

**THE REVOLUTIONARY GOVERNMENT OF
ZANZIBAR**



**PRESIDENT'S OFFICE – CONSTITUTION, LEGAL
AFFAIRS, PUBLIC SERVICE AND GOOD
GOVERNANCE**

THE PUBLIC SERVICE PAY POLICY

2017

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DEFINITION OF TERMS

Basic Salary:	Is a fixed amount of money paid to an employee in return for work performed, it does not include benefits or bonuses.
Bonuses:	Additional benefits given to an employee as a reward for good performance.
Compensation:	The entire package of an employee's earnings, which includes a basic salary, bonuses, allowances, incentives, motivation, pension, health Insurance, etc.
Clean wage:	A salary that combines all allowances without any hidden privileges.
General bonus:	A type of bonus that will be payable to all employees depending on economic performance.
Incentive:	Extra payment or other reward on top of basic salary made by the employer.
Job evaluation:	A management technique that is used to establish relative value of different jobs in an organization for the purpose of ensuring that every job is paid according to its weight and relative value.
Job structure:	Relative worth of various jobs in the organization based on internal comparison.
Motivation:	Anything given or done to raise an employee's morale. This can be financial, material, verbal or written congratulation.
Merit bonus:	A reward awarded to public servant who has solely accomplish a tremendous work.
Pension	Money paid periodically to an individual who retires from employment because of age, disability, or completion of a specified period of service.

Performance bonus:	A compensation beyond normal wages and is awarded after performance appraisal over a specific period of time.
Public Service:	Service under direct control of Civil Service Commission, Judicial Service Commission, House of Representatives Service Commission, Special Department Service Commission or any other service commission and shall include services in the agencies, public institutions and public corporations.
Salary:	A fixed regular payment as compensation for work/employment and typically paid on a monthly basis but often expressed as an annual sum.
Scheme of service	Stipulates position or title, salary scale, qualifications, experience and job descriptions.
Wage bill	Total remuneration, in cash or in kind, payable to government employees in return for work done during the accounting period. (in kind includes transportation, housing, employer's contributions).
Remuneration	An amount of money paid to someone for the work the person has done.

LIST OF ABBREVIATIONS

ASP	Afro Shiraz Party
GDP	Gross Domestic Product
HBS	Household Budget Survey
LGAs	Local Government Authorities
MKUZA	Mkakati wa Kukuza Uchumi Zanzibar
RGoZ	Revolutionary Government of Zanzibar
ZSSF	Zanzibar Social Security Fund
ZPSRP	Zanzibar Public Service Reform Program

CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND

Pay is a significant element used by employers to fulfill legal compensation for work performed by employees. It is also an instrument to attract, retain, and motivate employees in organizations in order to improve performance and productivity. In recognition of this, the Revolutionary Government of Zanzibar (RGoZ) since 1964 has taken various initiatives to improve the wellbeing of employees through enhancement of salary payments and other benefits to ensure Public Servants provides quality service to the citizens of Zanzibar.

Salary is a right that devolves its legitimacy from the basic tenant's human rights; right to work and fair compensation for the services or goods rendered. In that respect, the notion of payments must be viewed beyond mere incentives to attract and motivate workers in their places of work.

The importance of assuring that workers compensation commensurate with the services they rendered is enshrined in Zanzibar Constitution (1984). The Constitution directs that public servants be compensated proportionate to their qualification, ability and type of work. The constitution also establishes various Service Commissions to recommend to the Government all matters relating to compensation in Public Service. In 1997 Staff Regulations which spelled out salary structures and procedures for the public institutions were developed.

In 2005, the Government passed the employment Act number 11 that required among other things the formation of the Salary Advisory Board. Among the functions of the Advisory Board is to advise the Minister on appropriate, suitable, desirable, proper benchmarks for low-income workers in both the public and private sectors. The Government also passed the Social Security Fund Act No 2 of 1998 that govern the retirement benefits.

In 2009, the Zanzibar Public Service Reform Program (ZPSRP) was launched aiming at improving work ethics and strengthening payments of salary and other benefits in the public service. The reform program led to the formulation of Public Services Management Policy that resulted into the enactment of Public Service Act No. 2 of 2011 that spell out payment and other rights for public servant with respect to his or her work assignment.

The Government recognizes the importance of having Pay Policy, as it will ensure proper rationalization of compensation and increase transparency in the governance of public service compensation. The policy will ensure the Government provides competitive compensation scheme to allow public service to attract and retain specialized and skilled employees, encourage them to stay, motivate them to perform and to develop their skills and abilities. In addition to that, the policy will ensure proper management and control of the wage bill and will help ensure that compensation within the public service improves the quality of service delivery.

CHAPTER TWO

2.0 SITUATIONAL ANALYSIS

2.1.1 Salary Disparities within the Public Service

The absence of an explicit pay policy to determine the pay structure within the Zanzibar public services has caused a serious distortion between employees working in a similar environment, bearing similar job value, title, qualification, experience and level of competency within the public Service. The distortions and inconsistencies manifested in the fact that salary of individual public servant across different levels within the public institutions is not equated within the systematic pay system.

2.1.2 Salary Disparities within the Parastatals and Government Agencies.

The compensation of employees within the Parastatals and Government Agencies were under the Civil Service Department until the end of the year 2004. The Government under the Civil Service Department established special unit to deal with all matters pertaining to public service issues and compensation for Parastatals and Government agencies. The goal of the establishment was to bring rationalization, harmony and fairness in the compensation of employees within the Public Service.

Section 5 (1) of the Public Investment Act of 2002, establishes Board of Directors in Public Corporation, where by section 8 provides functions of the Boards as, among other things, to grant gratuities, benefits and allowances to the officers and employees of the Public Corporations. In the absence of a common system for the management of compensation,

the respective Boards determined compensation and other benefits for their employees without adhering to the principle of fairness and rationalization, thus leading to different pay for equal job value among Parastatals and Government Agencies. Such a situation has created a widening salary gap within these organizations for instance, the salary of a Managing Director range between TZS 1,200,000/= to TZS 12,000,000/= while the minimum salary range between TZS.314,496/= to TZS. 800,000/=.

It has been difficult to capture data on salaries from these institutions, as they are not paid under the Government Central Payment Office. This makes it difficult to understand the general amount that the Government compensates public servants and their projections.

2.1.3 Salary Disparities within the Central Government

In the central government, there is a wide salary gap between the highest paid employees and the lowest paid. The executive officers in the Public Service are receiving a quite substantial amount of salary compared to the low paid workers. The highest paid executive officers receive monthly salary of TZS.3,130,500/= and the lowest paid employees receive only TZS.150, 000/=.

Furthermore, the entry point salaries are significantly different across the central government institutions. For example, Independent Institutions like the Office of the Chief Government Statistician entry point salary for degree holder is TZS.620,000/= while in Zanzibar Anti-Corruption and Economic Crime Agency is TZS.363,000/=. In the training institutions, for instance, Institute of Communication and Journalism the entry point salary for a trainer whole is a degree holder is TZS.660,000/= while in the Institute of

Public Administration it ranges from TZS.447,000/= to TZS.465,000/= for trainers Art and Science degree qualification respectively. In the Ministries the entry point for a degree holder is TZS.363,000/= while for some specializations such as economists and statisticians is TZS.485,000/=.

2.1.4 Salary Disparities between the Central Government and Government Agencies/Parastatals

The salary disparities between the Central Government and Government Agencies/Parastatals are significantly high. The highest paid executive officer in the Ministries in the Central Government receive TZS.3, 130,500/= a month while the highest paid officers in Government Agencies/Parastatals receive TZS.12, 000,000/= which is four times higher.

While in the Central Government the minimum salary is TZS150, 000/= in the Government Agencies/Parastatals minimum salary range from TZS.314,496/= to TZS.800,000/= The entry point salary for a degree holder in the Government Agencies/Parastatals range from TZS.363,000/= to TZS. 1,050,000/=, while in the Central Government it range from TZS 363,000/= to TZ.660,000/=.

2.1.5 Salary adjustment within the Public Service

The Government has been adjusting salary in various occasions in an effort to improve the wellbeing of public servants. For example, in October 2011, the minimum salary was raised from TZS.100, 000/= to TZS.125, 000/= and was raised again to TZS.150, 000/= in 2013. The general increase between the year 2011 and 2013 is equal to 50 percent. In 2014, the Government

made salary adjustment for public servants who have at least 15 years of working experience with basic salary ranging from TZS.150,000/= to TZS.225,000/=, by giving them two thirds of their salary increments. However, this salary adjustment created situation where those employees who earn above TZS.225,000/= with more years of service found themselves earning less than their counterparts with less years of experience.

In July 2015, the Government took another effort to adjust salary for diploma holders with 15 years or more years of working experience by giving them two thirds of their salary increments. However, this adjustment only considered the employees who hold diploma at the time of the salary adjustment and excluded those who attained the diploma after the adjustment, even though they have similar years of working experience.

Those Disparities has created many complaints among public servants as they felt to be not fairly considered in the salary adjustments. During consultation with stakeholders, such disparities were pointed as matter of concern and urged the Government to ensure a fair system for compensation within the public service.

2.1.6 Balancing Government expenditure and employee compensation

The ability of Government systematically adjust compensation is important for achieving spending efficiency. Achieving service delivery objectives in a cost-effective manner depends on the ability of Government to adjust not only salaries but also the size and composition of its human resources.

Failure to adjust employment and wage bill spending can distort the input mix, with loss in efficiency.

The governments in many developing countries including Zanzibar face a greater challenges trying to overcome the growing size of public service, as it remains the major employer. This attributed to the fact that private sector in these countries anticipated to absorb large share of labor force is not adequately matured. Currently, the Zanzibar Government employ a larger share (60%) of the total employed in the formal sector than private sector. The public servants paid in central payroll increased from 36,747 in 2010/2011 to 41,336 in 2014/2015 equal to 12-percentage increase.

High employment levels means the Government has to decide between the tradeoff of maintaining higher level of employees with minimal wage increase as part of the effort to curb unemployment among youth or having right sized government to allow higher level of salary increase. The other option to the Government is to increase the salary by focusing on the professional and technical cadre that it has the most difficult in retaining and attracting.

It is challenge for the Government to enhance salary across the board as it currently uses more than half (50.6 percent) of its revenues to compensate workers. Thus, compromise spending on basic service and investment in economic infrastructure and new technology.

Therefore, the government is required to put measures for balancing government expenditure and employee compensation by ensuring the

right size and quality composition of public servants. Furthermore, promoting sustainable economic growth to provide enough financial space for better compensation of employees without compromising provision of public service.

2.1.7 Trend of Wage Bill in Public Expenditures

Public sector wage bill has a direct impact on GDP of a country as it forms part of the public expenditures. The level and performance of the economy is an important determinant of the level of compensation in the public service. For the Government to be more effective in the undertaking of its operations, it has to properly maintain the wage bill size within the agreed limit as a ratio of Gross domestic Product, total expenditure and domestic revenues.

Over the years, the management of pay within the Public Service in Zanzibar conducted without specific Policy guidelines. The compensation was not streamlined in systematic way and adjustments done in ad hoc manner without comprehensive analysis and consideration of macroeconomic variables. This creates burden to the Government, as it has to spend much on compensation to Public Servants.

The trend of wage bill Expenditure has been rising for the last five years (2010-2015). As of 2010/2011 wage bill size was TZS.84, 489.9 billion and increased to TZS.182,378.4 billion in 2014/2015 equal to 115 percentage increase. The figure in 2014/2015 amounts to 7.9 percent share of wage bill to GDP, while the government total domestic revenue accounts 15.6 percent of GDP. The ratio of wage bill to GDP in Zanzibar is higher compared to 6.5 percent average for low income countries. As percentage of domestic revenues, Zanzibar uses 50.6 percent of its revenue

to compensate employees. This ratio is higher than the 28 percent average for low-income countries.

2.1.8 Legal and Institutional Framework

Legal and institutional arrangements help government to achieve main objectives for wage bill management, fiscal planning and competitive compensation as well as flexibility and efficiency in payment of salaries and other benefits in the public service. In Zanzibar, different laws and regulations govern wage management. These laws are Public Service Act No.2 of 2011, which provides for the structure, operations and management of the Zanzibar Public Service. Employment Act No.11 of 2005, which established Wage Advisory Board to deal on matters related to wages in the public and private sector and Zanzibar Social Security Fund Act No. 2 of 1998 (repealed in 2005) that stipulates the retirement benefits system as part of a social protection agenda for both public and private sector.

The Public Service Act No.2 of 2011 provides mandates to various institutions to manage salary and pay in the Public Service. These institutions are Public Service Commission, Service Commissions, Central Office for Public Service, Ministry responsible for finance and Board of Directors. While Public Service Act gives power to the Public Service Commission to regulate pay and related benefits to all public service organizations and advise the President on matters of remunerations in the Public Service, the Public Investment Act No.4 of 2002 gives power to the corporations through their Board of Directors to grant gratuities, benefits and allowances to their employees. This arrangement makes coordination

difficult and creates inconsistency in the management compensation in the public service.

2.1.9 Job Evaluation, Grading and Classification

The Government of Zanzibar has ever conducted job evaluation in the placement of its public servants, and instead placement is being done on mere believe of the relative importance of different job. The job evaluation process is very important to establish job equity, job classification, and career path development. This however, has to link with career-based systems, open competition at the entry level, open recruitment and promotion at all levels based on merit and performance.

Job evaluation also help to determine the number of job levels needed across a common job grade and structure as well as how pay scales packed in different job grade level and simplify the pattern of movement along job levels.

The current developed scheme of services has drawback in its implementation. The scheme mostly place employees based on their educational qualifications and failed to recognize the complexity of the job, job worth and risk. It also provides direct entry based on educational qualification for instance; there is entry point for certificate, diploma, master and PhD holders. Another problem is that the scheme developed based on salary scale instead of salary scale to base on the scheme. There is also omission of some cadres that were not included in the scheme for instance budget officers, compensation officers and others.

2.1.10 Linkage of Pay to Performance and Productivity

Payment of any form has to link with productivity. Pay is a means to motivate employee towards achieving the set objectives but there must be a win - win solution in both parties. Over the years, the incremental movement within each level of the job provided without considering the individual performance and productivity. Employees are given the increment or promoted without being adequately monitored and evaluated on an annual basis to allow improvements in their operations and delivery of services. Moreover, there is no well-defined performance management system within the public service. Consequently, there has been a tendency to consider salary hikes without linking with performance and productivity.

2.1.11 Retention and Attraction of Human Resources

Retention and attraction of qualified and professional staff in the public service is one among the objective of RGoZ. The Government took several measures to attract, motivate and retain qualified staffs, which include provision of training and financial incentives. However, still more needs to be done to ensure competitive package for staff motivation and retention.

In 2015/2016, it is estimated that 225 public servants left the service through leave without pay for different reasons. Although this number is not alarming, the Government has to come up with policy measures to retain the public servants especially staff with professional and specialised skills.

2.1.12 Payment of Allowances

An allowance is a tool used to provide flexibility in the compensation of employees under the peculiar circumstance and it can be easily changed or removed without any liability to the Government. Availability of systematic guidelines for paying allowances can not only achieve fiscal savings, but also increase the transparency of compensation.

In 2007, following a Study on Public Sector Wage Bill Management, the Government consolidated basic salaries with non-incident allowances such as house and transport allowances for all public servants in the Central Government.

In 2011, the Government undertook major salary adjustment, which involved freeze of a number of allowances together with a release of a special guideline for all institutions to halt providing any allowances without the consent of the Central Public Service Office. Besides those efforts, many allowances evolved which include on call allowances for Doctors (TZS.100,000/=), teaching allowance for teachers (25 percent of entry salary of other Public Servants working in the Central Ministries), Non-Practicing Allowances for state's attorneys (TZS.200,000/=), public prosecutors (TZS. 200,000/=), and other allowances such as risk allowances (TZS.75000/=). This increase was due to the demand and pressure from the Institutions who considered their employees deserve special allowances due to the nature of the work. Also, despite the good intention of providing such allowances, in some cases they have created friction among employees within the institutions. In addition, there is no uniformity of allowances paid among institutions. Furthermore, for those allowances

provided to staff of specific institutions and are consolidated with salaries, they are not deducted when the employees is transferred to other institutions where such allowances are not applicable.

2.1.13 Pension and Gratuities

The management of terminal benefits for retirees in Zanzibar is guided by the Zanzibar Social Security Fund Act No 2 of 2005 and Gratuity, Pension and Other Allowances Regulation of 2009. However, the regulation has some challenges particularly regulation 12, which requires the amount of pension or gratuity be calculated on the last drawing consolidated salary at the date of retirement. The same regulations requires that any amount exceeding TZS.500,000/= but less than TZS.1,000,000/=, in order to be used in calculation of pension and gratuity must have been paid for a period not less than twelve month, while any amount exceeding TZS.1,000,000/= must have been paid for a period not less than twenty four months. This arrangement has affected some retirees. For instance following the salary adjustment of 2010, many officers of the Special Departments exceeded a monthly salary of TZS.500,000/= but had limited time before retirement. Thus, the calculation of their terminal benefits was based on their previous salaries. As a result, there had been complaints among those officers.

Another challenge of ZSSF Act of 2005 is that it excludes retirees from Special Departments as it recognizes the pensionable age to be 60 years, while the according to the regulation of those institutions the retirement age can be less than 60 years.

On the payment of gratuity, the Government has not been able to allocate sufficient fund to clear the backlog in the payment of terminal

benefits for some years and consequently a very large sum has accumulated. As at Nov. 2016, the liability stood at TZS 7.8 billion.

Another challenge facing the retirees is timely receipt of the gratuities and erosion of the value of outstanding amounts. Late payment of entitlements lead to decrease of the real value of the amount paid.

Besides those challenges, the Government has made commendable effort to increase the amount of pension payable to the retirees. The minimum pension increased from TZS. 2,500/= in 2001 to TZS. 7,500/= and TZS 15,000/= in 2003 and 2007 respectively. In an effort to improve the wellbeing of its retirees, in 2010 the Government further increased the minimum pension to TZS.40,000/=.

2.1.14 Consideration of Cost of living in the determination of minimum wage

The Government needs to check how the real salary has been performing for the period of time; this will help the public servants to be paid at level necessary to meet basic needs. However, this will largely depends on the Governments ability to increase salary based on economic performance.

In ensuring improvement of the well being of its public servants, the Government has been taking effort to increase salary whenever economic situation permits. The Government increased the minimum wage from TZS.100,000/= in 2011 to TZS. 125,000/= and to TZS. 150,000/= in 2012 and 2013 respectively.

The minimum wage of TZS 150,000/= paid to Public Sevants is not enough to meet basic need. According to HBS of 2014/2015 the basic need

poverty line is measured at TZS.53,377/= per adult equivalent per month, which implies that a household of 5.6 members will require TZS. 293,573.5/= to meet its basic need per month. It is in this respect, the Government has approved the increase of minimum wage to TZS. 300,000/= effective from April 2017.

2.3 SUMMARY OF THE KEY ISSUES

Despite the Government's efforts in addressing issues in compensation in Public Service, based on the analysis of current situation the management of compensation in public service is still facing the following challenges:-

- i.** Inadequate legal framework to guide pay formulation, administration and determination;
- ii.** Lack of a harmonized institutional framework for management of compensation;
- iii.** Comparatively low compensation;
- iv.** Disparities in compensation within Public Service;
- v.** In appropriate Management of the wage bill;
- vi.** Lack of guidelines and uniformity in allowances
- vii.** Compensation not adequately linked to productivity and performance;
- viii.** Inadequate system for motivation and retention of professional staff and those with specialized skills;
- ix.** Inadequate management of retirement benefits;and
- x.** Inadequate utilization of research on wage determination.

CHAPTER THREE

3.0 RATIONALE, VISION, MISSION AND OBJECTIVES OF THE POLICY

3.1 Rationale

The Revolutionary Government of Zanzibar (RGoZ) recognize the achievement of its objectives under Vision 2020, Zanzibar Strategy for Growth and Poverty Reduction (in Swahili acronymy MKUZA), Zanzibar Public Service Reform Program and Sustainable Development Goals needs a capable, competent and well-motivated public servant. In order to achieve that, the Government is determined to develop an integrated, comprehensive and systematic pay policy that will help achieve Government initiatives.

The analysis of Pay and Remuneration Management in the Government has revealed some challenges, despite of the affirmative actions to enhance pay in the public service. This calls for the need of formulating a policy that govern pay in the public service to remedies the addressed challenges. The policy shall provide platform for comprehensive management of Wage Bill, address pay inequalities and strengthen performance across the public service. The ultimate goal is to improve efficiency and effectiveness in the delivery of public service.

3.2 Scope of the Policy

The policy will cover payment of salary, benefits and other incentives paid to public servants in Central Government, Government Agencies, Special Departments, Local Governments Authorities (LGAs) and parastatals.

3.3 Guiding Principles

The Zanzibar Pay Policy will be guided by the following main principles:

i. Composition of Compensation

Transparent and competitive compensation comprise basic salary and may include performance bonus , merit bonus and general bonus for all where applicable and any allowances as prescribed by Government orders.

ii. Salary benchmark

Benchmark for entry point salary will be determined by taking into considerations: job responsibilities, educational qualification, specialized skills, job worth, risk and complexity of the work.

iii. Merits based Recruitments and Promotion

Public servants shall be recruited based on merit and promoted based on ability to deliver.

iv. Performance based reward

Reward shall be provided to employees who have achieved a recommended achievement.

v. Equity in pay

Pay structure shall be based on equitable compensation for similar job worth, based on job evaluation.

vi. Sanctity of the public service

Public service procedures and guidelines regarding compensation shall be cherished, valued and strictly observed at all times by all public institutions and authorities.

vii. Ability to pay

The wage bill will be based on the financial capacity of the government to fairly compensate public servants.

viii. Competitive pay

Total compensation within the public service will be determined in relation to cost of living, potential competition outside the public service and demand of the job.

ix. Attraction and Retention of specialized skilled staff

Competent, skilled and professional staff shall be attracted, retained, motivated and nurtured to raise public service efficiency and the quality of service delivery.

3.4 Vision

To have public Service Competitive Pay System, which is fair and transparent, that motivates public servants to increase productivity, efficiency and effectiveness in the delivery of public service.

3.5 Mission Statement

To manage, coordinate and oversee fairness in public service compensation, through institutionalized pay structure, manageable wage bill and right sized public service to attract and retain competent public servants with requisite skills to achieve national policy objectives in an efficient, effective and sustainable manner.

3.6 General Objective

Provide a comprehensive administrative mechanism of compensation to public servants that will enhance productivity and delivery of high quality public service.

3.7 Specific Objectives

- i. To strengthen legal, regulatory and institutional framework for the management of pay in public service;
- ii. To introduce reward system within the public service, which is based on competency and person's demonstrated performance;
- iii. To develop and operationalize compensation system built on equal pay for equal value of work and movement along job levels based on productivity, skills and experience;
- iv. To develop and institutionalize measures for effective management of the wage bill and size of the public service;
- v. To develop competitive compensation scheme that attracts, retains and motivate professionals and staff with specialized skills;
- vi. To strengthen management of retirement benefits; and
- vii. To promote the use of research in the determination and management of compensation in public service.

CHAPTER FOUR

4.0 POLICY ISSUES, STATEMENTS AND STRATEGIES

Policy Issue 1: Inadequate legal and regulatory framework to guide pay formulation, administration and determination.

Zanzibar public service as a whole does not have explicit and comprehensive pay guidelines. Instead, compensation conducted in ad-hoc manner and not streamlined across the public service.

Policy Statement:

The government shall put in place a comprehensive legal and regulatory framework to guide management of compensation in public service.

Policy Strategies:

- i. Laws and regulations that guide public servants compensation shall be revised and harmonized with the Public Service Act, to create a single system in the management of compensation
- ii. The salary adjustment and other benefits within the public service shall follow the circulars and guidelines issued by the Public Service Central Office.

Policy Issue 2: lack of harmonized institutional framework for management of compensation in public service

Management of compensation requires strong mechanism of administration and participation of various stakeholders in order to realize better fiscal plan, appropriate financing of wage bill and competitive compensation. So far management of compensation in public service has been facing great challenge of mismanagement due to the presence of various players who are legally mandated to govern compensation within public service.

Policy statement

The Government shall strengthen institutional framework for compensation management in public service.

Policy Strategies:

- i. The Public Service Salary Board shall be established to set and advice on compensation and ensuring systematic procedures are followed in the compensation of public servants.
- ii. The Central Office for Public Service shall introduce mechanism to deal with all compensation adjustments of Parastatals and Executive agencies.

Policy Issue 3: Inadequate utilization of research in wage determination.

Adjustment of pay in Public Service has been done without undertaking any research and thus economic variables are largely not considered in the formulation and determination of compensation. Failure to conduct survey has resulted in ad-hoc compensation adjustments leading to inconsistency in pay and pay escalation.

Policy statement:

The Government shall ensure the compensation adjustment within the Public Service based on surveys in order to provide competitive pay in relation to potential competitors outside the public service without affecting the government financial capability.

Policy Strategies:

- i. Comprehensive Public Service Salary Review shall be conducted after every three years in reflection to the size of wage bill to government revenues and Gross Domestic Product target;
- ii. Review of pensions payable to retired public servants shall be conducted to reflect the cost of living.
- iii. Facilitation on the use of research in the formulation and determination of public service compensation and terminal benefits shall be strengthened.

Policy Issue 4: Inadequate Management of Retirement Benefits

In absence of comprehensive management of terminal benefits in Zanzibar has resulted exclusion of retirees from Special department and delays in the payment of the amount due by retirees especially those paid under the Ministry of Finance.

Policy statement:

The Government shall ensure the terminal benefits for all retired Public Servants are systematically managed.

Policy strategies:

- i. Special mechanism shall be introduced to enable Special Department Staff contribute to the Zanzibar Social Security Fund.
- ii. Specific program shall be developed to ensure the outstanding amount of gratuity is paid and at the time of payment, the government may consider the relative real value.
- iii. Special fund shall be set aside and transferred to ZSSF to enable timely payment of gratuity.

Policy Issue 5: Disparities in compensation within Public Service

Due to lack of comprehensive job evaluation and grading, a systematic determination of the relative importance of different jobs in Zanzibar public service is missing. As a result, there is no comprehensive job structure, making it difficult to provide fair compensation to different jobs.

Policy statement:

The Government shall put in place measures to address disparities in compensation within public service.

Policy Strategies:

- i. Comprehensive Job Structure and salary framework for public service shall be designed, based on comprehensive job analysis, evaluation and grading.
- ii. Schemes of services shall be reviewed and clustered to accommodate different job levels and responsibilities

Policy Issue 6 : In adequate Management of the wage bill

The government needs to ensure appropriate balance between the wage bill and other expenditures necessary for attaining the national development objectives. Currently the Government spends much of its domestic revenues and GDP to compensate public servants, thus compromising financing of national development objectives. It is the government responsibility therefore to contain wage bill through putting in place a strong management system to control the size of wage bill.

Policy statement:

The Government shall ensure compensation adjustments in the public service are efficiently managed to control the size of the wage bill.

Policy Strategies:

- i. The size of the establishment, growth of public servants and compensation adjustments shall be systematically maintained to ensure the amount of Wage Bill not exceeding 28 percent of the domestic revenues and 6.5 percent of GDP.
- ii. Human Resource Plan shall be used as a tool to control the size of wage bill and the growth of the Public Servants.
- iii. Human Resource Management Information Systems shall be centralized and integrated with central payment system to ensure availability of accurate data to improve the management of the wage bill and determination of the compensation.
- iv. Medium term wage forecasting shall be improved and links between wage determination processes, employment levels and fiscal framework shall be strengthened.
- v. Periodic staff inspection and payroll audit shall be conducted and better monitoring and strong payroll control mechanism introduced.

Policy Issue 7: Lack of guidelines and uniformity in the management of allowances

Public service pay is characterized by a number of allowances that are paid within and outside the salary. These payments of allowance are however made without any formal guideline and have been multiplying beyond controllable limit, thus affecting the ability of the Government to enhance salaries and finance core functions.

Policy statement:

The Government shall review the procedures to guide the use of allowances in Public Service and shall ensure equity in the public service payment system.

Policy Strategies:

- i. All allowances shall be reviewed and rationalized to improve fiscal saving, transparency and equity in the public service pay structure.
- ii. Special guidelines regarding payment of allowances shall be developed and issued to all public Institutions to provide for effective management of allowances in the public service.
- iii. Standards shall be set for sitting allowances, honorarium and other types of allowances paid to a public servant or non-public servant based on the duties performed.
- iv. Allowances which are incorporated within the salary shall be made deductible to all employees when such employees transferred to other institutions.

Policy Issue 8 : Compensation not adequately linked to productivity and performance

Pay and compensation in general is supposed to link with the performance and productivity of employees. Currently, compensation is not adequately linked to productivity and performance of the public servants. Experience shows that public servants expect higher pay increases without considering their productivity, hence capacity of national economy to absorb such financial obligation is limited.

Policy statement:

The Government shall ensure that compensation within public service is linked to performance and productivity.

Policy Strategies:

- i. Performance management system shall be developed and operationalized and will be used to determine eligibility for salary increment and promotion.
- ii. Performance Contract for executive officers shall be introduced with specific Key Performance Indicators.

Policy Issue 9 : Inadequate system for Motivation and Retention of Public Servants

Public Service in Zanzibar needs adequate retention and motivation scheme to attract and retain professional and staff with specialized skills. This will help to accumulate useful experience necessary to enhance productivity and better provision of public service.

Policy statement:

The Government shall put in place appropriate incentive package to attract and retain the best performing public servants and those with specialized skills.

Policy Strategies:

- i. Conducive working environment shall be maintained to enable public servant perform their works effectively.
- ii. Competitive salary and incentive packages shall be designed and used to attract and retain employees with professional and expertise skills for improving public service efficiency and the quality of service delivery.

CHAPTER FIVE

5.0 ROLES AND RESPONSIBILITIES OF STAKEHOLDERS

The successful implementation of the Public Service Pay Policy will be accomplished upon the collaboration of different institutions and stakeholders. This chapter identifies key stakeholders and their roles and responsibilities.

5.1 Ministry Responsible For Public Service

- i) Ensure the size of public service is systematically controlled and in line with budgetary guidelines issued by Ministry responsible for Finance.
- ii) Ensure fairness, transparency and systematic implementation of the Public Service pay policy consistent with the approved guidelines.
- iii) Ensure performance management systems that provide monetary and non-monetary rewards are fair, transparent and integrated into acceptable approaches.
- iv) Coordinate, monitor and review the implementation of the Public Service Pay Policy.

5.2 Ministry Responsible For Finance

- i) Advise on the fiscal capacity to fund compensation for public servants taking into account other Government operations and development aspirations.
- ii) Ensure compensation in public service are adequately funded and on timely manner.
- iii) Ensure compensation packages within institutions are appropriately streamlined and articulated in the institutional plans, budgets and Government fiscal plans.

5.3 Public Service Remuneration Board

- i. Coordinate and conduct comparative surveys on the labor markets and trends in compensation to determine the monetary worth of the jobs in public service.
- ii. Ensure rationalization, equity and fairness of remuneration and benefits;
- iii. Set and advise on competitive remuneration that will ensure the public service attracts and retains requisite skills for delivery of its services;
- iv. Publish recommendations concerning salaries, allowances and benefits to be paid out of public funds to public servants.
- v. Collaborate with the Ministry responsible for public service and Ministry responsible for finance to undertake review on pensions payable to public servants retirees based on the macro-economic indicators.

5.4 Planning Commission

- i) Formulate and strengthen national policies and strategies which adhere to the increase of Gross Domestic Product, hence increased domestic revenues to allow salary enhancement whenever approved.
- ii) Assess the state of the national economy and disseminate the results to facilitate planning for Public Service compensation.

5.5 Office of Controller and Auditor General

- i) Ensure all public expenditures on compensation are based on value for money and comply with Government financial laws and regulations.

5.6 Research Institutions

- i) Conduct research related to compensation packages in public service.
- ii) Conduct comparative surveys on the labour markets and trends in compensation to determine the monetary worth of the jobs in public service and private sector.

5.7 Trade Unions

Negotiate and advise Government on public service compensation in line with this policy.

5.8 Other Stakeholders

Advise and support the implementation of guidelines as spelt in this policy.

CHAPTER SIX

6.0 POLICY IMPLEMENTATION, MONITORING AND EVALUATION

6.1 Policy Implementation

The Ministry in charge of Public Service in collaboration with the Ministry responsible for Finance shall oversee the implementation and updating of the Public Service Pay Policy. Public Institutions and other stakeholders shall have shared responsibilities in the implementation of this policy.

6.2 Monitoring and Evaluation

The successful implementation of this policy will depend on effective monitoring and evaluation mechanism. Formulation and Coordination of monitoring and evaluation framework will be the responsibility of the Ministry in charge of Public Services. The M&E reports will be produced and disseminated to allow stakeholders at all levels to share views on the progress of the policy and therefore, the institution will make any possible amendments.

6.3 Policy Review

The revision of the Public Service Pay Policy will be done to reflect the current situation and challenges facing compensation in public sector.