unit set up to manage public service reform as a conventional aid project. It was subsequently converted into an established part of government and expanded in size. The reform process was carefully designed to balance this *connectedness* with Government through tight connection to processes and networks while providing *operating space* through some freedom of action

The *leadership* of the PO-PSM was crucial. The same Permanent Secretary provided guidance for 10 years and was able to connect the PO-PSM into a variety of systems ranging from those linked to the Cabinet Office of the Government, to the international funding agencies operating in Dar es Salaam, to international networks dealing with public sector

reform. Senior managers within the unit, led by the Permanent Secretary, also had a sense of organisational craftsmanship and saw the unit as something to be creatively built and managed. Efforts were made to inculcate a sense of professional pride and mission in the unit staff. Managers gave attention to its capability for internal collaboration and cohesion. Finally, the PO-PSM was staffed almost entirely by Tanzanian professionals, which acted to reinforce its particular identity.

The main strategy for putting in place *individual competencies* needed in the unit was that of selection and recruitment, i.e. a 'buy' rather than a 'make' option. Formal staff training took place but was not a high priority in the PO-PSM. Most learning took place either on the job or in group settings such as staff retreats. Management did give special attention to the development of *social/personal as well as technical/organisational competencies*, including building capabilities for inter-office cooperation, for organisational learning, for improved communication and for building relationships with ministries, departments and agencies.

The PO-PSM gave staff *a sense of meaning* and context. Commitment, a sense of responsibility and motivation stemmed from this source rather than from financial incentives.

The *role of the international funding community* in the public service reform was generally positive. Part of the reason for this was a broad recasting of the partnership between the Government and the international funding community after reaching a crisis point in the mid-1990s. In addition, the Tanzanian PSRP could be characterised as one of low politicisation and high strategy - precisely the type of situation in which international funding agencies are most comfortable. The PSRP lent itself to the contributions - policy advice and technical assistance - that funders were best able to supply.

The main international funders of the PSRP, the World Bank and DFID, made some *critical assumptions* about the programme. They accepted the PSRP for what it was - a comprehensive, long-term approach at reform which would need 15-20 years of steady, patient and flexible support, much like the reform efforts in high-income countries. Both the Government and the international funding agencies refrained from imposing arduous reporting, monitoring and

measurement schemes until such times that the PSRP staff were in a position to design and manage them. The stability of staff on both sides ensured a consistency of approach.

In general, *a number of factors appear to have come together* in a systems way to produce the direction and energy needed to make progress in Tanzania in public service reform, particularly the fact that the PO-PSM had the space to develop its identity, capacity and confidence. This permitted government managers to pursue positive approaches to public service reform.

What was noticeable about the Tanzanian public service reform strategy was its reliance at the start of the programme on *a transplantation approach* as opposed to a more organic, evolutionary process customised for Tanzanian conditions. At first glance, this policy choice may seem puzzling. Two explanations are possible. First, institutional structural adjustment, complete with its own standard package of prescriptions, seems to have replaced economic structural adjustment as the latest universal solution in development cooperation. Second, many Tanzanian officials supported the application of a 'new public management' (NPM) approach out of intellectual conviction. The stress on improving service delivery and empowering citizens, in particular, resonated with many senior officials. The NPM was promoted as international best practice and a symbol of modernisation and globalisation.

This paper makes no judgment about the ultimate wisdom of the *strategic choice* in the Tanzanian PSRP. But what is clear is that the planned comprehensive approach to public service reform is a strategic choice. It may succeed in some contexts and fail in others. In the Tanzania case, an unusual combination of political support, low levels of political conflict, some skilled Tanzanian managers, an absence of deep bureaucratic resistance, some historical resonance, funder patience and some key domestic constituencies may be enough to make the PSRP effective. In the theatrical analogy of two analysts, Tanzania may just have the right stage, actors and even props to pull off a comprehensive reform show.

1   Introduction

This case study forms part of a research programme being carried out by the European Centre for Development Policy Management (ECDPM) based in Maastricht, the Netherlands, for the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) in Paris on the subject of improving the capacity and performance of development organisations mainly in low-income countries.[1] This case looks at the experience of the Public Service Reform Programme (PSRP) in Tanzania.[2] Heather Baser and Peter Morgan of ECDPM carried out the research in Dar es Salaam during a ten-day period in April 2004.

Readers need to keep in mind some of the directions of this case study.

- First, this case study is about how a country - Tanzania - went about building its capacity to manage a complex process of institutional and organisational change. It is not intended as an analysis of the outcomes and impacts of the overall PSRP. Trying to make quick Olympian judgments on the effectiveness of the overall programme was not feasible, or even advisable.[3] Timing issues were determinant here. The post-retrenchment phase of the PSRP was only about four years old. Major advances in capacity in areas such as service delivery were estimated to be years away. In addition, the short amount of time that the team was able to spend in Dar es Salaam compelled a tighter, more manageable focus. The case study thus concentrated, with the agreement of the Government, on the topic of capacity development for change management within the public sector. The main focus of analysis is thus on the work of the Public Service Management (PSM) unit within the President's Office (PO-PSM) as a change manager, rather than the PSRP as a programme.

- Most analyses of capacity issues in development cooperation focus single-mindedly on weakness. The attention of the participants, especially in the public sector, is normally on constraints, dysfunctions, problems and resource shortages. How, for example, can countries and donors collaborate to fill the capacity 'gaps' that prevent programme implementation from going ahead? In contrast, the overall ECDPM study, of which this case is a part, has given more attention to strengths and achievements. It has tried to understand how and why effective capacity has emerged. In this particular case, the Government of Tanzania, with the help of the international development community, has made some genuine progress in building a capacity to design and manage public service reform. A broader international audience may benefit from its experience.

- Two other objectives of this case need to be highlighted. The first is to address the 'what', 'how' and especially the 'why' questions with regard to the management of public service reform in Tanzania. The purpose of this case is explanatory. It looks back not forward. It is not intended as a formal evaluation or a comprehensive organisational assessment of the work to date. It makes no specific recommendations or proposals for future action, although it does raise some general issues in the final section (the 'so what' and the 'now what' questions). The second objective is to highlight the efforts of the Tanzanian participants. The contributions of international funding agencies such as DFID and the World Bank were crucial to the progress of the work in terms of the provision of advice and financial support, but they were not determinant. Capacity emerges. It is not delivered or transferred. National participants make or break capacity development in all cases. Our focus is thus on the Tanzanian efforts.

- Finally, the broad spectrum of the readers of this case needs to be kept in mind. At one level, readers with a detailed understanding of public service reform issues in Tanzania will hopefully get some benefit from another perspective. But it is also the intention to create some value for readers in other parts of the world who know little about the Tanzanian experience or even about public service reform. The case therefore puts limits on detailed analysis of issues such as pay reform or decentralisation.

Notes
1   The original intention was to look at cases in both high and low-income countries in the belief that capacity development issues are of universal concern and difficulty.
2   Readers interested in more background can consult the PO-PSM website at www.estabs.go.tz
3   For an early look at the value of executive agencies in Tanzania, see Talbot (2001).

2 Analytical framework and methodology

The analytical framework used in this case parallels that used in the other ECDPM case studies carried out to date.4 The framework is divided into the following components:
- the wider context of change in Tanzania;
- the context of the public sector in Tanzania;
- strategic positioning and design of the Public Service Reform Programme;
- the development of the capacity and capabilities of the PO-PSM;
- the strategy for change used by the PO-PSM;
- the emerging levels of performance of the PO-PSM; and
- the nature and effectiveness of the external support.

The sources of information and insight for this case were threefold: first, interviews with a range of officials both inside and outside the Government of Tanzania. These included staff of the PO-PSM, line ministries, participating consulting firms and international funding agencies. These are set out in the Annex. Second, we reviewed a sample of the reports coming out of the programme. These can be found in the bibliography. Finally, we looked at a small part of the enormous secondary literature on public sector reform, including that on Tanzania itself, which is also referenced in the bibliography.

A brief explanation is needed at this stage about the perennial issue of defining the terms 'capacity' and 'capacity development' and 'capability'. After having now completed the field work on most of the 17 field cases to be carried out under the larger ECDPM study, we can safely say that there is no agreed definition or shared understanding of these terms in the international development community. Either they are so abstract as to have no operational value ('the ability to perform'), or so functional and specific as to exclude a wide range of useful broader ideas and approaches. This buffet of meanings extends to the Tanzanian situation. Some Government and donor officials saw capacity development as skill improvement and/or training. Some viewed it as improvements to the implementation of certain programmes, others as increased effectiveness. Some saw it as a distinct phase of institutional and organisational development. Some even used the terms 'capacity' and 'capacity development' interchangeably.

Yet, getting a clearer idea of the nature and source of capacity lies at the heart of the ECDPM study. In this case, we have looked at three aspects of the broad attribute known as 'capacity':
- *'Capacity'* is taken to mean the overall ability of the PO-PSM to support the design and management the Public Service Reform Programme.
- *'Capability'* refers to those specific abilities that must be brought together to make up the overall capacity to manage the programme. Those capabilities that were critical to the effectiveness of the PO-PSM included strategic thinking, negotiating with other ministries, departments and agencies (MDAs), monitoring and evaluation. We give most of our attention to this level of analysis.
- *'Competence'* refers to those skills held by individuals within the PO-PSM or other locations within the Government that form part of the collective capabilities and capacity.

3 The wider context of change in Tanzania

Many capacity interventions implicitly assume that they contain within themselves all the ingredients to ensure their effectiveness. Are the objectives clear? Is the sequencing of activities appropriate? Has the intervention been given sufficient resources? Are the predicted results appropriate? Do the participants have the right skills? And so on. Yet it is also clear that virtually all efforts at capacity development are nested in a broader web of contextual influences that shape their evolution regardless of the technical rationality of the particular intervention. Put more simply, capacity interventions take place within open systems. In many cases, the nature of these contextual influences - the political economy of the country, its institutional patterns, its historical legacies, the web of stakeholder relationships - are poorly understood and, in many cases, invisible to outsiders and even many insiders.

This study does not pretend to have done anything approaching an institutional and governance review in Tanzania. But some factors in the wider Tanzanian context that have shaped the development of the capacity for change management were obvious even during a short visit. Some of the key international funding agencies such as the Bank and DFID have also done some work in these broader contextual areas.[5] We therefore set out below a brief overview of the wider Tanzanian context that needs to be understood in assessing the capacity issues to do with the PO-PSM.

Compared with many other low-income states, Tanzania has a supportive context for public service reform, a condition that partially explains its success to date. It is crucial for outside observers, especially those enamoured with the idea of universal 'best practice', to appreciate this 'good context' when assessing change strategies and capacity gains.

Tanzania has a relatively homogeneous population distributed amongst over 200 small tribes and ethnic groups. No one ethnic group in any part of the country has the size, wealth or the geographic base to capture even individual ministries let alone the entire Government. Tanzania has few landed elites. The military does not play a dominant role in political decision making. Regional differences in economic and political power are much less than those of other neighbouring states. Tanzania also has a national language spoken widely in all regions that facilitates collective identity, interregional communication and shared understandings. Levels of social capital and a sense of personal security amongst different ethnic groups appear to be higher than in many other African states.[6]

Predating the colonial period, Tanzania had a strong associational life showing itself in the growth of burial societies, ethnic societies, a women's movement, dance troupes and the like. The incidence of social discrimination on the basis of gender, ethnic group, religion or language is lower than in most countries. Tanzania has no history of civil strife or state violence including during the drive for Independence. The geopolitical context of its East African neighbourhood is stable. Few issues, such as land ownership, minority rights, border incursions, or regional favouritism, have led to major political conflicts. Resentments from the past that are present in many other countries, stemming from civil war, collusion with the colonial authorities, political assassinations, do not seem to shape individual or group memory. In such an environment, power struggles over the control of public service organisations play less of a role. Most groups appear to have an interest in supporting the drive to reform the public service.

Some genuine 'drivers of change' acting in support of public service reform would appear to be present in Tanzania. The influence of global trends and the demands of foreign investors and the international development community are acting to demand or 'pull' improved performance out of the public service. Governing elites including those at the political level have real incentives to formalise and professionalise public service organisations. They see the benefits of improving the performance of the public service. A substantial proportion of the emerging, but small, middle class in Tanzania do not wish to see a return to the disabled public service of the 1980s. Almost all

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Notes
5 See, for example, Barkhan (2000); Lawson and Rakner (2005).
6 One staff member stated '... we Tanzanians, we think we cannot be hurt'.

citizens wish to see better service delivery, and their political participation appears to be energising the reform process. No insurmountable institutional or structural barriers exist to block reform. Tighter links are therefore slowly developing amongst capacity, legitimacy and performance in the public service. In such a context, comprehensive reforms in the public sector with a higher degree of technical rationality may stand a better chance of succeeding. In short, genuine spaces and opportunities exist in Tanzania for positive change.

The general idea of collective public action and social cooperation retains a good deal of legitimacy within Tanzania. Egalitarian social policies in the 1970s and 1980s diminished a number of grievances that remain evident in neighbouring states.[7] Even during the period of one-party rule, a high level of internal party democracy led to a rough sense of citizen participation. The composition of the political elites has also changed a good deal over the years as ministers and members of the National Assembly were voted out of office. Indeed, the whole idea of reform and change, albeit defined in quite different ways over the years, has been more pronounced in Tanzania than in many other African states. This tradition of nation-building goes back to the drive for Independence in the late 1950s and early 1960s, the Arusha Declaration in 1967, the *Ujamaa* period of collectivisation in the 1970s and the role of the Tanzanian African National Union (TANU) in the 1960s and 1970s. Tanzanians appear to have a familiarity with the idea of social and institutional change in support of a governing ideology that is accepted by the country as a whole. In one sense, the current Tanzanian enthusiasm for market-based approaches to national development is at the other end of the spectrum from the previous allegiance to socialism and self-reliance. But in another sense, both ideologies build on the same recurring historical pattern.

The evolution of political institutions in Tanzania is part of this supportive context. Four trends in particular help to give efforts at public service reform more traction than in many other countries:
• The Tanzanian political system has been structured since 1995 along the lines of what two analysts have called uncompetitive pluralism.[8] In 2000, the ruling party retained 80% of the parliamentary seats and controlled most local councils. Opposition parties did not yet have the strength or the legitimacy to seriously threaten the ruling party especially in the

rural areas or to destabilise the political system.[9]
• Tanzania also has a strong presidential system. Decisions from the top of the political structure can be altered by elected party members but are not likely to be strongly contested or overturned. Supportive leadership focused on public issues can make a difference.
• Tanzanian governance structures appear to rely less on personalisation and informal structures - e.g. patrimonial networks and communal groupings based on ethnicity - compared with most other African countries.[10] Politicians have increasing incentives to rely on performance rather than clientelism to maintain their political base. In practice, Tanzania's public organisations seem to be both formalising their procedures and separating into distinct political and bureaucratic spheres. Tanzania, for example, has tried over recent years to depoliticise bureaucratic decisions and operations with some success, a trend that appears to have been accelerated by the transition to multi-party politics. More and more appointments to public organisations, including most in the PO-PSM, are being made through public notice and competitive selection. The capability for what Manning and Parison call 'basic reforms' - that is, achieving or strengthening basic public service disciplines - are being put in place.[11]
• In addition to public service reform, Tanzania has also embarked on improvements relating to freedom of the press, the rule of law, academic freedom and many others. If successful in the medium and long term, these parallel changes may act to help sustain public service reforms.

Another facet of Tanzanian institutional and political development that supports public service reform is what might be called productive stability. Contending factions such as military or political cliques have not replaced each other. Normal political change has been institutionalised to a great degree. For much of the last decade, political support for public service reform, especially from the senior political and bureaucratic levels including the President, remained steadfast despite the dislocations caused by large layoffs of

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Notes
7   In the mid-1980s, 41% of Tanzanians had access to safe drinking water, compared with an average of 19% for Africa as a whole.
8   Kiragu and Mukandala (2003: 61).
9   Opposition parties actually lost seats in the 2000 elections falling to 29 seats from 46 in 1996.
10 For an analysis of this phenomenon, see Chabal and Doloz (1999). This book lays out the case for the instrumental value of disorder and public sector collapse for many governing elites in Africa.
11 See Manning and Parison (2004: 16).

government employees.[12] The bureaucracy, including the PO-PSM, has been partially buffered from the normal struggles in the political arena. This practice bears some resemblance to the practice in Southeast and East Asia of insulating economic policy technocrats from the push and pull of political conflict.

Macro-economic stability has also been in place for most of the last decade. Economic growth, while gradual, has been steady. Such stability is not a guarantee of improved capacity but it did appear to be an enabling factor in the Tanzanian case. Senior Tanzanian officials also make the reverse case that steady public service reform has contributed to macro-economic stability. Capacity development in the public service is a slow process that needs both sustained buffering and support. Policy shifts that swing from one extreme to another tend to disable serious efforts at public service reform. Much of this oscillation has been avoided in Tanzania.[13]

It is important not to overdraw this picture of a benign and supportive context. Tanzania remains one of the poorest countries in the world with a GNP per capita of about US$310 per annum. In 2003, it ranked 164 out of 177 on the Human Development Index and it has few resources that can be invested in public service reform beyond those provided by international funding agencies. At present, it cannot afford to pay living wages to most of its public servants. Corruption remains an issue of concern. Basic logistical support - transport, computers, reasonable offices, paper, desks - is lacking in many outlying regions. Tanzania has a large land mass with the rural population dispersed mainly along its borders. Transportation and communication links outside the main urban areas of Dar es Salaam, Mwanza, Dodoma and Arusha are poor. The rural-urban divide is becoming more pronounced. Levels of literacy remain low. The tradition of claim-making by citizens on government has been weak. An explicit 'demand' for improved service delivery in the form of client or customer pressure is still developing.[14]

Tanzania is also working to develop gaps in its institutional and organisational landscape that are, in part, a legacy from a long period of single party, centralised presidential rule and the dominance of the single political party TANU in the 1960s and 1970s.[15] In practice, the politicisation of this earlier period led to the suppression of a good deal of institutional and organisational capital (e.g. trade unions, cooperatives) outside government that is only now re-emerging some 40 years later.[16] Tanzania has a comparatively small number of autonomous organisational actors outside the Government that can push for reform. The influence of private firms and civil society organisations remains nascent at best. But the aggregated effect of such institutional patterns in Tanzania can be hard to assess. It can lessen the demand for public service responsiveness. But it can also avoid resistance and blocking actions of powerful non-state groups such as teachers' unions.

Second, a large part of the economy is informal and remains unable to support the growth of complex formal organisations. The country lacks many modern institutions such as acts and statutes and legal guidelines. Part of the challenge facing the Government is the need to put such institutions in place in a systematic and legitimate way. Third, Tanzania lacks the skilled human resources needed to energise and manage its institutional infrastructure. Part of the explanation for this gap is historical. Part can be accounted for by out-migration of its citizens to other parts of Africa, Europe and North America.

Notes

12 The Government, for example, managed to deal with concerns about the sale of privatised organisations to South African investors, a policy that many members of the National Assembly found difficult to accept given Tanzania's long history of involvement in the struggle against apartheid.

13 For an example of a country (Peru) that underwent constant oscillations and changes in policy, see Matsuda (2004) .

14 This is not to say that public opinion cannot be mobilised in support of reform. Tanzanians clearly wanted faster service, less corruption and fairer treatment from the courts. For a case study in building a public knowledge about law reform, see Widner (2001).

15 Tanzania was the first country in Africa to adopt one-party rule in May 1965.

16 Independent trade unions were abolished in 1964 and party-affiliated ones put in their place. Farmers' cooperatives and local government were disbanded in the early 1970s.

4 The context of the public sector in Tanzania

We set out in this section two aspects of the public sector in Tanzania which are essential for understanding the later discussion on building the capacity for change management. These aspects include the evolution of the public service since its establishment during the colonial period and its current structure.

4.1 The evolution of the public sector

The evolution of the Tanzania public sector shows patterns which have both differences and similarities when compared to those of other African states. For ease of understanding, this evolution can be divided into five overlapping phases.

- The *colonial phase* lasting up to Independence in 1961 produced a bureaucratic structure that was - and still is - smaller and less complex than those in neighbouring Kenya or Uganda. Under its trusteeship mandate from the League of Nations, Great Britain had invested less in Tanzania than it did in colonies of greater political or commercial interest.

- The *phase of growth and politicisation* began in the late 1960s and saw the public service subordinated to the dominance of the dominant single political party, as mentioned earlier. This phase led to the strengthening of the centralised Tanzanian state and the rapid expansion of the bureaucracy to implement ambitious development plans. Over time, policy control began to flow through TANU party committees and organisational structures, leading to a diminution in direct citizen participation and accountability. Local government was abolished in 1972. The size of the public service increased by about 350%, with the number of employees reaching a total of 295,000 in 1980.

- A *period of public service stagnation and decline* began in the early 1980s characterised by declining levels of service and a collapse in discipline, training, salaries and other incentives. Corruption, not surprisingly, grew as a response.

- The *phase of retrenchment* beginning in the early 1990s was based on a conventional cost containment and downsizing strategy. The Government and international funding agencies worked to reduce the core functions of government, reset the boundaries between the public and private sector and tried to infuse the system with a greater sense of accountability. In pursuit of these goals, many public organisations were either privatised or turned into executive agencies. Total staff numbers fell from 355,000 in 1992 to about 270,000 in early 2000 - a shrinkage of about 35%. The number of 'grades' within the public sector fell from 196 to 45. The payroll system was simplified from 36 different allowances to seven. Structures at the senior management level were simplified, as were those in the regions. Efforts were made to improve public service training.[17]

- The *current phase of reform* began in 2000 with the PSRP focusing on *building capacity and performance*. The previous emphasis on retrenchment had been effective in terms of rebalancing costs and scope. But it had not contributed enough in terms of improved service delivery, a pattern that was common across most African states. The current phase was designed to focus on improving performance.

4.2 The current structure and characteristics of the public sector

We can briefly summarise the size and structure of the public service. The national level is divided into 29 ministries, departments and agencies (MDAs). This total includes ten lead ministries, five economic, five social and nine independent departments. Since 1994, 19 executive agencies have been established, covering functional areas such as airports, business registration, taxation, visas and national statistics.

What other characteristics of the Tanzanian public sector should be taken into account when discussing capacity issues?

- The actions of politicians and senior government officials in Tanzania have been broadly supportive of public service reform. The Tanzanian governing elite based mainly in Dar es Salaam appears convinced about the need to embrace globalisation as a key part of any national development strategy. This belief, in turn, has led to a series of broad policy

Notes
17 See Mutahaba (1986).

directions that include encouraging foreign investment, modernising the public service, improving a variety of institutions such as the rule of law and regulatory mechanisms, and improving relationships with the international development community. The President, himself a former public servant, has supported reform over his eight-year term. All three ministers in charge of the reform portfolio since 1996 have worked to push it forward. As mentioned earlier, most of the changes in the 1990s encouraged the depoliticisation of policy making and created space for ministries and departments to craft and manage reform programmes with politicians supplying general oversight and support. Indeed, some Tanzanian observers interviewed for this case study commented that politics now comes as much after the start of implementation as before.

- Politicians and senior officials do appear to have different perspectives on public service reform, as might be expected. In the Tanzanian system, permanent secretaries see their primary reporting relationship through the Chief Secretary who, in turn, reports to the President. Ministers, while still responsible to the National Assembly have, in practice, little direct control over the reform programme. In effect, the Public Service Reform Programme is largely designed and controlled through the central bureaucracy. Executive agencies, for example, report to permanent secretaries and on to the Chief Secretary and the President. More than in most other African countries, the PSRP is insulated from politicisation.

- Each country has a few key issues that affect the progress of public service reform. In the Tanzania case, one of the most obvious has to do with pay reform and more specifically with the remuneration for middle and senior-level government officials. One of the historical legacies of the 1960s and 1970s has been ambivalence, especially at the political level, about the ethics and impact of financial incentives in a society that still believes in egalitarianism. Much of the original purpose of

Tanzanian socialism was to create a classless society in which favoured groups, particularly those engaged in commerce and the professions, would not be allowed to capture undue benefits either in terms of salaries or access to opportunities.[18] One of the outcomes of this principle was the compression of public sector salaries. A difficult issue for the Government to resolve as part of the current PSRP has therefore been that of pay reform and the awarding of bonuses to key staff especially at the professional levels. Pay levels remain compressed and many of the key staff whose contributions are critical to improved performance remain severely underpaid.[19]

- The Tanzanian approach to policy analysis and decision making has become more systematic and professional compared to many other countries. Efforts have been made to strengthen the Cabinet Secretariat.[20] Cabinet liaison staff and policy units have been set up in the sector ministries. The Inter-ministerial Technical Committee (IMTC), composed of the Permanent Secretaries, has been in place since the late 1970s and by all accounts, provides a genuine capability in inter-ministerial coordination.[21] This trend to institutionalising the decision-making process has been accelerated by the transition to a multi-party political system.

- Tanzania remains an aid-dependent country. But relationships between the Government and the international funding agencies have become more balanced and collaborative since hitting bottom in the mid-1980s. Both sides have made significant efforts to restore the appropriate decision-making role of the Government and to make external interventions less intrusive and directive. The Government now plays a much greater role in aid management. Improved communication has led to more of a shared understanding about aid priorities. An independent group of advisers monitors the behaviour of both the Government and the donors and submits regular reports and recommendations.

- The Tanzanian public service is working to improve its performance, credibility and competence. The general idea of public action through government still has currency in Tanzania. But most departments and agencies have yet to regain the standing they once had in the early 1970s. Most wage levels would have to double to reach acceptable levels, especially at the mid-levels of technical, professional and managerial staff.[22] Indeed, the level of service provision reached during that period has yet to be achieved three

Notes

18 Some of the legitimacy of the Chama Cha Mapinduzi (CCM), the largest political party, still stems from this principle.

19 For a detailed analysis, see Kiragu et al. (2005: 109-149).

20 The Cabinet Secretariat currently has 14 professionals.

21 One senior Tanzanian official noted that the IMTC was established to help coordinate the war against the Idi Amin regime in the late 1970s. It has functioned well ever since. It now fills the role of a steering committee for the PSRP. It meets regularly - almost weekly - and is chaired by the Chief Secretary.

22 It should be kept in mind that Tanzania was one of the few African states where salaries were higher in 2000 than they were in the early 1990s.

decades later. Public dissatisfaction with poor service levels was a major factor in pushing both the Government and the international funding community to shift to an emphasis on performance in the late 1990s.

The 'readiness' of the Tanzanian public sector for large-scale change was, not surprisingly, mixed. Many staff appear to have welcomed the chance to improve their individual and collective performance and were determined to make progress. But at the same time, major constraints on the implementation of public service reform still existed. Most of these issues were entirely predictable and could be found in almost all public services around the world.

• Most reform programmes lose energy when they spread out beyond a narrow circle of true believers. In the Tanzanian case, some staff in the MDAs, particularly outside of Dar es Salaam, tended to see reform as a preoccupation of the bureaucratic elite. From this perspective, benefits from the reforms would continue to go to senior managers in central agencies, while most of the major disruptions would be passed on to the middle levels of the MDAs. Few staff at the operating levels, for example, were eligible for salary supplements under the Selective Additional Salary Enhancement (SASE) compared to those at the more senior levels. Central agencies such as the Ministry of Finance were perceived as under little pressure to delegate authority to support regular operations.

• Generational issues were at work in shaping the receptivity of public servants to major reforms.[23] For the younger age group under 40 years of age, the PSRP was more likely to be seen as a chance to work with new ideas and techniques such as client surveys and organisational self-assessments. But for many older staff, the emphasis on issues such as contractualism and individual incentives seemed inappropriate. For this group, the reforms lacked the moral authority and legitimacy that they believed characterised the Tanzania of the 1960s and 1970s. Different groups within the public service had different perspectives on the values that the reforms represented.

• Perceptions also differed between professional and administrative groups. The first group was more likely to view the PSRP as focused on organisational changes with little recognition of the particular

needs of technical professional staff, especially those at the middle levels of many MDAs. Many such organisations still suffered from shortfalls in professional expertise stemming from staff freezes that had characterised reform efforts in the mid-1990s. Many also saw few benefits of the PSRP in terms of new equipment or operating costs and few quick advances in terms of performance on the ground. Again, not surprisingly, many mid-level staff saw the reforms as lacking understanding of the challenges faced by operational staff on a daily basis.

• Finally, many public servants saw themselves as the targets of continuous reform measures since the early 1990s. They remained sceptical about the value of the latest 'fashion' to sweep over the government. These staff, in common with their counterparts in other parts of the world, tended to try and wait out the latest reform impulse until such time as real incentives existed for generating real commitment and collaboration. This trend to minimal participation applied, in particular, to the many staff in acting positions and was accentuated by a low level of understanding of the real purpose and nature of the reforms.

Notes

23 As an example, the Ministry of Communications age sets were the following: 63% male, of whom 4.4% were under 35 years of age, and 1.5% were over 55.

5 Strategic positioning and design of the Public Service Reform Programme

Part of the challenge of this case is to understand the process of change that underpinned the Public Service Reform Programme. What was the scope of the reform programme? What kind of a process was the PO-PSM managing? What challenges did it pose for the PO-PSM unit? We can see in the Tanzanian case a series of deliberate choices and approaches.

First, the Government had positioned the Tanzanian PSRP in the *mainstream of global public sector reform*. Both the Government and the international funders believed this to be appropriate given the increasing need of the public sector to respond to market forces at both the country and global levels. The previous change strategies in the 1970s and 1980s had emphasised the value of Tanzanian practices and had shown a pronounced scepticism towards the use of foreign ideas and techniques. In the late 1990s, the Government, with enthusiastic international support, opted for the wholesale adoption of a set of reform measures collectively known as the new public management, much of which was being applied internationally under the sponsorship of agencies such as the World Bank and DFID. In particular, international funding institutions had urged a number of English-speaking African states such as Ghana, Uganda, the Gambia and Kenya to adopt

them. These measures included a focus on service improvements, executive agencies, performance contracts, and incentive systems for both individuals and MDAs, merit principles and practices, supplier competition, citizen charters, citizen as customers, and so forth.[24] As we shall see later, this preference for foreign models had implications i n terms of the transfer of organisational practices, absorptive capacity and a heavy reliance on technical assistance.

Second, the Tanzanian approach to public service reform favoured what might be called *planned* comprehensiveness.[25] It was an ambitious government-wide approach which did not rely much on piloting or incrementalism.[26] The Government, in cooperation with the donors, embarked on 'rolling out' a variety of new systems. Indeed, few low-income countries can have embarked on as many simultaneous institutional and organisational reforms as has Tanzania.[27] Two aspects of this approach have been of particular importance. First, a guiding assumption was that the overall effectiveness of the reforms would come, at least in part, from the synergies arising out of a series of other institutional reforms that had been passed into law over the last five years.[28] Second, all MDAs were compelled to participate in the PSRP. Participation was not staged or voluntary. The financial cost of this comprehensive approach was considerable with the various external credits amounting to over US$100 million over five years. The combined weight of these reforms would have implications for the work of the PO-PSM , including the need to emphasise coverage over customisation, and the use of external technical assistance rather than local expertise.

Third, the Tanzanian approach to capacity and performance improvement favoured *the reform of existing public service organisations* rather than the creation of new ones. The Government privatised many dysfunctional parastatals in the 1980s and 1990s. Some new organisations such as executive agencies were set up in the 1990s. But beginning in 2002, the focus was on the reform and restructuring of existing MDAs. The Government had little faith in dramatic experiments along the lines of the Ethiopian Ministry of Capacity Building. Neither the Government nor the international financing community saw sweeping structural change as the way forward to improve capacity and performance. For both, the key was to embed reform in the daily routines of existing political and organisational actors.

Notes

24 Executive agencies are now used in Tanzania to manage airports, do business registrations and produce national statistics, amongst other tasks.

25 The term 'reformitis' is now used in some circles to replace the 'projectitis' of an earlier generation; see Therkildsen (2000: 62).

26 The original intention was to limit the early stages of the performance improvement model (PIM) to three MDAs. Then it was decided to extend the programme to 10, and finally all 29 MDAs. Part of the reason for the lack of piloting had to do with the wish of the MDAs to gain access to PSRP funding.

27 This tendency to comprehensiveness is a common one in Tanzania history. Goran Hyden wrote in 1984 about the 'strong urge to do everything and do it all at once' (cited in Barkhan, 2000: 107).

28 These include the Local Government Act, the Medium Term Pay Policy, the Legal Sector Reform Programme, the Public Financial Management Reform Programme, the Public Service Act and Regulations, the Public Service Management and Employment Policy, and the Code of Ethics and Conduct.

Fourth, the Government adopted a *rough sequencing strategy* which tried to build both longer -and shorter-term horizons into the implementation of the PSRP. Section 3 above set out the evolution of change and reform, ranging from rapid expansion in the 1970s to stagnation in the 1980s and downsizing in the 1990s. The phase beginning in 2002 focused on MDA capacity and performance improvement. The final stage would focus more on the achievement of quality extending out until at least to 2011. These last two stages would have a different emphasis but would overlap, as set out below:

- structural reforms and cost containment 1989-1999;
- structural reforms 1993-2003;
- performance management structures and systems 1995-2007;
- performance management culture improvements 2000-2009;
- quality improvement cycle 2004-2011.

Fifth, another sequencing issue had to do with '*hard' versus 'soft' aspects*. The phase beginning in 2000 would focus on changes to formal organisational structures and systems. Once these 'hard' changes had been implemented, more attention would then be paid to the 'soft' reforms having to do with cultural and attitudinal change. In the Tanzanian context, staff in the PO-PSM frequently referred to such 'soft' reforms as the need for a different 'mindset', i.e. a greater individual performance orientation mainly among the middle- and lower-level staff of the MDAs.

Sixth, the Tanzanian PSRP strategy was *mainly top-down and supply-driven*, a strategy that should not be surprising in the Tanzanian context. A good deal of latent or tacit demand existed in the country for improved services. But little evidence existed of Tanzanian citizens asking for the type of reforms such as citizen charters that the public service reform leadership put forward. In practice, the reform programme tried to combine attention to both supply and demand - supply in terms of some of the components that were perceived to be essential to improved capacity and performance, and demand in terms of creating greater accountability of government to its citizens.

A sixth element of the reform programme was the *limited use of financial incentives*. According to much current thinking, performance - and presumably capacity as well - will only result if the pattern of external and internal financial incentives affecting individual behaviour acts to align that behaviour in favour of the desired changes. But the Tanzanian approach to change, in practice, gave less emphasis to incentives. Some effort was made to boost salaries, as described elsewhere in this case, but the increases were not of sufficient size to make a major difference. Financial incentives, at least at the individual level, were used to retain staff and to ensure some sense of compliance. They lagged but they did not lead or drive reform behaviour. Their role was to support other management strategies designed to foster change. In practice, the use of financial incentives was a limited part of a basic deal on the PSRP: persuading mid-level staff of the MDAs to think and work differently in exchange for better conditions, training and salaries.

6 Building the capacity to manage the reform programme

Given this overall strategy for public service reform, how did the Government, with the help of the international funding community, go about building the capacity needed to manage it? We look at this issue from four perspectives: first, the evolution of the PO-PSM unit itself, second its change strategy, third, the growth in the capabilities of the PO-PSM, and fourth, the growth in the capabilities of the public service to manage complex change.

6.1 The evolution and positioning of the PO-PSM

The structure and scope of action of the PO-PSM went through two phases in the late 1990s and early 2000s, and was scheduled to shift to a third sometime in late 2004. Some basic history may be useful here. The Government made modest efforts in the mid-1980s to initiate public service reform. Some data collection and an overview study were carried out in 1984-1985. More systematic diagnostic work began in 1990-1992 with a series of studies for the UNDP carried out by Professor Baguma from the Muzumbe University. These studies, in turn, led the Government and the UNDP to set up a Civil Service Reform Secretariat attached to the President's Office. The group itself consisted of mainly expatriate staff. The mandate of this group during its first or *establishment phase* was the following:

- To create a unit that would advise the Government on the design and management of public service reform.
- To help manage the process of retrenchment and downsizing.
- To establish the first group of executive agencies.

During this first phase, the PO-PSM thus functioned as an enclave structure or a project implementation unit set up to manage public service reform as a conventional aid project. Most of the expatriate staff were provided through international technical assistance. The functional relationships of the unit were mainly with donors and central agencies within the Government. It had less outreach to sectoral ministries, departments and agencies. Issues to do with mainstreaming, sustainability, capacity development and a broader government-wide commitment of the reform strategy were not yet priorities.

The second or *mainstreaming phase* of the unit began in 1998. This phase incorporated some of the same objectives of the establishment phase but extended the scope of the PO-PSM's role to working directly with MDAs. In addition, care was taken to position and structure the unit in a way that could make it effective in facilitating the reform process.

The unit was converted into an established part of government and expanded in size. In effect, it evolved from a quasi-project implementation unit (PIU) to a permanent unit responsible for managing the PSRP. The PO-PSM was mainstreamed to create the demand for capacity to manage the new challenges for reform. The Government assigned the unit to a ministry - i.e. the President's Office - with a better capability for managing organisational change and programme implementation. Such a decision was possible in the Tanzanian context given the less dominant role of the financial and economic ministries compared to their counterparts in countries such as Uganda. Such central agencies could be effective in driving retrenchment and downsizing. But their role tended to lose effectiveness once the focus of the reform switched to the broader issues of capacity building and performance improvement.

Care was taken in the design of the reform process to balance *connectedness and operating space*. The PO-PSM remained tightly connected to the processes and networks of Government mainly through the role of the Permanent Secretary. But it was given sufficient operating space within the Government to allow it some freedom of action. Change agents such as the PO-PSM usually face a challenge in crafting and sustaining their position and niche. If they are too intrusive and controlling they can undermine the very process of reform they are promoting, as other departments and ministries withhold cooperation and cease meaningful involvement, but if they are too detached they can become irrelevant. The balance achieved in the Tanzanian case resulted in the creation of an effective operating and discussion space within Government that could facilitate inter-agency negotiations and bargaining over the range of reform issues.

The *type of leadership* of the unit was crucial in two key respects. First, the Permanent Secretary, given his seniority, years of service within the Government and connections both domestically and internationally, was able to connect the PO-PSM into a variety of other systems, ranging from those linked to the Cabinet Office of the Government, to the international funding agencies operating in Dar es Salaam, to international networks dealing with public service reform.[29] The unit began to depend for its effectiveness on building, managing and sustaining a web of relationships that could both enhance its legitimacy and increase its contribution to the wider process of change.

Senior managers within the PO-PSM, led by the Permanent Secretary, also had a sense of organisational craftsmanship and saw the unit as something to be creatively built and managed. As part of this process, the unit began to pay more attention to itself as an organisational entity and began to develop its own identity. Care, for example, was taken to staff it with a diversity of people ranging from academic professionals to long-time public servants to younger-generation contractors. Efforts were made to inculcate a sense of professional pride and mission in the staff. Managers gave more attention to its capability for internal collaboration and cohesion. Such internal cohesion was also reinforced by a series of working relationships amongst key staff that had been formed over previous decades of work in the Tanzanian public service. Finally, the Office was staffed almost entirely by Tanzanian professionals, a shift that acted to reinforce its particular identity. Most of the previous group of external technical assistance (TA) personnel ended their contracts and moved on. Even those professional staff working as full-time external technical assistants were Tanzanian citizens paid for by international organisations.

The Government worked to balance *stability and adaptation*. Most change units suffer from constant turnover as staff enter and leave, political and bureaucratic sponsors shift, and priorities change. The contrast with the PO-PSM is noticeable. The Government maintained its operating space by sustaining political support throughout the inevitable ministerial changes. The Permanent Secretary was its leader and guiding force for ten years, a situation that helped to stabilise it as well as signal the importance of its work to the wider public

service community. Many of the key staff at the level below the Permanent Secretary remained in place for 3-4 years. The bureaucratic location of the PO-PSM did not change over the period. Neither did the values it modelled - professionalism, performance and honesty. But it is also true that the structure and strategy of the unit evolved constantly throughout the period 2000-2004 as it responded to a different pattern of needs. Effective capacity needs some stability in order to emerge over time. But it also needs to adapt in order to keep up with the demands placed upon it.

The main strategy for putting in place *individual competencies* needed in the office was that of selection and recruitment, i.e. a 'buy' rather than a 'make' option. Staff were hired with a variety of existing skills ranging from academic and international experience in public administration to long-term service in the Government. Formal staff training took place but was not a top priority in the PO-PSM. Most learning took place either on-the-job or in group settings such as staff retreats. Management gave special attention to the development of social/personal as well as technical/organisational competencies.

The development of the *intangible assets* of the PO-PSM became key. Capacity is frequently described as a function of technical skills and tangible resources. But it also has to do with confidence, positive self-perception and organisational integrity. The PO PSM as an organisational unit developed a confidence and an energy that fuelled its capacity.[30] According to the Permanent Secretary, the key part of the PO-PSM's overall capacity had to do with attitude, commitment, pride and focus, something that developed particularly during the years 2002-2004. Staff developed a strong belief in the value of their work. In their eyes, the PO-PSM offered them an opportunity to make a professional contribution to the development of their country. Simply put, the unit provided its staff with a sense of meaning and context. Commitment, a sense of responsibility and motivation stemmed from this source rather than from any carefully crafted set of financial incentives.

Finally, we would point to the access of the PO PSM to sufficient *tangible resources* as part of the process of capacity development. Its professional environment, including office space, was good. Equipment -

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29 The Permanent Secretary was officially head of the PO-PSM, and occasionally substituted for the Chief Secretary during the latter's absence.

30 One staff member in an MDA referred to the PO-PSM staff 'the crusaders'.

computers, desks, communication lines - was in a short but not critical supply compared to many other groups in Tanzania, particularly outside Dar es Salaam. Funding through the support of the international agencies was adequate. This aspect of the capacity of the PO-PSM was satisfactory but not decisive.

6.2 The capacity and capabilities of the PO-PSM

In this section we address the emerging capabilities of the PO-PSM that it needed to manage the Public Service Reform Programme. To do this, we have set out in Tables 1 and 2 below a rough categorisation of the main capabilities developed by the PO-PSM that were highlighted in our discussions.

These capabilities appear to have emerged in response to a variety of external demands and internal strategies. An early stage of evolution saw the PO-PSM focus on getting its various components together (e.g. positioning, structure, tangible resources, staffing) and trying to develop its capability to do a few key technical tasks such as managing the inflow of technical assistance and helping other ministries, departments and agencies (MDAs) to begin putting in place performance management systems.

The effectiveness of many of these capabilities, particularly those aimed at managing external reform issues, depended in part on the legitimacy of the PO-PSM within political and bureaucratic circles within the Government and its ability to manage its relationships productively. Capabilities were, in practice, bestowed from the outside, from other MDAs and the international funding community, as well as developed on the inside. For the PO-PSM capacity was, in part, a relational quality.

The PO-PSM devoted a good deal of attention to what are seen in many circles as 'softer' capabilities. Specifically, it focused on building its capabilities for inter-agency cooperation, for organisational learning, for improved communication and for building relationships with MDAs. The Permanent Secretary cited the growth in confidence, both personal and organisational, as critical in terms of building these capabilities.

Capabilities appear to emerge out of the interaction of a complex range of components and attributes. In the case of the PO-PSM, such components included the more technical, tangible aspects (e.g. organisational structure, access to operating costs, staff, technical systems such as information technology) and the intangible (e.g. confidence, interpersonal and inter-group relationships, motivation, a set of shared values, organisational identity, pride and commitment).

Collective capabilities

We define capabilities here as the collective abilities of the PO-PSM that allowed it to perform, adapt and build its credibility. For ease of understanding, we have used one simple categorisation of these capabilities - the more technical ones that provide the focus and substance of performance, and the organisational/human ones that allowed the office to evolve into a coherent functioning system.[31] These are set out in Tables 1 and 2 below.[32] Readers should note that this rough mapping of capabilities have been compiled on the basis of brief discussions with a sample of staff. It is not meant as a comprehensive list.

Notes
31 There are many ways of categorising capabilities, including hard versus soft, internal versus external, short term versus longer term, transitory versus permanent.
32 The tables are adapted from Ulrich and Smallwood (2004).

Table 1: Examples of the PO-PSM's technical capabilities as of mid-2004

Capabilities	Background and issues	Actions
Providing policy advice	• Providing the President, the Cabinet and ministers with professional advice on public service reform • Thinking strategically about change and reform	• Unit hired Tanzanian professionals with international experience
Information technology	• Building collective ability and individual competencies for it	
Gender mainstreaming	• An early priority for the PO-PSM	• Established a separate unit and staffed it with experienced Tanzanian staff
Monitoring and evaluation	• Need to put in place M&E capability both within the unit and across government	• Slowly experimented with different approaches that could capture both capacity and performance

Table 2: Examples of the PO-PSM's organisational/human capabilities as of mid-2004.

Capabilities	Background and issues	Actions
Strategic leadership[33]	• Need for leadership both internally within the PO-PSM and across Government	• Reliance on the Permanent Secretary plus recruitment of senior officials from other parts of Government
Senior staff leadership	• Need for senior staff below the PS to develop management and leadership skills	• Customised development programmes for senior staff • On-the-job training and staff retreats • Mentoring by more senior staff including the Permanent Secretary
Building relationships with MDAs	• Crafting a uniform approach to PSRP implementation • Legitimising the role of the PO-PSM • Helping to build performance Management systems in MDAs	• Office worked hard in the early years to gain MDA cooperation • Office hired officers from line ministries to help with liaison role
Organisational learning	• Not a priority in the early period 1999-2002 • Became more important in the later phase beginning around 2003 in order to master complex change processes	• Mastering M&E and other learning methodologies
Acting professionally	• Need to ensure high standards of conduct in terms of reliability, focus on the job and probity	• Developing role models • Mentoring by senior staff
Team building	• Need for the PO-PSM to function as an integrated unit	• Special group courses for staff members plus management support
Creating identity and confidence	• Need for the office to establish its organisational presence and legitimacy	• Leadership at the top and middle levels that focused on building office coherence

Notes

33 One staff member explained leadership in the following terms: the leader must explain and legitimise. She or he must be a role model in terms of work and actions, and must explain what is required.

7 Performance

What can be said about performance or results of the change process? As stated earlier, the analysis in this case was not directed towards assessing the outcomes and impact of the overall Public Service Reform Programme. More attention is given to early indications that the PO-PSM was succeeding in building a system-wide capacity for managing complex processes of change.

In general, change strategies have received, until recently, little explicit attention in development cooperation. Many interventions appear to be based on the assumption that complex change will come about either through the power of bureaucratic rationality (e.g. clear objectives, planned inputs, results chains, agreed milestones, anticipated results), or through carefully designed incentives that will induce the required behaviour or through heroic leadership that compels individuals to do things differently. Yet most assessments of change strategies indicate a decidedly mixed pattern of success. Poor diagnoses, political and individual conflicts, lack of persistence and resources can combine to derail most change efforts. In the case of public service reform in Tanzania, we can see an explicit strategy at work that, at least in the short and medium term, was a good 'fit' for the situation.

- The office shifted the direction of change management from an enclave strategy to one focused more on *mainstreaming*. During the period 1993-1999, the original Civil Service Reform Programme functioned as a project office. Its mandate was to devise, sell and oversee the implementation of a series of reform initiatives such as cost containment, the restructuring of government machinery and the establishment of executive agencies. The advantage of such a strategy was centralised focus and control. The downside was weak relationships with line ministries, departments and agencies. In 2000, the Government, at the urging of the new PO-PSM, decided to shift away from this enclave strategy and move to one designed to promote mainstreaming, i.e. the diffusion of the ownership of reform throughout the Government.

- More specifically, this mainstreaming strategy took a particular form. Operational responsibility would be devolved to the MDAs. But in contrast with the mainstreaming strategy adopted in the Environmental Action (ENACT) Programme in Jamaica (another in the series of ECDPM case studies), all MDAs were required to participate in the PSRP regardless of their level of interest or commitment.[34] In addition, a standard package of reform prescriptions was to be adopted with little variation or innovation at the outset. Change management units would be set up in each MDA. The PO-PSM would manage the reform process as whole on behalf of the Government and would also act as a support group to the MDAs.

- Also embedded in the evolving PSRP change strategy was an assumption about a cascading or trickle-down approach to organisational change. Political and PO-PSM leadership had made sustained efforts in the mid to late 1990s to engage and convince the senior-level officials in the sectoral MDAs about the need for public sector reform, especially in the area of service delivery. The strategy here was to build and expand a consensus around the need for reform, first at the senior bureaucratic and political levels and then at the mid-levels of the individual MDAs.[35] Beginning in 2000 the programme switched the focus to the

> **Box 1: Technical assistance in support of the PSRP**
>
> One of the consulting teams, PriceWaterhouseCoopers, managed the performance improvement programme at State House, the Vice President's Office, the Prime Minister's Office, and the ministries of Defence and Foreign Affairs. As many 22 staff members and consultants were engaged at any one time, including experts from the firm's various European offices. The work consisted of helping with organisational self-assessments using the European Foundation for Quality Management (EFQM) framework, holding staff workshops, coaching and monitoring. All strategic plans for performance improvement had to be designed and submitted by June 2004.

Notes
34 It is instructive to compare the approach to mainstreaming in the Tanzanian case with that adopted in the ENACT programme in Jamaica (Morgan, 2004). The latter relied on voluntary participation in an effort to build on the commitment and interest of particular MDAs.
35 These groups were estimated to number about 500 people.

mid-level staff of the MDAs, whose interests and viewpoints were different from those at the more senior levels. Future efforts would be needed to reach the 'street-level' staff of line ministries.[36]

- The Government decided to hire, with the help of international financing agencies, external technical assistance staff to help plan and implement the change process. The PO-PSM was faced with a considerable management challenge given the overall Government decision to pursue two simultaneous goals: to ensure the comprehensiveness of the programme and to maintain speed of reform. In the judgment of the PO-PSM, such a programme could only be implemented by the extensive use of technical assistance sourced mainly internationally, but also from within Tanzania. The PO-PSM, with the financial support of the World Bank and DFID, obtained the services of five consulting groups who were to focus on strategic planning at the level of the individual MDAs.[37]

- By mid-2004, progress in the PSRP was uneven, as might have been expected. Changes in central ministries proceeded much faster than those in sectoral ministries with major service delivery responsibilities. Put another way, the urgency at the strategic level at the top of the public sector was evident. Less enthusiasm existed at the middle and lower operational levels. Thus far, 20 executive agencies had been established, and 24 MDAs had client service charters.

8   External intervention

In general, the role played by the international funding community in the Public Service Reform Programme was a positive one. Part of the reason for this outcome lies in the broader recasting of the partnership between the Government and the international funding community after reaching a crisis point in the mid-1990s. At that point, both sides accepted the need to rethink the relationship given the lack of trust and collaboration that had developed. Both agreed to have the Government play a more decisive role, with the role of the international community shifting to one of support and facilitation. A spirit of greater openness began to characterise most Government-donor interactions. The aid relationship itself and its development outcomes were independently monitored. Report cards on the performance of both sides began to be issued in advance of major biennial meetings between Government and the international community.

The point here is that the relationships surrounding the Public Service Reform Programme benefited from this broader pattern of partnership. The Government and the main international funders of the PSRP - the World Bank, DFID, the Japanese International Cooperation Agency (JICA), the Danish International Development Agency (DANIDA), the Swedish International Development Agency (SIDA), the United Nations Development Programme (UNDP) and the Canadian International Development Agency (CIDA) - established a Joint Consultative Committee which functioned effectively.

What other factors appear to have mattered?

- The Tanzanian PSRP could be characterised as one of low politicisation and high strategy, precisely the type of situation in which international funding agencies are most comfortable. The PSRP lent itself to the contributions - policy advice and technical assistance - that funders were best able to supply.

- The main international funders, the World Bank and DFID, accepted the PSRP for what it was likely to be - a comprehensive, long-term programme of reform that would need 15-20 years of steady, patient and flexible support, much like reform efforts in high-income countries. Quiet persistence, both within

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Notes
36 For a similar strategy in a US public sector agency, see Kelman (2005).
37 In some MDAs, coverage was extensive. In the Ministry of Lands, 250 out of about 700 staff attended the strategic planning workshops.

the Government of Tanzania and the international development community, paid off and reinforced the sense of a longer-term partnership. This different sense of time represented a departure for many of the funding agencies and points to the need for adaptation on all sides if such complex programmes are to be effective.

- Both Government and the international funding agencies refrained from imposing arduous reporting, monitoring and measurement schemes until such times as the PSRP staff were in a position to design and manage them.

- There also appears to have been an acceptance within the international community of the Government's capacity for self-organisation and self-correction. Situations in the PSRP that would appear to be a 'mess' in the short term would therefore be seen to have a good chance of evolving though adaptation into productive gains in the medium or long term.

- The stability of the Tanzanian staff was matched by that on the international side. Some Bank staff, for example, had been working on the PSRP since its inception. Organisational trust and commitment amongst organisations were reinforced by those between individuals on both sides. The connections between key individuals were also reinforced by the decentralised organisational structure of the main donor offices. This structure also generated the contextual knowledge that supported the reform programme.

9 General observations

This case study is not, as mentioned earlier, an evaluation of the Public Service Reform Programme or an assessment of the overall approach to developing the capacity of the public sector. But it may be useful, particularly for an international audience, to offer some general observations about capacity issues in the Tanzanian case.

The nexus of fit, positioning and capacity outcomes

This case and others conducted as part of the overall ECDPM research programme raise the issue of the strategic intent and positioning of capacity interventions. Each context, national, regional or local, represents a complex soup of political, cultural, economic and social structures. Each situation comes with institutional patterns that create incentives, act as constraints, offer opportunities and cover various fields of activity. The configuration of power and vested interests supports some capacity interventions while ignoring or opposing others. Windows of opportunity for capacity development open and then close. All interventions take place within dynamic systems that shape or at least influence the capacity outcomes. Even interventions at 'micro' levels can succeed or fail in terms of their fit and positioning.

A good deal of capacity development work in the past has focused on the manipulation of internal organisational variables and has tended to give less attention to this broader positioning issue. But more attention to this issue is now appearing. Engberg-Pedersen and Levy, for example, point to the importance of the 'fit' issue and hypothesise that capacity interventions 'are more likely to show satisfactory performance in one of two situations a) where country commitment is far-reaching, some institutional capacity exists, and operations are comprehensive or b) where political and bureaucratic commitment and capacity is limited and the operational scope of the projects is narrow'.[38] The Tanzanian case would appear to validate this hypothesis. The Tanzanian approach to public service reform was comprehensive and top-down, a strategy not always conducive to success. But a number of factors appear to have come together in a 'systems' way to produce the direction and energy needed to make progress. And they did so with enough critical

Notes
38 See Engberg-Pedersen and Levy (2005: 89).

mass to generate some momentum. These factors included the following:

- a political elite that saw its interests being enhanced by well performing public organisations;
- a political leadership that made a long-term commitment to reform and who buffered the reforms from damaging intrusion;
- an approach to public service reform that was coherent and feasible enough to generate domestic and international credibility;
- an international development community willing to defray a good part of the costs;
- a political system that was able to absorb and mediate the political costs of job and revenue losses; and
- some acceptance from citizens that these reforms would, at some point in the future, lead to better service delivery.

The need for operating space

The issue of the need for space for reform and manoeuvre is one that has appeared in many of the ECDPM cases. Chaos and complexity theory tells us that change is likely to proceed most effectively at 'the edge of chaos', that is, at the stage of system evolution between stability/rigidity and chaos/disintegration. Put another way, the process of capacity development appears to need the space that exists between tight control and no control. Much of the current thinking in development cooperation tends to favour the control and accountability side of the space 'balance' given the past abuses and unresponsiveness of many public sector organisations. But in the Tanzania case, it was critical for the PO-PSM to have the space to develop its identity, capacity and confidence. And such space was not simply the administrative creation of senior bureaucrats. In the final analysis, it was sustained by deeper dynamics in Tanzanian governance and society, as discussed in section 3. Over the years Tanzania has retained a political space for reform that in turn has allowed government managers to pursue more positive approaches to public service reform.

Transplantation versus organic growth

Debate about the value of transferring management ideas and practices developed in high-income countries to organisations in Africa has a long history. In the 1960s and 1970s, conventional wisdom assumed that such ideas needed to be customised to meet a different set of conditions. In the 1980s and 1990s, that view shifted to the other end of the

spectrum, i.e. to a belief in the universality of many donor prescriptions, including results-based management, privatisation, participation, learning, and many others.[39]

What was noticeable about the Tanzanian public service reform strategy was its reliance at the start of the PSRP on a transplantation approach as opposed to a more organic, evolutionary process customised for Tanzanian conditions. More specifically, the heart of the PSRP strategy was based on a package of ideas that made up the 'new public management' (NPM). Indeed, almost all of the basic menu of that package - executive agencies, customer surveys, benchmarking, performance budgeting and contracts, the pervasive use of incentives and indicators, citizen charters, and so on - were applied with only a modest attempt to tailor them to Tanzanian conditions. A similar faith in transplantation can be seen in the use by all the consulting teams of an organisational assessment framework from the European Foundation for Quality Management (EFQM).[40] Other techniques were copied from Malaysian experience. Tanzania's programme for the creation of executive agencies was consciously modelled on the UK's 'Next Steps' strategy.

Despite their fashionability, the applicability and value of the prescriptions of the new public management is the subject of some debate both in low- and high-income countries.[41] In practice, the record of achievement of pure NPM approaches where they have been applied in low-income countries can charitably be called mixed. But we could find little evidence of a sustained debate in Tanzania about the wisdom of using the NPM formula except among some mid-level staff of the MDAs and some local consultants associated with the programme.[42]

Notes
39 One of the best analyses of the transferability issue remains that by Moris (1979); for a more recent look at the issue, see Jackson (2003).
40 Most of the MDA staff viewed the EFQM framework as too complicated (at least 64 separate components) and too oriented to the specific conditions of the private sector.
41 See, for example, Minogue et al. (1998); Manning (2001); Sutch (1999); Polidano (1999) Therkildsen (2000); Savoie (1995); Schick (1998).
42 A number of officials in the sectoral agencies stated that they pressed the external consultants to outline the record of effectiveness of the NPM approaches. Why were they considered 'best practice', and by whom? What specific examples could be given? Why were they felt to be relevant to the Tanzanian situation? The World Bank (1998) carried out a portfolio review of its capacity development activities, which raised a number of transferability issues in areas such as executive agencies.

At first glance, this policy choice may seem puzzling. Many of the senior Tanzanian officials in the PO-PSM were active in international discussions about the NPM and were aware of its potential limitations. Two explanations are possible. First, the Tanzanian package bears a strong resemblance to those applied in other African countries including Ghana, Kenya, Uganda and Zambia.[43] The NPM approach is a kind of institutional structural adjustment complete with its own standard package of prescriptions. As such, it appears as a successor to the approach of economic structural adjustment in the 1980s. If countries wish to preserve good relations with the international funding community, it is in their short-term interest to accept such prescriptions, particularly if they are not clear and confident about possible alternatives. Its wholesale application may not have been seen as worth contesting in advance in the face of a united - or at least coordinated - international funding community and their associated consultants. Some of the Tanzanian participants may also have decided to treat all the various international prescriptions as experiments that could quietly be dropped or adapted over time if they failed to produce much value. Such adaptations would likely have a better chance of getting agreement in the light of operational experience than in any pre-implementation debate.

Second, many Tanzanian officials supported the application of an NPM approach out of intellectual conviction. The stress on improving service delivery and empowering citizens in particular, resonated with many senior officials intent on getting beyond the bureaucratic decline of the 1980s and early 1990s. The NPM was also promoted as international best practice and a symbol of modernisation and globalisation. If Tanzania was to compete in the international marketplace, strategies such as the use of NPM approaches would have to be at least tried to support that objective. Finally, the NPM offered Tanzanian decision makers a coherent and comprehensive approach to reform.[44] Given the wish to go forward with a transformation of the public service, the NPM offered a plausible methodology for accomplishing that goal.

The Tanzanian case opens up a series of issues that are important in the larger debate about capacity development:

- Where is the balance between customised, tailored approaches to institutional and organisational reforms versus international 'best practice' applications? Who decides, and on what basis?
- Can sufficient learning and flexibility be built into transplanted approaches? Do both national participants and international funders have an interest in building that kind of a learning capability and in tailoring transplanted strategies?
- Will governments and funders agree to the variation and experimentation at the level of individual MDAs that would make learning possible?
- Will the government's wish for a fast pace of reform overwhelm the capacity of the system to absorb new initiatives?

Comprehensiveness versus incrementalism
The Tanzania case is a good example of the current trend to planned comprehensive reforms in development cooperation. From this perspective, countries need transformative systems change, especially in the public sector. The assumption is that the synergies gained from simultaneous reforms in service delivery, auditing, financial management, law reform, policy analysis, democratisation, and so on, can boost overall performance. Such comprehensive approaches can help countries have a better chance of achieving their Millennium Development Goals. Such strategies can also fit better into the current donor efforts at joint action and harmonisation.

Other views are more sceptical about the value of planned comprehensiveness as a reform strategy.[45] From this perspective, such approaches have the potential to collapse under their own bureaucratic weight even in states that have a good supply of skilled people. Most governments simply cannot deal with the barrage of strategies, frameworks, plans, objectives, targets, indicators, coordination meetings and transaction costs that come with such approaches. Nor do such approaches address incentive issues in a way that would energise reforms. The truly sceptical see the real 'drivers of change' of such reforms as having more to do with the need for external funders to be associated with heroic plans, for foreign consultants to market the latest new thing, for partner governments to

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Notes
43 See Mutahaba and Kiragu (2002).
44 Again there are precedents for this approach in Tanzanian history. The country has tendency to experiment with new ideologies. Hyden notes 'the unwillingness of policy makers to use the past as a source of guidance for the future' (cited in Barkhan, 2000: 108).
45 See Easterly (2005).

gain international credibility and for senior officials in partner countries to gain access to additional resources for their particular departments and ministries.

This case makes no judgment about the ultimate wisdom of the strategic choice in the Tanzanian PSRP. But what is clear is that a planned, comprehensive approach to public service reform is a strategic choice. It may succeed in some contexts and fail in others. It has no inherent universal virtue. In the Tanzania case, a unusual combination of political support, low levels of political conflict, some skilled Tanzanian managers, an absence of deep bureaucratic resistance, some historical resonance, funder patience and some key domestic constituencies may be enough to be 'good enough' to make the PSRP effective. In the theatrical analogy of two analysts, Tanzania may just have the right stage, actors and even props to pull off a comprehensive reform show.[46]

Changing the approach to change

This Tanzanian approach to public service reform reflects a mix of two basic approaches to organisational change, each of which comes with its own internal logic, values and anticipated outcomes. For ease of understanding, these have been labelled as theory P (a focus on development performance)

and theory C (a focus on developing organisational capacity). Table 3 below sets out the 'ideal types' of these two approaches.[47]

This paper is not the place to argue the merits of these two idealised approaches. Most reform strategies, when implemented, end up being a mixture of both. But two aspects of their application in Tanzania merit attention. First, the differences between their objectives and their methods represent a trade-off in the PSRP, especially those aspects using external technical assistance. Is the point of a particular intervention to do with improving performance or is it to do with helping to build the capacity to achieve improved performance? If better performance is achieved, does this automatically mean enhanced capacity? Conversely, if capacity is built, will it lead to improved performance? How best can those two objectives be combined in an overall programme of change? Should they be sequenced or integrated? Under what circumstances do choices have to be made between improved performance and enhanced capacity?

We can see the Tanzanian authorities trying to find a balance between these two approaches. Overall, the

Table 3

Aspects	Theory P	Theory C
Purpose	Maximising performance in terms of development results	Developing capacity
Approach to capacity issues	Seen as a secondary means in support of performance ends	Seen as an end in itself
Leadership	Top-down	Participatory
Main focus	Structure and systems	Individual and collective skills, culture and mindset
Planning	Systematic and directed and solution-driven	Emergent and more incremental
Application	Standardised and uniform	Responsive and varied
Motivation	Incentives lead	Incentives lag
Emphasis on learning and experimentation	Modest	Critical
Monitoring and evaluation	Focuses on performance	Focuses on capacity
Use of consultants	Intensive and focused on task achievement	Less intensive and focused on process and facilitation

Notes
46 See Stevens and Teggemann (2004: 49).
47 For a discussion of this issue, see Beer and Nohria (2000).

implementation of the PSRP relied more on a 'theory P' approach to change. The early emphasis was on changing structures and systems. The process relied on extensive use of consultants who applied a standard EFQM model of performance improvement.[48] But plans call for more attention in the future to cultural change within the MDAs.

These choices also had implications for the role of the PO-PSM. How could it best balance the need to build its own group cohesion with the need to reach out to the widening circle of participating MDAs across the Government? Embedded in this issue is the strategic choice of role for the PSM: that of a director of the reform process applying a standardised package of reforms to participating MDAs, or that of a support organisation helping MDAs learn about their new responsibilities. Could these roles be combined in the PO-PSM, or should they be taken on sequentially? And if some sort of transition in the role of the unit was to be made, how could that change be carried out most effectively?

The challenges of learning

Any process of capacity development depends critically on the ability of participants to learn collectively about what works and what lasts. Few people are against the general idea of learning. But the Tanzania case gives us a sense of why the capability to learn can be so difficult to embed in a complex reform programme.

- The delivery of most of the reform interventions was contracted out to consulting groups whose contractual relationships emphasised production and delivery rather than learning. Little incentive existed in the payment schedules for consultants to engage in more extended deliberations.
- The strategy of the reform programme in the early stages relied on the application of standardised approaches. Customised solutions were not encouraged in the interests of faster progress and more system-wide coherence.
- The PO-PSM struggled to understand, integrate and disseminate the lessons of experience across the range of public service organisations involved in the PSRP. Creating an effective 'community of learning' proved difficult given the scope of the programme and the need to focus on getting change enacted.

The PO-PSM has made sustained efforts to build its capability for monitoring and evaluation. Its effectiveness in learning will be shaped, in part, by the willingness of the international funders to help it succeed in that task.

Sustaining the energy and resilience of the PSRP

Most efforts at public service reform bump up against some form of entropy. The costs are identifiable and up-front. Benefits are ambiguous and delayed. The wider the scope of the programme becomes over time, the higher the proportion of sceptical and uncommitted participants becomes. Constituencies of support lose interest or power. New reformers with different ideas appear on the scene and old champions leave. Political leaders, in particular, grow impatient to support other new reforms with more direct payoffs. People simply tire of reform efforts such as those in Tanzania that stretch into decades. The programme runs out of energy and resilience.

The potential levels of absorptive capacity and internal reform energy will be key. Will there be sufficient 'agency' over the medium and long term to keep pushing the reform programme forward? For the foreseeable future, most of the energy and direction associated with the PSRP will have to come out of the top levels of the public service. The contributions of other actors in most public service reforms - e.g. demanding citizens, supportive constituencies, and civil society groups - are likely to be modest. Opportunities to form productive partnerships between the Government and the international funding agencies, however, are likely to be better in view of the low level of politicisation in Tanzania and the growing formalisation of many government organisations.

All reform efforts must therefore search for ways of sustaining their energy and resilience. 'Buy-in' ceases to be the problem. 'Stay-in' becomes critical. In the Tanzanian case, PO-PSM staff are already thinking of approaches that have the promise to keep the reforms going. These include the following:
- Building a programme of 'quick wins' into the work programme that provide benefits to certain groups in the short term.[49]
- Trying to market the value of the PSRP to the wider public in Tanzania.
- Trying to build up the demand side of the programme so as to create external sources of

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Notes

48 The EFQM model is also focused on performance as opposed to capacity. It focuses on enablers 50% (leadership 10%, policy and strategy 8%, people 9%, partnerships and resources 9%, processes 14%) and results 50% (customers 20%, people 9%, society 6%, key performance results 15%).

49 To date, the 'quick wins' approach has been used to improve performance in activities such as passports, work permits, land titling and investment certificates.

energy that can 'pull' performance out of the programme.
• Supporting broader efforts to balance the role of the public service in Tanzania with other institutions, organisations and groups. Ultimately, the PSRP will not achieve its goals until and unless the power and role of the executive branch and the ruling party are balanced by those of the judiciary, citizen groups, civil society, local government, free press, legislature, and the private sector.

Supply of and demand for capacity

Much of the current thinking about reform is based on the effectiveness of 'demand-driven' approaches. From this perspective, only the pressure for performance from citizens and end-users will keep public suppliers from either capturing most of the benefits of a programme or letting it drift into irrelevance and inefficiency. This idea makes general sense, and much of the thinking behind the PSRP emphasised the value of demand-side approaches. Issues to do with customer service, citizen charters, competition, incentives, transparency, and greater accountability are emphasised throughout the programme.

Yet as an operational matter, much of the PSRP was a shifting combination of both supply and demand sides in design and implementation. As discussed earlier, the PSRP approach was based, in large measure, on transplanted reform strategies that had

a good deal to do with Tanzanian elite and donor preferences. Inevitably, much of this influence was more direct, explicit and focused. The nature of the reforms adopted by the Government was not therefore customised responses to demand-side pressures from citizens. And yet citizen preferences did make themselves felt through elections and constituent pressures, albeit in more indirect and muted ways. To increase this connection, the PO-PSM worked to put in place 'demand-creating' initiatives such as various kinds of development communications aimed at citizens and other interested groups.

A number of reasons have been advanced for the nascent state of demand, including the lack of elite interest and pervasive institutional constraints on local democracy. One account makes the case that the lack of demand comes from lack of citizen time, diffuse and poorly organised beneficiaries, lack of a clear legal structure, lack of information and lack of clear or homogeneous individual and collective social identities.[50] Given these patterns, it is difficult to see how 'demand-side' approaches could be determinant, at least in the short term, in a state such as Tanzania. Programmes such as the PSRP will inevitably be supply-driven in their early stages. But MDAs and others are making an effort to give more attention to public involvement.[51] More pressure from the demand side will be needed to keep the reform process energised over the medium and long term.

Notes
50 See Kelsall (2004).
51 See Paul (2002).

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