



Zanzibar Revolutionary Government

# **Institutional and Human Resource Reforms**

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## **Introduction**

### **1.0 Preamble**

The Zanzibar Poverty Reduction Plan (ZPRP) was launched in May 2002. As a precursor to ZPRP implementation it was recommended, among other things, to conduct diagnostic analysis of the economy. The analysis would in that respect review current status on economic, governance, financial and budgetary operational frameworks and to determine its strengths and weaknesses. The diagnostic studies would ensure that a sound framework for the implementation of ZPRP is put in place.

### **1.1 Diagnostic Analysis Studies**

Five main studies were recommended for the diagnostic analysis. These were:

- (i) Country Economic Memorandum (CEM)
- (ii) Public Expenditure Review (PER)
- (iii) Medium Term Expenditure Framework (MTEF)
- (iv) Country Financial Accountability Assessment (CFAA)
- (v) Strategic Plan on Good Governance

Another three follow-up studies were carried out in the course of conducting the diagnostic analysis as follows:

- (i) Zanzibar Clove Industry Study
- (ii) Country Procurement Assessment Report (CPAR)
- (iii) Assessment of Local Governance Issues.

### **1.2 Findings from Diagnostic Analysis Studies**

The findings from diagnostic analysis and follow-up studies have identified three broad reform areas

- (i) Economic and Financial Reforms
- (ii) Good governance Reforms
- (iii) Institutional and Human Resource Reforms.

### **1.3 Focus of the Institutional and Human Resource Reform Programme**

This paper attempts to draw-up main aspects of institutional and human resources issues identified in various studies and consolidate them in one major reform Programme. The Institutional and Human Resources Reforms Programme outlines the main objectives of the studies of the reforms, key issues identified in the studies and their linkages to other reforms, the way forward and the role of various stakeholders in the implementation of the reforms.

## 1.4 Reform Areas and Time Frame

### 1.4.1 Reform Areas

The following six reform areas have been identified. These are (Table 1.1):-

- (i) Civil service reform
- (ii) Human resource reform
- (iii) Development of private sector and civil society organizations (CSO)
- (iv) Review of roles and responsibilities of different departments within Ministry of Finance and Economic Affairs (MOFEA) and create an overall capacity building program in these departments
- (v) Establishment of Debt Management Unit and Debt Task Force
- (vi) Privatization and restructuring of public enterprises

### 1.4.2 Reform Implementation Time Frame

The following time frame for implementation of the reforms have been provided:

- (i) Short-term refers to *less than 12 months*
- (ii) Medium-term refers to a period of *between 12 and 24 months*
- (iii) Long-term refers to a period of *over 24 months*

**Table 2.1: Matrix of Envisaged Reforms, their Ranking and Implementation Arrangement**

S/No.	Reform Area	Priority Rank	Responsible Party	Time Frame
1.	Civil Service Reform	High	Government and development partners	Long Term
2.	Human Resource Development	High	Government and Development Partners	Long Term
3.	Development of Private Sector and CSO	High	Government, Development Partners, CSO and Private Sector	Medium
4.	Review the roles and responsibilities of different departments within MOFEA and create an overall capacity building program in these departments	High	MOFEA and Development partners	Short Term
5.	Establishment of Debt Management Unit and Debt Task Force	High	Government and Development Partners	Short Term
6.	Privatization and Restructuring of public enterprises	High	Government and Development Partners	Long Term

## **2. Objectives**

The objectives of the Institutional and Human Resource reforms are linked to the six reform categories presented above. The specific objectives of these reforms are to:

- (i) achieve a smaller, affordable, well compensated and efficient civil service.
- (ii) ensure that the workforce of the GOZ is knowledgeable and skilled and is capable of undertaking the tasks relevant to the efficient functioning of government organs.
- (iii) develop a sustainable workforce which is creative and professionally competent.
- (iv) create an enabling environment for the private sector to flourish within Zanzibar.
- (v) create an effective debt management unit in the Ministry of Finance to ensure that all debt is recorded and that the repayments on the debt stock are met.
- (vi) review the current legal status to be more vibrant with regards to the contracting of debt.
- (vii) create a debt strategy to guide the government on the limits of borrowing
- (viii) restructure and privatize public enterprises to ensure that they are operating in the most efficient manner.
- (ix) create transparent rules and regulations regarding the privatization of public enterprises and utilities.
- (x) ensure the complete registration of NGOs and to construct a policy to assess the role of NGOs in the poverty reduction process.
- (xi) help increase the capacity of NGOs and broaden their activities to rural areas.

## **3. Key Findings Related to Reforms**

### **3.0 Introduction**

The key findings from the diagnostic and follow-up studies are also sub-divided into six reform categories as provided above. Under each reform area, some key findings have been provided followed by a brief elaboration.

### **3.1 Findings related to Civil Service Reform**

#### *(i) Staff levels and qualifications*

The studies observed cases of institutions with shortage of staff in terms of required skills necessary for performance of current tasks and others where staff do not hold sufficient qualifications for the current posts they hold.

#### *(ii) Recruitment criteria for civil servants*

Some studies have reported cases where filling of vacant posts by the Department of Civil Service is not based on transparent criteria. Competition for jobs is stifled because posts are not publicly advertised.

(iii) *Employee performance appraisal*

Some studies have noted that employee performance is undertaken in ad hoc and un-coordinated manner.

(iv) *Training needs assessment*

There is no independent assessment of training needs of the government leading to ad-hoc and un-coordinated staff training.

(v) *Staff accountability*

Lack of staff accountability thereby constraining financial accountability and implementation of management reforms

(vi) *Departmental vision*

Insufficient departmental vision to ensure that staff are focused on their tasks. Cases of random assignments for staff have been reported.

(vii) *Size of public service*

Size of public service is unclear-due to lack of a centralized database of government employees. This leads to suspicion of existence of ghost workers.

(viii) *Public sector pay*

Low pay in public sector relative to private sector contributes to high levels of staff turnover which undermines the sustainability of training programmes and shortage of experienced staff.

(ix) *Salary compression ratio*

Low salary compression ratio implying a small difference between the top and bottom wage brackets.

(x) *In kind benefits*

High share of “in kind” benefits in salaries. Currently in kind benefits constitute approximately 81% of basic salary

(xi) *Size of the wage bill*

High share of wages and salaries in recurrent expenditure. In FY02 wages and salaries constituted 63.2% of recurrent expenditure.

### 3.2 Findings related to Human Resource Development

(i) *Inadequate qualified staff*

Currently the Office of the Chief Government Statistician has inadequate qualified staff to carry out its functions

- (vii) *Training needs assessment*  
Adhoc and uncoordinated financial and personnel training by administration and Personnel Departments in MOFEA

### **3.3 Findings Related to the Development of Private Sector and Civil Service Organisations (CSO)**

- (i) *Registration of private companies*  
Registration of companies is done in accordance with Companies Decree Act (Cap 153 of 1953). However compliance is limited due to insufficient follow-up.
- (ii) *Registration of NGOs*  
Registration of NGOs is done in accordance with the Societies Act (No. 6 of 1995). However, the list of registered NGOs appears to be inaccurate.
- (iii) *NGOs activities, transparency and coverage of NGOs*  
Lack of transparency, sufficient geographical and theme coverage by NGO sector
- (iv) *Underdeveloped private sector*  
Underdeveloped private sector despite its assumed prominent role in the economic affairs of the government.

### **3.4 Findings Related to Reviewing of roles and responsibilities of different departments within MOFEA and create an overall capacity building in these departments**

- (i) *Coordination within MOFEA*  
Insufficient coordination of roles and responsibilities within MOFEA departments.

### **3.5 Findings Related to Establishment of Debt Management Unit and Debt Task Force**

- (i) *Debt management and strategy*  
There is insufficient capacity and coordination among institutions dealing with public debt leading to inaccurate public debt data.

### **3.6 Findings Related to Privatisation and Restructuring of Public Enterprises**

- (i) *Performance of public enterprises*  
Various parastatals have ceased to exist as commercial entities. Government is pursuing a cautious approach to their privatisation.

## **4. Main Activities for Addressing Reforms**

In order to implement reforms in the three main areas i.e. financial and economic, governance and budgetary, and institutional and human resource development, a number of activities must be carried out by the Zanzibar government in collaboration with



development partners and will have either a short, medium or long term time frame (Table 4.1). We provide below activities which have to be undertaken in order to achieve the respective reform components.

#### **4.1 Activities for Implementing Civil Service Reform**

- (i) undertake review of functions carried out at various levels of government with the view to rationalizing government structure
- (ii) undertake civil service reform study

#### **4.2 Activities for Developing Human Resources**

- (i) develop and implement a procurement training program for key stakeholders
- (ii) develop human resources and appropriate incentives for staff retention
- (iii) design and implement a training program to meet stop gap measures requirements
- (iv) carry out training programs for the Office of the Controller General of Supplies (OCGS)
- (v) hold a Public Investment Act workshop for key stakeholders in human resources management

#### **4.3 Activities for Development of Private Sector and CSO**

- (i) put in place an NGO Policy and ensure that they are all registered and assess their role in the poverty reduction process
- (iii) undertake a needs assessment for NGOs in order to build their capacity and broaden their activities and coverage
- (iv) prepare a program to create an enabling environment for the private sector to flourish within Zanzibar

#### **4.4 Activities for Reviewing the roles and responsibilities of different departments within MOFEA and create an overall capacity building in these departments**

- (i) design a programme to improve the capacity of the public investment department
- (ii) review the roles and responsibilities of different departments within MOFEA including skills requirement and job description
- (iii) undertake training needs assessment within MOFEA
- (iv) undertake assessment of accounting officials and procedures for the GOZ and training in their roles and responsibilities
- (v) develop technical assistance in developing sector wide approaches
- (vi) strengthen aid coordination system

#### **4.5 Activities for Establishing Debt Management Unit and Debt Task Force**

- (i) establish a Debt Management Unit encompassing a Debt Task Force charged with the tasks of reviewing legal debt status and developing a Zanzibar Debt Strategy;
- (ii) review current legal status with regard to the contracting of debt;
- (iii) strengthen capacity within the Accountant General Department on debt management.

#### **4.6 Activities for Carrying out Privatization and Restructuring of Public Enterprises**

- (i) develop procedures, rules and regulations for restructuring of public enterprises;
- (ii) carry out a study on privatization and restructuring of PBZ and remaining public enterprises.

### **5. Role of Development Partners**

The Zanzibar Poverty Reduction Plan (ZPRP) has identified sectors which are crucial in alleviating poverty. The diagnostic studies have identified a number of issues impeding the smooth functioning of the sectors identified in ZPRP. The issues identified, when examined critically were categorized in three reform areas: economic and financial, good governance and institutional and human resource development.

In implementing the institutional and human resource development reform, six reform areas have been identified namely; civil service, human resource development, private sector development, reviewing departments of MOFEA, debt management, and privatization and restructuring of public enterprises. Reforming the six areas requires building of capabilities, infrastructure, aid management, institutional reviews, and provision of equipment and technical assistance. The expected end result of this reform process is to have government organs which operate efficiently, are accountable and promote business like environment in their places of work. This will also create a conducive environment for CSOs and the private sector to effectively take part in poverty reduction initiatives.

At present the volume of domestic resources is not sufficient to carry out the challenges encompassed in the institutional and human resources reforms. This necessitates the need for the development partners to come forward and support the envisaged reforms in terms of financial and technical assistance.

### **6. The Way Forward**

The way forward shows in brief the tasks that have to be undertaken to attain the stated objectives.

## **6.1 Human Resources Development**

### **6.1.1 The Strategy**

A human resources development strategy aiming at undertaking an orderly and planned transition towards the acquisition of strategic skills and high incentives for staff will be undertaken. Newly recruited staff will join on-job training programme. Skilled staff, and professionals, will be highly motivated to improve their performance. Training will be perceived as a continuous process aiming at not only imparting knowledge but also retaining qualified staff.

### **6.1.2 Responsibility and Accountability**

The achievement of financial accountability is dependent on the capacity of human resources to implement the reform. While appropriate training and improvement in working conditions are necessary conditions for improved accountability, the behaviour and attitude of individual staff and strict adherence to accountability principals is sufficient to achieve this goal.

## **6.2 Development of Private Sector and CSOs**

### **6.2.1 Government's Commitment**

The Zanzibar Government is committed to pursuing measures aimed at further improving the enabling environment for private sector operations with a view to:

- (i) infuse new technologies, credit facilities and market opportunities to rural areas so as to raise peoples' living conditions.
- (ii) promote locally affordable economic and social infrastructure such as electric energy, transport, communication facilities, banking facilities and other social services
- (iii) promote labour productivity through the use of modern technology, training and use of experts in order to raise the level of growth and development, and
- (iv) promote use of resource and environment efficient and safe technology.

### **6.2.2 NGOs Performance**

- (i) there is a need to undertake studies with a view to establishing a baseline data for assessing the performance of NGOs.
- (ii) the effectiveness of NGO activities in Zanzibar in terms of complementing government's efforts and in holding government officials responsible and accountable should be strengthened in the following areas:

**(a) Capacity building within CBOs and NGOs**

there are deficiencies among the local NGOs and CBOs in terms of inter alia, human and other resources which have to be addressed with the assistance from donors and the government.

**(b) Broadening NGO activities to the rural areas**

there is a concentration of NGOs mainly in urban areas. There is a need to expand the NGO activities to rural areas where their influence is critical in addressing rural poverty and the spread of communicable diseases including HIV/AIDS.

**6.2.3 Private Sector Situation and Challenges**

- (i) Currently the private sector has not established itself as an institution capable of effectively meeting the demands of a fast globalizing world and the challenges of a private sector led economy
- (ii) the private sector in Zanzibar has to address the challenges of a poor, small island economy where majority of its workforce is unemployed and its share of export trade in regional and global markets is very small.
- (iii) the current private sector is weak and for the private sector to effectively play its expected leading role in economic affairs of Zanzibar it must co-operate with the government and strengthen its institutional structures. The government has initiated and implemented measures to improve private sector operations in Zanzibar by offering attractive investment incentives to private investors.
- (iv) the RGOZ is in the process of completing a new Investment Policy

**6.3 Establishment of a Debt Management Unit and Debt Task Force**

There is a need of developing a Debt Management Strategy to guide the Government on the limits to borrowing, specify types of loans, their maturities including an assessment of repayment capacity and repayment schedule. Such a strategy will also ensure that debt service is in line with the operations of the budget.

**6.4 Privatisation and restructuring of Public Enterprises**

The Government has acknowledged the weaknesses in the parastatal sector and for the need for privatization of many of its entities. However, so far privatization has been slow. It is recommended that the restructuring and privatization of the remaining parastatals be given priorities.

The matrix below (Table 4.1) gives a summary of activities, responsible institution and time frame as they are linked to the reforms.

**Table 4.1: Matrix of Activities and Responsibilities for the Way Forward**

**Table 4.1.1: Civil Service Reform Programme**

	Activity	Actor and Responsibility		Reform area addressed by Activity	Time Frame
		GOZ	Development Partners		
1.1	Review of functions carried out at various levels of government with the view to rationalizing government structure and eliminating duplication.	Organization structure and functions are formulated by technical group	Consultant to recheck the newly formed structure	Financial and Economic Reforms and Good Governance Reform	
1.2	Undertake Civil Service Reform	Participation on the study through information dissemination	Conduct the civil service reform study in collaboration with the concerned institutions on various activities	Financial and Economic Reforms and Good Governance Reform	
1.3	Launch the result of the study	Organizing the launching of the study	Finance the launching of the study	Financial and Economic Reforms and Good Governance Reform	

***Table 4.1.2: Human Resource Development***

	Activity	Actor and Responsibility		Reform area addressed by Activity	Time Frame
		GOZ	Development Partners		
2.1	Public Investment act workshop for key stakeholders in human resources management	Preparation and conducting of workshop	Financial support for the workshop	Financial and Economic Reforms and Good Governance reforms	
2.2	Training program designed and implemented to meet priority catch up needs	Provide information on training needs	Consultant to identify the training needs assessment	Financial and Economic Reforms and Good Governance reforms	
2.3	Development and implementation of procurement training program for key institutions and individuals	Provide information for procurement training program	Financial support for training	Financial and Economic Reforms and Good Governance reforms	
2.4	Development of Human resources and appropriate incentives for retention especially in areas where staff retention levels are low	Provide information on area where staff retention are low	Consultants to identify areas for this activity	Financial and Economic Reforms and Good Governance Reforms	
2.5	Training program for OCGS	Develop training needs and training needs program	Finance the study	Financial and Economic Reforms	

**Table 4.1.3: Development of Private Sector and CSO**

	Activity	Actor and Responsibility		Reform are addressed by Activity	Time Frame
		GOZ	Development Partners		
3.1	To prepare a program to create an enabling environment for the private sector to flourish within Zanzibar	Provide available information on private sector and CSO	Consultancy service and financial support	Financial and Economic Reforms and Good Governance reforms	
3.2	To conduct a study to ensure complete registration of CSO and to develop a policy to assess the roles of CSO in the poverty reduction process	To provide available information on registration of CSO and facilitation of the formulation of NGO policy	Financial support to sub-contract consultancy services	Financial and Economic Reforms and Good Governance reforms	
3.3	To conduct a needs assessment for NGOs to build their capacity and to broaden their activities into rural areas.	Provide available NGOs needs assessment information for broadening their activities	Financial support and consultants	Financial and Economic Reforms and Good Governance reforms	

**Table 4.1.4: Review the roles and responsibilities of different departments with MOFEA and create an overall capacity building program for these departments**

	Activity	Actor and Responsibility		Reform area Addressed by Activity	Time Frame
		<b>GOZ</b>	<b>Development Partners</b>		
4.1	Design a program to improve the capacity of the public investment department	Provide available information on the human capacity and equipment within the department	Technical assistance in designing a program  Procurement of equipment for the department	Financial and Economic Reforms and Good Governance reforms	
4.2	Review the roles and responsibilities of different departments within MOFEA including skills requirements and job description	To perform the whole exercise	Financial support for the reviews	Financial and Economic Reforms and Good Governance reforms	
4.3	Undertake a training needs assessment within MOFEA	To perform the whole exercise through MOFEA	Finance the training	Financial and Economic Reforms and Good Governance reforms	
4.4	Undertake assessment of accounting officials and procedures for GOZ and training in their roles and responsibilities.	GOZ to subcontract to ZIFA	Financial support for the training	Financial and Economic Reforms and Good Governance reforms	
4.5	Strengthen aid coordination system	Formulation and implementation of program	Provide TA in formulation of the program in terms of personnel and hardware	Financial and Economic Reforms and Good Governance reforms	
4.6	To develop technical assistance in developing sector wide approaches	To provide some funds in management of the program, facilitation support and monitoring and evaluation	TA is needed in designing a program for awareness creation, management and implementation and financial support	Financial and Economic Reforms and Good Governance reforms	



**Table 4.1.5: Establishment of Debt Management Unit and Debt Task Force**

	Activity	Actor and Responsibility		Reform are Addressed by Activity	Time Frame
		GOZ	Development Partners		
5.1	Establishment of Debt Management Unit and Debt Task Force	To identify the debt task force	Financial support	Financial and Economic Reforms and Good Governance reforms	
5.2	Strengthen capacity within the Accountant Generals department with regard to debt management	<ul style="list-style-type: none"> <li>• Training program and implementation</li> <li>• Conduct TOT for ZIFA tutors to enable them to undertake their training</li> </ul>	Equipment and technical advisors needed, and financial support.	Financial and Economic Reforms and Good Governance reforms	
5.3	Review of current legal status with regard to the contracting of debt.	To be undertaken by debt task force	Financial support for reviews	Financial and Economic Reforms and Good Governance reforms	
5.4	Development of Zanzibar Debt Strategy	To be undertaken by debt task force	Financing of consultants	Financial and Economic Reforms and Good Governance reforms	

**Table 4.1.6: Privatization and restructuring of public enterprises**

	Activity	Actor and Responsibility		Reform are Addressed by Activity	Time Frame
		<b>GOZ</b>	<b>Development Partners</b>		
6.1	To develop procedures, rules and regulations for restructuring public enterprises	Facilitate provision of information  To provide a counterpart to the consultant	Provide consultants		
6.2	Restructuring of PBZ	<ul style="list-style-type: none"> <li>• Develop policy and guidelines</li> <li>• Identify training needs and undertake to the aforementioned training</li> <li>• Coordinate the program</li> </ul>	Financial and technical support	Financial and economic reforms and good governance	
6.3	Conduct a study on privatization and restructuring of remaining parastatals.	<ul style="list-style-type: none"> <li>• Facilitate provision of information</li> <li>• To provide a counterpart to the consultant</li> </ul>	Provide consultants	Financial and Economic Reforms and Good Governance reforms	