Comparative Experience with Public Service Reform in Ghana, Tanzania, and Zambia

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This chapter examines the public service reform experience of three anglophone African countries—Ghana, Tanzania, and Zambia—which have embarked on what might be termed second-generation public service reform programs. Each one is distinctive, yet all three have common threads running through them. Performance has varied with country, and although they have attempted to implement many of the same changes, the results have been quite different. The reforms in these countries are ongoing, however, and lessons are still being learned. This chapter is an initial effort to draw out some of the most important features of these country programs, hold them up to examination, and identify factors that contribute to their success or failure.

The assessment finds that the single most important success factor is a favorable political environment that provides the power base, incentives, and commitment to implement even difficult reforms. Furthermore implementation arrangements and staffing need to be sufficiently embedded in existing administrative and political structures. Finally program components must be appropriately tailored to the country context, and its readiness for reform must be technically sound and strategically sequenced.

This chapter starts with a brief recapitulation of the story of the public service in anglophone Africa, sketching out characteristics of what came to be known as first- and second- reforms. It then turns to Ghana, Tanzania, and Zambia as examples of second-generation reform programs, identifies and explores key features of these countries’ programs, and makes comparisons. The chapter concludes with observations on drivers of success and potential pitfalls to be avoided.
Setting the Scene

The present wave of what have come to be called second-generation civil service reforms needs to be set in its historical context, because the approaches used in these reforms are in part a reflection of how governments attempted earlier civil service reforms and how those efforts turned out.

Early Reforms

The first wave of civil service reform in anglophone Sub-Saharan Africa (SSA) came soon after independence, when departing expatriates had to be replaced with indigenous staff. Most countries developed training and localization (or Africanization) programs, and many of the present-day public service training institutions, now sadly run down, date from this period. This process was effectively completed for most countries in the first decade of independence. The turnaround of expatriate and local staff was fairly quick and promotion for the first generation of graduates came rapidly. Although some transition efforts failed, on the whole the transformation was completed quite effectively. In a number of countries, the Africanization also overlapped, or was closely followed by, a process of adaptation of civil service processes, pay scales, and structures to the change of paradigm, from law and order administration to the development state, in which the public sector played the leading role in spearheading development. Pay scales were adjusted to local conditions—at least to a degree, because pay of technical, professional, and managerial staff remained high, and many of the departing expatriate allowances were retained. Class structures were abolished in the interest of internal mobility within a unified public service, incomes policies and manpower planning were introduced, cadres with schemes of service and new public service ministries were created, and the powers of public service commissions (PSCs) were reduced (abolished in Tanzania). In making these changes many countries in East and Southern Africa, and also Nigeria (although the reforms were never fully implemented there) were strongly influenced by the round of public management modernization reforms in old commonwealth countries sparked off by the Fulton Commission in the United Kingdom. Senior African civil servants, now retired, look back at this period as a golden age, when things worked, pay befitted the status of a public officer, and the public service was often the dominant partner in the relationship with ministers.

In almost all countries an erosion of pay (see figure 2.1), skills, morale, and values then followed. This erosion had many causes, among them the overextension of the state; the pursuit of inward looking and often socialist
development policies, which shrank the tax base; periods of arbitrary rule by the military; and the spread of patronage and corruption. By the early 1980s most countries had experienced a serious loss of capacity with the departure overseas of professional and managerial staff and a lowering of skill level among those who remained through the decline of training policies and institutions. The formal rules of budgeting and personnel management remained in place, but in practice a dual system emerged with informal rules of how staff were hired, promoted, or paid and how budgets were actually implemented. Low levels of formal pay spawned a range of pay-augmenting behaviors ranging from moonlighting (even “day-lighting”), abuse of travel, seeking project work with donor salary supplements, parastatal board sitting allowances, and director’s advances all the way to outright fraud and corruption. In the process productivity and the public interest suffered, and many civil services were more concerned about the absorption and redistribution of budget inputs than the production of outputs in the form of key state functions and service delivery.

**Figure 2.1. Index of Real Average Pay in the Tanzanian Civil Service, 1969–2000**

*Note:* Data for 1995–2000 are provisional.

*Source:* Valentine (2002, p. 4). Based on Valentine (1999); data provided by the Civil Service Department.
First-Generation Reforms

The first efforts at tackling the public service crisis in SSA came in the wake of the structural adjustment programs launched during the 1980s with the support of the International Monetary Fund and the World Bank. The Gambia, Ghana, and Guinea were the first countries to undergo what have been termed first-generation civil service reform programs. These first-generation reforms had a heavy emphasis on controlling the wage bill, through retrenchment and the identification of ghost workers and their removal from payrolls. Although the countries attempted to tackle a central problem of the public service, namely, bloated payrolls, they were only partly successful. In Ghana many of those retrenched from employment in central government ministries and departments found jobs again in the country’s large parastatal sector, principally in subvented agencies. Even when downsizing was successful, numbers tended to creep up again, leaving little room to improve pay and conditions. Many of the pathologies of an eroded public service remained.

Second-Generation Reforms

The shortcomings of the first-generation reforms led to a further wave, second-generation reforms, which began in the 1990s. These reforms were much broader than the first-generation reforms, which were centered on the wage bill.

First, a more differentiated approach to pay was taken. First-generation reforms for the most part assumed that salaries could be decompressed and improved across the board if the downsizing of staff was pursued resolutely. Second-generation reforms acknowledge that this approach was not practical and that alternative strategies needed to be devised, based on more selective improvement and the development of a medium-term pay reform strategy. At the heart of the approach was a shift away from pay scales determined by job evaluation and internal relativities, toward alignment with relevant labor market rates within the country. Another thrust was consolidating the array of donor practices to supplement salaries, which made sense in a narrow project context, but were seen as harmful to sustainable capacity building.

Second, a renewed effort was made to focus government on its core functions, in an effort to reverse the relentless expansion of program commitments that governments accumulated in the era of the development state. The emphasis was on the classic public goods functions of the government, such as law and order, regulation of the private sector, economic
management, and the provision of social services in areas that have large externalities, such as primary education and health care.

Third, the governance framework for particular policy functions was reassessed. Inspired in part by the executive agencies (EAs) of several Organisation of Economic Co-operation and Development countries, governments created autonomous agencies, subjecting these agencies to a governance framework that gave managers greater freedom from central government rules in return for achieving specific performance standards and targets.

Fourth, second-generation reforms also seek to reverse the centralization of government, which occurred under the development state paradigm when the mandates of local governments were sharply curtailed in many countries. Guided by the principle of subsidiarity, the thrust is to push service delivery down to the local level, where more information is available, and, it is hoped, the greater scope for community action will hold local government service providers accountable.

Another element is a growing emphasis on performance. Ministries, departments, and agencies (MDAs) increasingly use three-year strategic plans and annual business plans, identifying output and outcome targets against which performance can be measured and publicized. In several countries (for example, Tanzania and Zambia) performance improvement funds have been created to encourage MDAs to reengineer existing processes to make them faster and more efficient (so-called “quick wins” programs). Personnel practices are also being overhauled to reward individual performance more transparently. At the same time many programs seek to reinforce the merit principle in public service, through the updating of ethical codes and conflict of interest rules and the rehabilitation of traditional institutions for protecting the merit principle, such as the PSC.¹

¹. Generally, this rehabilitation is a good thing because PSCs can protect the public service from unwarranted political interference and ensure that the merit principle is respected in appointments and promotions. Many countries are emerging from a period during which the neutrality of the public service was not respected, and interference in public service management was arbitrary. PSCs typically ensure a healthy public service by setting standards for appointment and promotions and overseeing how these processes are followed. Commissioners appointed to PSCs tend to be former civil servants or persons distinguished in other fields. The conservatism inherent in many PSCs could, however, become a barrier to reform, for example, by resisting the appointment of outsiders to head key agencies or setting aside the seniority principle for the same purposes. They might also seek to block experiments with differentiated pay.
Efforts are also made to make training more relevant by refurbishing training institutions, modernizing curriculum, and creating a better balance between supply-driven and demand-led modes of training provision.

Second-generation public service reforms also recognize that complementary action on other fronts is necessary. Thus they are often accompanied by parallel efforts to modernize budgeting and financial management and to strengthen audit institutions. All three countries are attempting to introduce budgeting based upon medium-term expenditure frameworks. Because countries undergoing reform are often newly reestablished democracies, an emphasis is also put on building in mechanisms for making government more transparent and participatory. This emphasis has led to efforts to modernize records management across government.

Second-Generation Reforms in Ghana, Tanzania, and Zambia: A Comparison

Although they are not the only countries in Africa seeking to implement second-generation reforms (Kenya, Mozambique, and Uganda are also practitioners), Ghana, Tanzania, and Zambia are leading examples, and each has a rich experience from which to draw lessons:

- Tanzania’s Public Service Reform Project was launched in October 1999. It has proven to be the most progressive reformer and has made promising progress in tackling a comprehensive set of reforms.
- Zambia’s Public Sector Capacity Building Project (PSCAP) was approved in February 2000. Its record to date is a mixed picture: although it has some improvements to show, overall, its administrative reform agenda is lagging behind. PSCAP II is being recast to focus predominantly on expenditure accountability in the hope of laying the groundwork for administrative reform.
- Ghana did not sustain its promise of successful economic and administrative reforms demonstrated during the 1980s. The Public Sector Management Reform Project (PSMRP) was approved in April 1999, but it barely went beyond the analytic phase and had little administrative change to show. Reforms came to a complete halt with the election of President John Kufuor’s government, which is in the process of redefining its approach to public service reform.

How can the different outcomes of these programs be explained? This chapter argues that three factors are critical to successful public sector reform. First, the political context must be conducive to reform. Second, the
reforms must be driven by committed leaders in the public service, and implementation arrangements need to be firmly embedded into administrative and political domains. Third, the design must be right and contain relevant program components in a sequence that works.

Implementing reform can be likened to producing a play, in which the combination of stage, actors, and props define the quality of its ensemble. The political and economic context provides the stage on which reforms are conceived and implemented. The actors involved in the reform process as well as the implementation arrangements shape critically the depth at which change affects existing institutional layers and at what speed. Questions to be asked include if leadership and commitment are sufficient, where leadership is situated and if it has sufficient authority; and how this configuration translates into project structures. Project implementation needs to be carried out by well-qualified staff who are embedded in existing institutional structures or at a minimum have strong links into the political realm. These first two factors—the stage and the actors—must be favorably aligned for the program components to take hold and unleash their impact. But the kinds of props the actors employ in the battle (the right reforms), their quality and fit (are reform components technically sound and fit the ensemble of reforms and country context?) as well as the timing of when to bring the props on stage (are the basics in place before more sophisticated reforms are started?) are equally important.

Ghana, Tanzania, and Zambia have all fared differently on these three levels. The following section will contrast their respective endeavors in staging reform, beginning with an overview of the political and economic context, extending to an analysis of the degree of leadership and implementation arrangements, and concluding with an evaluation of their experience to date in implementing five key reform components.

The Enabling Environment: Political and Economic Context

This section sketches the key features of the respective political and economic environments that shaped the success or failure of public sector reform. It will show that reforms are necessarily situated in a specific country context, to which they need to respond if they are to be successful.

Political Context. Political will does not just happen. It is embedded in a political system and culture that provide incentives for reform at best or, at a minimum, do not discourage reform initiatives on the part of civil service leaders. These systems, in turn, are run by elites who may beholden to
interest groups that have a vested interest in the status quo or that support only a particular part of the reform agenda. Thus political systems and cultures, as well as the existence of powerful interest groups, make up the political landscape, which critically shapes the reform options available. Understanding the political context is thus key to crafting viable reform programs. As chapter 4 shows in a system with a high degree of political stress, a technocratic approach to pay reform is difficult to implement because the government will be preoccupied with securing political support. This chapter argues that this principle applies more broadly to public service reforms and that politically contentious reform areas rely more heavily on the existence of a stable political system.

Tanzania’s political environment stands out as one that is characterized by relative civic peace, unity, and stability and the dominance of a single party (Kiragu and Mukandala 2004). Under the socialist system, power was concentrated in the ruling party, originally the Tanganyika African National Union, which later became the Chama Cha Mapinduzi (CCM), and downward accountability to voters through intraparty competition was limited. CCM’s policies of equity, social justice, and electoral competition enjoyed broad popular support, which outlasted the socialist era. Even after the introduction of multiparty elections, the CCM continued to win the majority of votes and has even increased its share from 1995 to 2000 in both parliamentary and presidential elections. Trade unions, after their resurgence, remained acquiescent, constrained by the belief that they would threaten the existing peace and tranquility if they made radical demands. Tanzania’s political environment of uncompetitive pluralism as well as political stability resulted in low political stress, which allowed the administration to push through a rational model of pay reform quite successfully. Progress was not linear, however. The first half of the 1990s saw the revival of a multiparty system (1992), political party campaigns, and the reemergence of unions, including a teachers union. Increasing political competition led to the politicization of pay reform. This development encouraged a proliferation of allowances for all levels that stealthily favored senior civil servants. And today, as recent events are showing, achievements are still fragile, requiring technocrats to manage carefully the political environment.

In Zambia President Frederick Chiluba and his ruling Movement for Multi-party Democracy (MMD) party was elected on an anti–Kaunda platform. The loose coalition of church groups, intellectuals, union members, and human rights advocates, all of whom opposed President Kenneth Kaunda, was united not by ideology or party program, but by the aim of unseating Kaunda. Once this goal was achieved and supporters realized
that campaign promises of democracy, good governance, and economic growth could not be fulfilled, frictions within the ruling party became apparent, epitomized by the formation of various splinter groups, for example, the National Party in 1993 and three other new parties in 1998. In the absence of a stable coalition united by a common goal, the MMD in turn resorted increasingly to patronage and clientelism to maintain its political base, thereby repeating some of Kaunda's pitfalls. Another complicating factor for public service reform has been the opposition by trade unions, traditionally a powerful actor on the political scene. Under one-party rule trade unions had been the only organized opposition force, maintaining a great deal of independence from the ruling party. President Chiluba himself was a trade unionist and did not confront them. Unions have used their prominence and strength repeatedly in negotiations with the government to secure generous concessions, as the recent agreement on severance packages for retrenched public officials illustrates (see box 2.1).

Ghana witnessed substantial economic and administrative reforms under authoritarian populist rule of Jerry Rawlings in the 1980s. Against a backdrop of economic crisis, he had managed to harness support for technically sound yet difficult reforms through “incorporation, cooption, or outright suppression” (Kiragu and Mukandala 2004, p. 132). Although Ghana did not have the same legacy of an accountable and popular political party as Tanzania, Rawlings was able to win internal support for reform with the state house, cabinet, technocrats, and government-supported populist-revolutionary organizations. With the introduction of multiparty politics in 1992, however, this coalition no longer held together, prompting the reform process to stall and reverse. The story of Ghana in the 1990s resembles that of Zambia in the sense that the ruling National Democratic Congress party was no longer united by a programmatic vision and much energy was diverted toward sustaining patronage networks as a basis for political survival. Under the latter Rawlings regime, the National Institutional Renewal Program (NIRP) was chaired by Vice President Atta Mills, who positioned himself as a reformer. The electoral loss of Mills left the administrative reform process entirely orphaned, and the new government distanced itself from the reform agenda of the past.

2. The government was quite successful, however, at economic liberalization and retrenchment of public servants during its first four or five years in power. An achievement that the MMD turned into electoral success—it won 131 of 150 seats during the 1996 legislative elections—but did not use to push the envelope on public sector reform.
Box 2.1. Retrenchment Costs in Zambia:
A Flexible Donor Response to Political Realities

Although Zambia encounters similar challenges to Tanzania, it has taken much longer to begin reform steps in the right direction. As pointed out earlier, this delay results from the high level of political stress and the subsequent politicization of pay reform. At the same time, however, we must acknowledge that donor support has not always taken these specificities of Zambia’s political landscape into account. An illustrative example is donors’ hesitancy to finance severance pay. Because of strong union pressure, retrenchment costs stipulated by the 1997 Employment Act were equivalent to about 12 years’ pay per retrenched staff. The government considered the political costs of budging from that agreement to be too high, despite pressure by the International Monetary Fund and the World Bank to go ahead and the simultaneous refusal by donors to finance retrenchment. A salary decompression that increased top salaries only added to the separation cost, making the implementation of retrenchment simply unaffordable. Consequently, public officials identified for retrenchment were sent home while they kept getting paid. Only in this year’s budget has the government agreed to cover two-thirds of retrenchment costs and the credit agreement of PSCAP has been amended to contribute the remaining $10 million. The latter constitutes a successful donor response, which builds on the recognition of the government’s political realities.

Although Zambia is an extreme case of extraordinarily high retrenchment costs, other SSA countries are not far behind. Typically, statutorily mandated retrenchment costs equal one month’s pay for each year of service plus the acceleration of pension benefits for staff age 45 and above. Severance payments often postpone the onset of wage bill savings, even if downsizing is achieved, and actually raise, in most cases, the wage bill in the very short run, and that increase makes severance payments an obstacle to reductions in public service size in the first place.

The Economic Reality. A country’s economic situation and public service reform are inextricably intertwined. Public service reform becomes necessary when uncontrolled growth of the establishment, combined with unsustainable levels of pay and often aggravated by a deterioration of the economy, force the wage bill to surpass its economically sustainable level. The economic crisis of the 1970s and 1980s in Tanzania, for instance, forced the government to backtrack on its previous policy of adequate public service pay, mostly inherited from colonial times.

At the same time the ability to move forward with public service reform is also affected by the state of the economy. Economic growth generates revenue, which enables a country to accommodate new policy priorities; meet the costs, such as severance payments or competitive pay for key posts; or rebalance the staff mix of departments. Furthermore if the economy is buoy-
ant, scope for employment outside the public sector will be greater, thus reducing resistance to downsizing. Conversely if the economy is in crisis, budgets will remain unpredictable, little leeway will exist for new policies, and the continuation of cash budgets will perpetuate poor service delivery and undermine any efforts to improve performance. Governments will be unable to fund separation schemes, and staff will hang on to their jobs in the absence of alternative employment.

Reform Leadership and Structures

Political commitment, leadership, and implementation arrangements are three key enabling factors for successful reforms. The following paragraphs describe how these factors played out in Ghana, Tanzania, and Zambia.

POLITICAL COMMITMENT. That political commitment is essential for public service reform to be successful is a basic truth. However well designed technically, no reform will succeed if either collective determination in the key central management agencies to press forward or strong belief on the part of the president in the importance of a well-functioning public service is lacking. Those undertaking the reforms must be certain they always have the president's backing, and because public service reform is likely to be politically challenging, it has to be one of a small handful of policy objectives at the top of the president's agenda. Only in Tanzania does this resolve seem to be clearly the case. In Zambia commitment at the senior official level seems strong, but those at the highest level have other preoccupations. The program in Ghana had been affected by the change in government in January 2001 and the distrust with which the new government viewed the reform programs of the old.

LEADERSHIP FOR REFORM. In addition to political commitment at the top, strong leadership is needed to implement reform successfully. This leadership must function at and link various levels: from the president down to political and administrative tiers of government.

First, the existing leadership structure for the public service must be supportive of reform. The countries we are examining typically have a head of the civil or public service who has the power to approve pay (with the agreement of the finance ministry), staffing structures, and grading; personnel rules; training policy; and many civil service appointments. These responsibilities are in part shared with a civil or public service commission, headed by either former civil servants or otherwise distinguished persons. Established to protect the public service from unwarranted political interference,
PSCs have a statutory mandate to protect the merit principle in the public service and may perform a significant role in appointments and promotions in the public service, as well as acting as an appeals body in disciplinary cases. They will also have a voice setting personnel rules and related actions affecting the management of the public service. The effectiveness of PSCs varies from country to country, however. Although Tanzania’s PSC has greatly facilitated the reinstatement of a meritocracy, Ghana’s PSC has been largely ineffective.

Second, as already mentioned, the support of the president is vital. The president, who must take an active interest in the reform process and assume responsibility for the political consequences, plays a key role in resolving ministerial level conflicts and ensuring that key agencies are headed by people supportive of reform. Within MDAs, the permanent secretary or chief executive and senior managers must act as change agents.

Finally, reform also entails staff working to perform such tasks as drafting new laws and regulations, writing cabinet papers, training and supporting training agents, drawing up terms of reference, and selecting and supervising consultants.

**Implementation Arrangements.** Even if political commitment and reform leadership are in place, much depends on the quality of the implementation arrangements. Issues include the location of the implementing agency (whether within an existing MDA or as a separate organization) and its staffing (whether with civil servants, consultants, or expatriates) and remuneration.

In Ghana, the NIRP Secretariat was charged with coordinating a number of reform initiatives (civil service reform, financial management, decentralization, governance) financed by external donors. The secretariat comprised a team of donor-funded local consultants reporting to an oversight committee headed by the senior minister (similar in standing to a prime minister), who was in turn charged by the president with coordinating all government reform programs. Change teams in MDAs headed by the director of administration or chief director and staffed with representatives of all levels were responsible for managing the change process. They commissioned local and external consultants to undertake the studies required to underpin the reform process. Change teams reported to the NIRP Secretariat, which was not integrated into the regular departmental structures of government, was staffed by consultants, and lacked the authority to fulfill its guiding role. Toward the end of 2003, following a critical assessment of all reform programs, the NIRP Secretariat was wound down.
A similar model works in Zambia, where an implementation team of Zambian consultants, some former civil servants, under contract with and paid for by the Bank, manages the reform process. This team, which reports to the head of civil service, is embedded in the management development division under the cabinet office, which also spearheads the Public Service Reform Program launched in 1993. It has, however, generally proved more effective in getting the required decisions out of government than the NIRP Secretariat has been in Ghana.

By contrast, in Tanzania the Public Service Reform Project is led from the Civil Service Department (CSD), with the permanent secretary pushing the reforms forward in a determined way. In turn, the permanent secretary is assisted by departmental directors. Although the Public Service Reform Project began with a separate project team inside the CSD led by a chief advisor, consultants—mostly expatriate and funded by donors—are now embedded in the departmental structure of the CSD. The permanent secretary of the CSD, furthermore, enjoys the full confidence of the minister for the public service and the president.

On the face of it Tanzania would appear to have the most effective model, principally because it was able to make the transition from a project team of advisers to leadership fully integrated into the department directly responsible for public service matters. By contrast in Ghana a disconnect appears to have arisen between the NIRP Secretariat and key ministers, on the one hand, and their chief directors in the central management agencies, on the other. So great is this disconnect that the current government has terminated all programs and is beginning afresh. This looming failure is a reflection of the fragmentation of the public service and the lack of unified leadership: the civil service department covers only 20 percent of the public service (teachers, doctors, and subvented agencies are not part of the civil service), and no single authority is mandated with overseeing the whole of the public service. The NIRP Secretariat, created to oversee reform programs pertaining to all of the public service, consequently did not have a single political home and itself lacked the necessary political links and authority to push through reforms. Zambia, where the unit enjoys the full confidence of the head of service but is not embedded in departmental structures, falls somewhere in between the experience of Ghana and Tanzania.

These analyses suggest that a variety of implementation arrangements can work, but all of them share some common features.

First, senior most leadership in government (in effect the president and the minister responsible for the public service) must be politically committed to the goals for the reform program, support its strategies, show a constant
interest in developments, and demand results. They also must be prepared to intervene occasionally to manage political risks and remove bureaucratic bottlenecks.

Second, because reforms affect government operations, agents for reform must be placed in government structures or, if placed externally, agents must be given strong institutional and personal links to the bureaucracy. A link is also needed between those managing public service reform and other complementary reforms, such as in budgeting and financial management, not least because these should reinforce each other, but also because some areas of public service reform, such as pay, directly concern other central management agencies, such as the country’s ministry of finance.

Third, a central unit can draft legislation, issue administrative instructions, and commission studies, but change at the MDA level, if it is to come about, will happen only through the actions of senior management change agents who are prepared to overcome staff resistance and drive through the reform agenda. Externally funded consultants cannot effect such change. Rather the political leadership needs to ensure that the best managers (in exceptional cases, from outside the public service) are put in positions of authority in MDAs. Appointing the best managers will likely require the president’s direct intervention in public service appointments, setting aside the seniority principle, as well as the PSC’s support. By contrast, the role of foreign experts can be to advise, encourage, and build capacity, cognizant that their role is that of a temporary advisor and enabler rather than an implementer.

Fourth, because working in the engine room of a reform program requires individuals to work long hours, staff of the central unit need to be rewarded accordingly. These rewards, however, may cause resentment from other staff in the public service ministry who manage the systems that the reforms both rely upon and seek to change. At the end of the day, individuals make reforms happen, not committees or consultants. The role of a central reform secretariat is to show the way and to empower reform-minded departmental managers to act.

**Five Reform Components in Comparison**

In a short chapter doing justice to the many reform components pursued under second-generation programs is impossible. The assessment thus focuses on what we believe are five key components of public service reform: (a) pay, including staffing numbers, control of the wage bill, and the selected accelerated salary enhancement (SASE) scheme; (b) restructuring of the state; (c) performance management; (d) the strengthening of control sys-
tems, including budgeting, financial management, auditing, administrative controls, and civil society engagement; and (e) training.

As the discussion of first-generation reforms showed, none of these components can stand alone. The wage bill depends not only on levels of pay but also on the size of the public service, which is inextricably linked to issues of state restructuring; a lean and well-paid public service with no performance management is unlikely to deliver good services. Because of these interdependencies, second-generation reform programs introduced schemes that link increases in pay to better performance (SASE) and downsizing to better results- and client-orientation (EA model).

PAY. Just as first-generation reforms tackled but did not fully resolve the pay, numbers, and wage bill “iron triangle,” so the reality of excess staffing, insufficient pay, and wage bill pressure remains the starting point for pay reform under second-generation reform programs. The data here are mixed. Although some countries (for example, Tanzania) were able to show some improvements in officials’ pay in real terms, others (for example, Zambia) experienced further decline in the 1990s.

In all three countries, however, thinking on pay has shifted, from across-the-board increases to selective increases, epitomized in the SASE schemes. These schemes have figured prominently in the medium-term pay reform strategies that governments have been encouraged to develop to sharpen policy and provide a time frame for addressing pay issues.

Success in implementing these reforms, however, has varied greatly from country to country. As detailed by Kiragu, Mukandala, and Morin in chapter 4, pay reform is a politically contentious issue that is easily sacrificed for reasons of generating and sustaining political support. Only governments sufficiently blessed with political space for reform, such as Tanzania, can afford to pursue a technically rational approach and do so quite successfully. In this light, the findings displayed in table 2.1 can be explained. The pay reform components of the projects in Ghana and Zambia, by contrast, have borne little fruit, because the ruling parties in both countries were not sufficiently prepared to attack these reforms (for a more detailed description see Kiragu and Mukandala 2004). Reform approaches and donor responses hence must be flexibly tailored to fit the country context, as illustrated by the case of severance pay in Zambia (box 2.1).

In the longer run, however, the unanswered question looms concerning the structure of pay governments should adopt for their staff as resources gradually become available. The traditional model, which was in its heyday 30 years ago, paid civil servants well and was designed to maintain internal relativities across the whole of the then-unified public service, so that it
Table 2.1. Pay—Intent and Results, by Country

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<th>Country</th>
<th>Reform intent</th>
<th>Results so far</th>
<th>Assessment</th>
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| Ghana   | • Dissolve hidden reward structures  
          • Introduce SASE scheme | • Conducted three studies  
          • Backtracked from SASE scheme  
          • Decreased real pay (except for 1998 and 1999) | • No reforms under the Public Sector Management Reform Program  
| Tanzania| Implement medium-term pay reform strategy, including the following:  
          • Decompress salaries  
          • Introduce SASE scheme | • SASE scheme applied to 900 posts in three MDAs  
          • Government lags behind in implementing medium-term pay reform strategies  
          • Average real pay increased more than threefold since 1993  
          • Wage bill remained stable at slightly above 4 percent | • Overall progress, although sustained commitment to pay increases essential  
| Zambia  | Implement medium-term pay reform strategy including the following:  
          • Consolidate allowances into salaries  
          • Decompress salaries  
          • Introduce SASE scheme | • Some allowances eliminated, some decompression  
          • Medium-term pay reform strategy adopted but knocked off course  
          • Wage bill out of control (8 percent of gross domestic product)  
          • Civil service employment up at 119,000.  
          • Retrenchment planned  
          • Introduction of SASE scheme being reconsidered | • Some progress in relation to starting conditions of declining real pay, increasingly compressed pay scales (until 2000), preponderance of allowances (2001), but problems reemerge  
          • Pursued politically reactive model of pay reform 1985–2000 (Kiragu and Mukandala 2004) |

Source: Authors.
could form the basis of both a national income policy and the interchange of staff between different branches. The consensus view is that the new model should take its cue from domestic labor market comparators, which tend to assign much higher values to technical, professional, and managerial staff than to unskilled drivers, messengers, and clerks, who currently may be better off working for government. The implication of this model is a much more decompressed salary structure, the more so as economies integrate into the global economy. The political consequences of this change have yet to be discussed in any of the countries now embarking on a SASE scheme bridge to an unknown destination.

In all three countries, SASE schemes were envisaged as a donor-funded bridging mechanism that would help the government advance the benefits of their medium-term pay reform policies. Under SASE schemes, salaries of key technical and professional staff are raised to compete with those of the private sector. Donors provide funding on a sliding scale over a five-year period, with the government increasingly picking up the cost using savings from parallel downsizing efforts. The SASE scheme thus allows the government to retain key staff in the short term while it is building a lasting competitive salary scheme. It also rewards staff performance (public officials can lose their top-ups in case of underperformance) and encourages performance management at the agency level because participating MDAs must have a strategic plan in place, backed up by detailed implementation and annual plans. As a positive side effect, the SASE scheme provides an alternative to the widespread donor practice of salary top-ups with its well-known distortion of the labor market and draining of talent from mainstream government functions.

In reality only Tanzania has so far implemented a SASE scheme. Ghana has abandoned its earlier reform approach altogether, and Zambia is pondering the feasibility of its SASE scheme given that record management and financial management systems are weak and the government has deviated substantially from the medium-term pay reform strategy since its adoption, resulting in serious budget overruns.

In Tanzania, the Medium-Term Public Service Pay Policy of 1999 set the stage for a SASE scheme, targeted at key professional, technical, and managerial staff who play crucial roles in service delivery, reform implementation, and the production of strategic government outputs. It also sought to reduce the reliance on expatriate experts. Introduced in 2000 together with the job evaluation and job regrading exercise, the SASE scheme requires the adoption of an open staff performance appraisal system. To date, it has been implemented in three MDAs out of the 10 planned and covers about 900 posts. It provides salary increases of 25 percent, a figure that analysts
believe the government will be able to sustain after donor funding fades out. Although it is still too early to judge the success of the SASE scheme in Tanzania, 3 a few issues became apparent that are of importance to other countries that consider introducing a SASE scheme. First, because of its limited scope, the SASE scheme has not managed to prevent salary top-ups by donors, and donors have been reluctant to pool resources. Close donor cooperation (and sustained donor commitment) as well as donor–government cooperation is necessary to make a SASE scheme work. Second, on the government side, salary increases have not materialized as planned, prolonging the reliance on donors. Third, the SASE scheme pay level is still below market for some classes of professionals, such as information technology specialists, suggesting the need for additional measures to prevent these employees from leaving for the private sector. Fourth, initially, an extrabudgetary fund was established to fund the SASE scheme, thus circumventing national budget procedures.

Implementation of a SASE scheme in Tanzania benefited from a number of factors. First, a proper records management system enabled a smooth introduction. In addition, economic growth has been stable and predictable, which has made the SASE scheme in theory affordable. Last but not least, donor–government coordination has been relatively successful, although room for improvement remains. None of these factors is sufficiently in place in Zambia, hence its reservations.

For any country embarking on a SASE scheme, risks that could severely compromise its successful implementation are numerous, including the risk of politicization because the selection of the MDAs and posts might be driven by politics and patronage rather than merit (see table 2.2.). More important, if retrenchment savings are insufficient or consumed by legally mandated severance packages, the government will not be able to sustain the SASE scheme once donors phase out their funding. Economic affordability and the political will to sustain a highly decompressed salary scale are factors that in fact equate to a litmus test for all SASE-scheme countries. Unwavering commitment is also required from donors. A loss of interest because of changing donor policies or priorities as well as temporary freezes of aid can severely shake the bridge that the SASE scheme is supposed to build and jeopardize its success. Whether governments can sustain competitive wages, led by national labor markets—the assumption driving the medium-term pay reform strategies—is also unclear.

3. For a detailed discussion of Tanzania’s SASE scheme experience to date see Valentine (2002).
### Table 2.2. Addressing Risks in Implementing a SASE Scheme

<table>
<thead>
<tr>
<th>Risks</th>
<th>Remedy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Politicization of and patronage in selecting posts compromises credibility</td>
<td>Set clear criteria and transparent selection mechanism</td>
</tr>
<tr>
<td>Politicization of and patronage in selecting participating MDAs compromises service delivery and reform</td>
<td>Create a transparent and well-publicized selection process</td>
</tr>
<tr>
<td>Top-ups seen as entitlement and preclude improvement in staff performance</td>
<td>Withdraw top-ups in case of under-performance</td>
</tr>
<tr>
<td>Top-ups seen as entitlement and preclude improvement in staff performance</td>
<td>Verify through open performance appraisal systems</td>
</tr>
<tr>
<td>MDAs do not deliver</td>
<td>Hold MDA accountable for implementation of annual plans through independent oversight</td>
</tr>
<tr>
<td>MDAs do not deliver</td>
<td>Link SASE to performance improvement fund to build capacity and increase incentive</td>
</tr>
<tr>
<td>Wavering donor commitment</td>
<td>Diversify donor coalition sufficiently</td>
</tr>
<tr>
<td>Wavering donor commitment</td>
<td>Ensure close donor cooperation</td>
</tr>
<tr>
<td>Wavering government commitment</td>
<td>Start SASE only when political will supports a medium-term pay reform strategy</td>
</tr>
<tr>
<td>Wavering government commitment</td>
<td>Ensure close donor-government relations</td>
</tr>
<tr>
<td>Slow economic growth and insufficient revenue base threaten economic affordability</td>
<td>Pick salary enhancement targets based on realistic revenue projections</td>
</tr>
<tr>
<td>Slow economic growth and insufficient revenue base threaten economic affordability</td>
<td>Maintain flexibility to readjust</td>
</tr>
</tbody>
</table>

Source: Authors.

Finally, despite early signs of success, Tanzania’s experience is not sufficiently advanced to draw conclusions about whether the SASE scheme will eventually deliver on its promise of retaining qualified staff or, put differently, whether staff that otherwise would have left (or not accepted a public sector job) decided to stay because of better pay. This conclusion ties into the question of whether the basic assumption underlying the SASE scheme, namely
that pay is the key incentive, is in fact true. Similarly, it remains to be seen whether a SASE scheme in combination with open performance reviews does in fact promote better performance.

**STATE RESTRUCTURING** One of the characteristics of the development state is the overextension that this paradigm entails. The ensuing fiscal strain that an enlarged public service exerts on the national budget has, in many countries, become fiscally unsustainable and, coupled with inefficient service delivery and inadequate performance, has led governments to rethink their roles. For each policy objective, governments must decide whether to intervene, and if they choose to intervene, whether to regulate a private sector response or provide a service directly. If the latter, they must decide, first, whether to take over service provision at the national or a subnational level and, next, whether responsibility should be given to central government departments, semiautonomous agencies, or state enterprises. From this decision tree follow several reform elements, all of which entail substantial institutional change and affect large parts of the public service. Understandably, this process makes restructuring a politically contentious reform to carry through because the potential losers of reform are, with a few exceptions, located within the central public sector and the winners are in the private sector or at the decentralized level, both of which represent constituencies who have less political capital. In addition restructuring inflicts immediate pain and pays off only in the medium to long term through cost savings and improved service delivery. To increase the chances of successful reform, the hardship inflicted upon retrenchees needs to be cushioned.

The reform experiences in functional reviews, retrenchment, privatization, decentralization, and EA programs in our three case countries reveal a familiar pattern in which Tanzania has good progress to report, Zambia reports some achievements, and Ghana has barely moved beyond the analytic stage (see table 2.3.). The following will discuss some of the challenges and differences in implementing reform.

4. The present machinery of government and the respective mandates of MDAs and the state-owned enterprises under their control exist because of decisions made over three decades on policy and how to implement it. Most SSA countries acquired a large number of state-owned enterprises in the first 30 years of independence, and increasingly these enterprises encountered severe performance problems, resulting in serious fiscal drain. Under the first programs of structural adjustment, many of these enterprises have either been restructured or privatized, and stronger governance mechanisms have been put in place for the state-owned enterprises remaining under public ownership. State-owned enterprise employees, however, lie outside the public service.
### Table 2.3. State Restructuring—Intent and Results, by Country

<table>
<thead>
<tr>
<th>Country</th>
<th>Reform intent</th>
<th>Results so far</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>• Perform functional analysis of MDAs&lt;br&gt;• Reform SAs&lt;br&gt;• Retrench 28,000 public servants&lt;br&gt;• Decentralize&lt;br&gt;• Nurture public–private cooperation</td>
<td>• Functional reviews commissioned for 22 ministries&lt;br&gt;• SA staff on public payroll. No coherent SA strategy, rarely independent. Restructuring plans not implemented&lt;br&gt;• No real reduction of public sector because staff went from civil service to SAs&lt;br&gt;• No progress on decentralization&lt;br&gt;• The responsibility for providing public–private cooperation was transferred to Ministry of Private Sector Development</td>
<td>Reform barely went beyond studies despite a large public sector (around 600,000 since 1998–99) and about 300 SAs</td>
</tr>
<tr>
<td>Tanzania</td>
<td>• Reduce ministerial structures&lt;br&gt;• Establish EA program&lt;br&gt;• Decentralize&lt;br&gt;• Ensure public–private participation</td>
<td>• Restructured 13 ministries and 8 independent departments; reduced size of civil service to 257,000 by 2001 from 270,000 in 1998&lt;br&gt;• Fewer than 20 EAs established&lt;br&gt;• Signs of backtracking on decentralization&lt;br&gt;• Some services contracted out to private sector</td>
<td>Promising progress except for decentralization</td>
</tr>
<tr>
<td>Zambia</td>
<td>• Restructure&lt;br&gt;• Establish right-sizing&lt;br&gt;• Ensure private sector participation</td>
<td>• Divested four agencies&lt;br&gt;• Public service reduced&lt;br&gt;• No progress on private sector participation</td>
<td>• Total of about 40 agencies but no overarching legal framework&lt;br&gt;• Delays in retrenchment have held up restructuring efforts</td>
</tr>
</tbody>
</table>

SA Subvented agency.

*Source: Authors.*
Functional reviews are undertaken to assess the functions of MDAs, eliminate overlaps and inefficiencies, and outsource those functions that more appropriately can be carried out by decentralized or nonstate entities. The elimination of superfluous personnel and, in some cases, the hiring of qualified staff follows suit, but these steps are often met with fierce resistance in case of the former (for example, Zambia where retrenchment of 4,000 staff was not be implemented for years because the government could not afford to pay the severance packages) or constrained by fiscal means for the latter (see the discussion on SASE schemes).

Privatization of elements of service delivery or public–private partnerships has borne fruit in Tanzania, both in terms of cost savings and better service delivery. A number of MDAs have contracted out grounds maintenance, cleaning, and security and reception, and demand from MDAs for private sector participation is growing as progress demonstrates success. In Ghana, responsibility for promoting private sector development under the public–private partnership component was transferred to the Ministry of Private Sector Development, which to date has not gone beyond studying the issue. No progress has been made on privatization. Similarly, no progress has been made in Zambia.

Another dimension is reversing the centralization that characterized governance in all three countries (and many others). In Tanzania local government was completely abolished for a decade before being reinstated in the mid-1980s. In Zambia local government structures continued to exist, but they were subordinated to parallel mechanisms of the one-party state. In Ghana local governments exist, but they remain under quite close control of central government. All governments, though, have declared policies of shifting more resources, responsibilities, and discretion to subnational tiers of government. Progress on decentralization is only partly supported by the three public sector reform programs under scrutiny in this chapter. In Tanzania for instance, decentralization is one of the weakest components of the Public Service Reform Project and the main support to decentralization is channeled through the Local Government Reform Program launched in 1999. In Zambia, the PSCAP supported the formulation of government’s decentralization policy, but it will discontinue this agenda in the second phase of the program. Ghana has made no progress on decentralization during the lifetime of the PSMRP, although its political decentralization is fairly advanced in SSA comparison (Ndegwa 2002).

One type of organizational change prominent in at least one of the three countries is the development of the EA model, drawing upon the experience of the United Kingdom (see box 2.2) and other similar countries. The ratio-
nale for creating agencies is that some functions that entail implementation rather than policymaking can be carried out more efficiently by agencies that are one stage removed from departments. When an agency is created, a framework document details its roles and responsibilities as well as its operational autonomy. In return for budget resources, agencies commit themselves to performance targets and report on these targets in an annual report. Although cost recovery is an objective, most agencies will require a measure of subvention from the central government budget. Employees remain public officers and agencies normally have no separate corporate status—in other words, they and their staffs remain part of government. Yet sometimes agencies are given the freedom to recruit staff on terms and conditions more favorable than the civil service and closer to private sector levels for key technical, professional, and managerial staff.

EAs carry some obvious risks: loss of political control, capture by private sector clients, fiscal problems arising from poor management, and loss of control over staffing as the government increasingly relies on the adequacy

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**Box 2.2. Executive Agency Model: The United Kingdom’s Experience**

EAs were first introduced in 1988 to enhance the responsiveness and effectiveness of government service provision.

EAs are separate business units that have well-defined outputs, which are limited primarily to service delivery to internal and external customers of the government and rarely include policymaking. EAs are in charge of functions of vital interest to government such as prisons, civic administration, pensions, and job centers. The chief executive heading the EA has full managerial responsibility and is evaluated and rewarded based on achieving defined outputs. EAs are accountable downward to citizens and outward to their departments and ministers, who set annual targets and allocate resources accordingly.

The United Kingdom experience has shown that EAs make government leaner and more effective. Since 1988 the civil service has been reduced from 570,000 to fewer than 480,000 while performance and functions have increased. EAs are generally held to be a success. Within a decade of the program’s inauguration, 150 agencies had been established. Staff in EA and other executive organizations presently account for 373,000 or 78 percent of the central civil service.

The keys to success are a clearly defined mandate and outputs and an effective accountability framework and result-oriented performance management, documented by regular annual reports. Critically, the United Kingdom adopted the agency model from the starting point of an ethical, motivated, and well-paid civil service that operates in accordance with the formal rules.

*Source: Office of Public Service Reform (2002).*
of the internal controls of the agency itself rather than governmentwide financial and personnel rules and control systems. These risks are less daunting if the country already has a civil service that performs well, is ethical and well-paid, and has a long tradition of acting in the public interest. These basics have been eroded in the past two to three decades in developing countries in Africa and replaced by a high degree of informality.

The country that has the most formally developed EA creation program is Tanzania, whose approach is explicitly modeled on the United Kingdom’s “next steps” EAs. Governed by a framework document, EAs are obliged to produce three-year strategic plans and an annual business plan, including key performance measures, which are reviewed by the permanent secretary of the parent ministry. The agency chief executive must produce an annual report on quality and quantity of service, with a set of accounts and financial statements, for audit by the controller and accountant general and presentation to parliament. The chief executive is also responsible for staff development and training. As a class of organization, EAs in Tanzania enjoy flexibility to deviate from civil service pay scales and reward staff with pay closer to private sector comparators. Most EAs are expected to break even on operating expenses, although they may require capital grants from the central government budget. Accounting standards are laid down by the accountant general, and EAs must establish a satisfactory system of internal audit. EAs have the flexibility to shift resources between different items of recurrent costs, and they may carry forward both capital and recurrent unspent budget funds. They are responsible for observing principles of open, competitive procurement, and as public entities they must observe the Public Procurement Act. Above all, they must achieve value for money.

The chief executive is accounting officer for the agency, the permanent secretary of the parent ministry retains responsibility for overall strategic direction, and the minister is politically responsible.

The EA program in Tanzania is expanding, with some 19 agencies thus far created and nine more under preparation. They are covering areas such

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5. Passed in 2000, the Public Procurement Act allows MDAs to carry out procurement of goods, works, and services following procedures set by government and subject to oversight by a central procurement monitoring and rulemaking body.

6. In anglophone systems of financial management, for each MDA an accounting/controlling officer is appointed by the minister (or secretary) of finance to be responsible for the proper management of all resources handled by that body. The accounting officer answers to the public accounts committee for any matters raised by the auditor general and taken up by the public accounts committee.
as business licensing, national archives, civil service training, and aviation regulation. The model appears to be working well, in terms of freeing the agency from the straitjacket of an unpredictable budget and empowering staff and management. Some analysts have expressed concerns, however, that the government may not live up to its promise of capital budget support, which some agencies believe they were promised. This failure could affect their long-run ability to sustain activities and meet changing demand. Managers thus far appointed appear to be of high quality. Less clear is, first, how far the EA model can be extended to other areas, such as those in which the scope for cost recovery is much less and the agency will be more dependent on central government transfers, and second, whether the public sector will prove to have a sufficient supply of good managers to head the new agencies. Also as yet unknown is whether the parent ministries will be able to discharge their oversight responsibilities in a balanced way. Two decades ago, Tanzania had one of Africa’s largest parastatal sectors, and it failed to implement a sound governance framework for them.

Ghana has a large (about 300) subvented agencies (SAs) sector, and although efforts are ongoing to reform the sector by closures, privatization, and better managed retention, none of the restructuring plans developed under the first phase of the PSMRP were ever implemented. Ghana’s SAs differ from the EA model in significant ways. SAs, by definition, receive transfers from the central government budget, and the class is much broader than in Tanzania. In Ghana, for example, the Ghana Education Service, which employs all the teachers, is a subvented agency. Nor is there yet an overall law governing the status of agencies. Rather, SAs have been established over the years through a mix of instruments, such as individual statutes, companies law, and executive order. Consequently, the accountability arrangements are less transparent and generally weaker. Staff on agency payrolls are public servants, although in practice public service rules are applied less stringently, and some staff receive additional allowances. Many of Ghana’s 80,000 retrenchees reentered the public service through SAs after having received their retrenchment packages. Some agencies (such as the Ghana Institute of Public Administration, the civil service training institution) are operating as autonomous agencies without subvention. Others (for example, the Ghana Education Service) are wholly budget dependent, and they have remained affected by the unpredictability of the cash-release system of budget implementation. All agencies have individual governing boards appointed by the president, who reserves the right to remove them, thus raising the cost of oversight and undermining SAs’ accountability to their sector ministries.
Zambia has about 40 agencies, 4 of which were created under PSCAP, spun off from their parent departments, namely, the National Institute of Public Administration; the civil service training institution; the Zambia Wildlife Authority, which manages wildlife parks; and the Zambia Vocational Training Institute. Agencies are established by act of Parliament, and work under way to adopt an overarching legal framework governing the operations of agencies has been abandoned following the suspension of the reform program. Current government policy is to reduce progressively the subvention to these agencies to zero, forcing them to stand on their own feet. In a different category are health boards, created some years ago in each district to run hospitals and clinics. Originally they were given responsibility for managing their own payrolls. After abuse, payroll autonomy has been taken back by the Ministry of Health. Still to be devised is a clear policy for subvented agency governance, accompanied by a law defining their status and oversight arrangements.

The foregoing discussion suggests that EA programs, such as the one Tanzania is pursuing, do have a future in SSA, but the category must be drawn carefully and not all presently designated agencies are necessarily good candidates. Indeed, as in the United Kingdom, Tanzania’s EA program has laid down stringent preconditions for agency creation. Regulatory agencies that can be largely self-financing seem obvious candidates, as long as capture can be avoided. Existing agencies that require subventions for the bulk of their financing can be put on a contractual basis, but this step will always be vulnerable to the risks of budget default on the part of central government and weak parent ministry oversight. Ineffective management is also a risk, such as the Zambia health board experience suggests. If EAs are sought as a means to escape dysfunctional central government ministries, they will not work.

Performance. Second-generation public service reform programs increasingly include performance management elements, drawing on many of the innovations introduced in Organisation of Economic Co-operation and Development countries. Introducing a performance dimension to the public service means making changes to the traditional system at both the personnel management level and the MDA level. The former includes merit principles in hiring, promotion, and firing; ethics; and staff appraisal systems. Once again Tanzania is the country where these reforms have borne fruit (see table 2.4).

Performance at the agency level is largely promoted through the development of strategic plans detailing performance targets and activities for
Table 2.4. Performance—Intent and Results, by Country

<table>
<thead>
<tr>
<th>Country</th>
<th>Reform intent</th>
<th>Results so far</th>
<th>Assessment</th>
</tr>
</thead>
</table>
| Ghana   | • Develop sanctions and reward systems  
           • Establish performance-based management system | None | No progress |
| Tanzania| • Establish performance improvement model supported by a PIF  
           • Establish PSC  
           • Reinstate public service ethics | • Performance improvement model successfully introduced. PIF soon to be fully operational  
           • PSC established  
           • Prevention of Corruption Bureau, Ethics Secretariat, Good Governance Coordination Unit, and Human Rights Commission all established and National Anti-Corruption Strategy and Action Plan produced, but most complaints of corruption remain uninvestigated | Substantive progress |
| Zambia  | • Strengthen policy formulation and performance management  
           • Establish a PIF | • Eight ministries have developed strategic plans but little implementation  
           • Fourteen ministries are piloting work plans for staff  
           • PIF failed and is currently under review | Some progress but few results |

Source: Authors.
each agency. An innovative way of encouraging strategic planning is through performance improvement schemes, supported by performance improvement funds (PIFs), which all three countries initiated with varying degrees of success.

Ghana was one of the first countries to venture down the performance improvement road in its Civil Service Performance Improvement Program. Launched in 1995 the Civil Service Performance Improvement Program deployed capacity development teams across a large number of MDAs. Using self-appraisal instruments, beneficiary surveys, and diagnostic workshops, they developed performance improvement plans, the heart of which was the development of a strategy to overcome constraints to performance and of an action plan to achieve this goal. To meet the transitional costs of implementing the performance improvement plans (such as the equipment purchases, consulting fees, and training expenses), a donor-funded performance improvement facility was created, under which a joint public–private sector committee reviewed applications and approved funding.

Although many organizations duly prepared their performance improvement plans and were rewarded with small grants, in a larger sense little overall improvement in performance resulted, because the main constraints to better performance were beyond the control of either the agencies themselves or the performance improvement plan process and were run out of the Office of the Head of Service. These constraints included the inability of the government budget to fund MDAs’ operating budgets reliably or to pay public servants salaries that were sufficient enough to motivate their work. With no basics in place, the performance improvement plan program was a building without foundations.

Much the same approach has been adopted in Tanzania, where the PIF is set up to support the application of the performance improvement model. This model guides managers through a cycle of strategic planning, annual planning and performance budgeting, evaluation of plans, execution, and monitoring and evaluation, the results of which ultimately feed back into the next round of strategic planning. Once plans are completed and approved, agencies receive resources from the PIF for implementation of their improvement plans or capacity building such as technical assistance, training in strategic planning, operational planning, and performance appraisal. Although the PIF, which is donor-funded and administered by the CSD, is currently outside the national budget, it is envisaged that it will be transformed into as a ring-fenced fund within the Consolidated
Fund and that flows into and out of the fund would be recorded in the budget.\(^7\)

To ensure sufficient capacity to implement performance improvement models, a performance management unit in the CSD has been set up to provide ministries with training and technical support. Managers will be trained in strategic planning, performance budgeting, and appraisal by technical experts. In addition, the CSD provides technical leadership. Finally MDAs will be held accountable for the implementation of their plans within budget through beneficiary surveys on the quality of service delivery and self-assessments by senior management teams. Citizens’ charters define and publicize minimum service standards for each MDA. All personnel will be held accountable for achieving their individual performance contracts, starting with the permanent secretary downward.

The introduction of performance improvement models has been met with great enthusiasm, which has prompted the Tanzanian government to extend them beyond the three pilot MDAs plus one EA to all MDAs. To date, strategic plans have been finalized in 15 MDAs, and annual operational and performance budgeting and action plans have been completed in 12 MDAs; 15 MDAs have launched client service charters; and open performance review and appraisal systems have been implemented in 3 MDAs while 7 others have been trained out of the planned 10.

Some new challenges are emerging in the course of implementation. Initial observations indicate that the strategic planning exercise must be better integrated into budget preparation, a requirement that calls for closer cooperation between the Ministry of Finance and MDAs and the further development of the Medium-Term Expenditure Framework (MTEF) as the

\(^7\) All three countries have provisions under their organic finance laws for the creation by either the minister of finance or the accountant general of special funds. These funds are extrabudgetary: monies in the fund do not lapse at the end of the year, and withdrawals from the fund are not voted by the legislature. Flows into the fund from government or donors, however, still need to be shown in the budget as voted spending and also as spending by departments financed by the fund. At the end of the year, the accountant general must render a financial statement for every trust or special fund he or she administers. Properly speaking spending by a department financed from any source, whether a donor-managed PIF or a PIF that is part of the chart of accounts, still is required to be shown in the budget estimates and voted and thus is subject to medium-term expenditure framework discipline. The PIF could equally be established as a budget line in the CSD, but it then would be vulnerable to midyear cuts, and funds would lapse at the end of the financial year.
primary mechanism for coordinating resource allocation decisions. An issue of concern is that the selective support of MDAs potentially generates unintentional consequences: What if preferential treatment for a reform-minded ministry diverts resources away from ministries that are not performing as well but nevertheless have an important mandate?

Zambia introduced a PIF that was intended to provide an incentive for and financing of costs of implementing performance improvement plans introduced in late 1990s (Irish Aid–funded), which had lacked funding and capacity building. Specifically the PIF would fund what were termed “quick wins,” that is, innovations to simplify procedures for better service delivery (intra-agency and to citizens) identified in MDAs strategic plans.

Implementation to date, however, has not lived up to expectations. The logic of PIFs and quick wins was not sufficiently embraced by the MDAs. PIFs were seen as supplementary financing to government allocations. As a consequence, most applications for PIF funding were inappropriate (for example, cars and computers), lacked both innovation and a focus on performance improvement, and were not linked to MDAs strategic plans.

CONTROL SYSTEMS AND ACCOUNTABILITY. Not only are control and accountability mechanisms key to keeping the reform process on track, they are also about getting the basics right—they are the foundations upon which public administrations rest and which enable them to conduct their core functions of policymaking, budget allocation, and delivery of goods and services. Controls can be achieved through three means, each of which will be discussed in the paragraphs that follow (see table 2.5):

- Expenditure controls through budgeting and financial management including procurement
- Administrative controls through personnel and performance management systems
- Mechanisms for democratic accountability to the legislature and for greater civil society engagement, both to improve policy and to strengthen accountability.

Turning first to expenditure controls, public service reform is unlikely to be sustainable if not supported by improvements in the way budget systems are operated. Indeed, budget reform, if it is done well, can powerfully reinforce the performance improvements sought by public service reforms.

By any measure, budget systems are no longer working effectively in most SSA countries. As part of the state-led development paradigm, many SSA countries early on adopted a dual budget system linked to a five-year
### Table 2.5. Controls—Intent and Results, by Country

<table>
<thead>
<tr>
<th>Country</th>
<th>Reform intent</th>
<th>Results so far</th>
<th>Assessment</th>
</tr>
</thead>
</table>
| Ghana   | • Link MTEF to performance management  
         | • Expand coverage of existing integrated personnel and payroll database  
         | • Perform stakeholder analysis and consultation (social and beneficiary assessments) | • Integrated payroll and personnel database covers only part of the public service leading to little control over staffing levels and fraud  
         | | | • Social assessments conducted in PSC, two ministries, and five subvented agencies; social impact assessment on retrenchment performed; some beneficiary assessments performed; stakeholder participation occurred during preparation |
| Tanzania | • Implement IPPS  
         | • Introduce records management system  
         | • Establish clients' service charters | • IPPS great success  
         | | | • Sound records management  
         | | | • Clients' service charters launched in 15 MDAs |
| Zambia  | • Strengthen MTEF  
         | • Implement IPPS  
         | • Establish policy monitoring system  
         | • Ensure civil society consultation during project preparation  
         | • Conduct public information campaign | • Developed road map to introduce MTEF in 2003 (partially achieved)  
         | | | • Integrated financial management information system likely to be introduced and tested in 2004, supported by PSCAP  
         | | | • Work on IPPS has commenced  
         | | | • Policy monitoring system not yet achieved  
         | | | • Civil society consulted but blurred project design  
         | | | • Public information campaign reached only public servants, not the public | • Expenditure accountability systems weak but nascent  
         | | | • Administrative controls weak but under development  
         | | | • Civil society engagement bore little success |

IPPS Integrated Personnel and Payroll System.

Source: Authors.
national development plan. Typically, these approaches contained a macroeconomic framework (often unduly optimistic), sector policies, and a public sector investment program. In theory, the size of the annual budget would be governed by the national development plan's fiscal framework, the composition of the recurrent budget would be governed by the plan's sector policies, and the development or capital budget would be a one-year time slice of the public sector investment program. Dual budgets and national development plans turned out to be dynamically expansionary, however, and the very same factors that were behind the expansion and collapse into dysfunction of public services played out with these budgets. To support performance, budgets must fund operating costs both adequately and predictably, and neither criterion was met. In preparation, budgets became overextended and incremental, and in execution, wildly unpredictable, when the appropriated budget was replaced by the cash release system as finance ministries struggled to stay within aggregate spending limits. In the face of dysfunctional operating budgets, projects became donor-financed enclaves with donor-determined priorities. If the current round of public service reform programs is to achieve the objectives of improving the performance of public officials, logic requires that a complementary agenda of budget and financial management reform be pursued.

One option is to restore the previous status quo and make the national development plan/dual budget work again as it was once intended. Although undoubtedly some improvement in this direction is possible, a return to the past seems unlikely to resolve problems of the present, particularly because national planning systems arguably have been the driving force of the overreach of government. Increasingly, the belief is that governments should make annual budgets within an availabilities-determined MTEF, which is neutral between recurrent and capital spending. Elsewhere the book explores in detail the rationale for putting an MTEF at the center of

8. National development plan/dual budget systems have been dynamically expansionary for at least two reasons. First, the macroeconomic frameworks employed by planners typically used some sort of investment-driven growth model. Pressure placed on planners by politicians to maximize targeted growth led to both overoptimistic revenue assumptions and an associated requirement for a large public sector investment program. Second, when projects were scrutinized for inclusion in the public sector investment program and the annual dual budget, MDAs routinely underestimated future recurrent costs. From a sector ministry’s point of view, the larger the number of projects, the greater the chance of attracting donor aid. In many countries over time, this was exacerbated by the rents staff anticipated from the procurement that would follow from investment spending.
the national budget process. The first objective of an MTEF is to set forth the government’s overall fiscal strategy. In addition, to support improvements in budget planning and execution, governments would modernize financial management systems, facilitating the timely preparation of accounts and regular fiscal reporting and ensuring a constant flow of information on activity costs, commitments, payments, and cash balances to managers. Annually MDAs would report publicly on their programs, including measures of output and outcome achievement, as well as accounts and financial statements covering the use of inputs.

How have the three countries fared in the pursuit of budget and financial management reform?

Of the three, Zambia is under the greatest fiscal stress. It is experiencing declining public revenues as copper production decreases, an extremely high wage bill (close to 8 percent of gross domestic product [GDP]), and a longstanding inability to meet the separation costs of staff identified for retrenchment. As a result, the country has a long history of cash budgets replacing appropriated budgets, playing havoc with budget predictability. The modernization of the financial management system is currently under way, although strengthening the external audit process has moved slowly. Overall, the absence of a medium-term fiscal strategy had made moving forward with its public service reform program difficult for the Zambian government.

Ghana has the longest standing MTEF and, on paper, the most sophisticated, because it entails the unification of the previously dual budget and the incorporation of performance improvement elements. As with other parts of Ghana’s public sector reform program, however, the main responsibility for developing and introducing the MTEF was given to consultants. Consequently ownership and understanding of key policymakers was never more than superficial, despite strenuous efforts at staff training by the MTEF team and much enthusiasm for the new approach on the part of practitioners. Furthermore, at the time the mainstreaming of the MTEF was being attempted, ministers were more concerned about winning the next elections, so fiscal discipline was abandoned. Not unexpectedly, the focus of the new government of President Kufuor was more on the economic strains it inherited, than on implementing the budget reforms designed by the previous government. As a result, budgeting in practice has reverted to the dysfunctional incrementalism that characterized earlier budget efforts. An integrated financial management information system has been designed and installed, but it is still being mainstreamed across government, and staff is still being trained.
Only in Tanzania does one find an MTEF that functions well, helping to shape budgets that support the restructuring goals of the Public Service Reform Project, and improved performance. The MTEF has completed the installation of an integrated financial management information system, which has been successfully operating for several years, the organic finance act has been overhauled, and the external audit process strengthened.

Turning next to administrative controls, this element is crucial for keeping track of public sector employment and remuneration and thus forms the basis for pay reform and right-sizing efforts. Reform comprises two steps: the computerization of payroll and personnel information and integration of the two sets of data.

Tanzania installed the largest and most sophisticated integrated personnel and payroll system in SSA. Since its inauguration in 2000, it has had a great impact on cost savings and was celebrated as one of the most successful parts of the Public Service Reform Project. To every public servant, it assigned payroll identification numbers, which remain valid for a lifetime and without which no salaries are paid. Linked to the existing platinum accounting system, the integrated personnel and payroll system proved to be extremely effective at eliminating ghost-workers and double-employment and helps prevent fraud (in one month, the system registered and foiled 127 fraud attempts).

Zambia is moving down a similar path to Tanzania, albeit not as far along. Currently the establishment is not computerized and not connected to payroll database, but the British Department for International Development is funding a payroll and establishment activity to improve and computerize payroll and personnel and to integrate the two. Zambia has also just gone through a payroll cleaning exercise to remove ghost-workers from the payroll as a first step toward reducing the ratio of wage bill to GDP to below 8 percent.

9. Most SSA countries have left their organic finance acts largely unchanged since independence. South Africa introduced a new Public Finance Management Act in 2000, and Tanzania and Uganda followed suit. Ghana and Malawi have draft laws under consideration. Updating the organic finance law is important for two reasons. First, it provides an opportunity to clarify the roles and responsibilities of key actors in government financial management. Second, the restructuring of government can lead to changes in the financial management responsibilities of MDAs, and key features may need to be made statutory.

10. The integrated payroll and personnel system was largely funded by the British Department for International Development and the World Bank.
Ghana’s weak administrative controls are reason for concern. The existing integrated personnel and payroll system covers only half of the public service, thus effecting little control over staffing levels and opening the door to fraud. A payroll and personnel system audit in 2002 uncovered irregularities in the way data are entered and delays in updating of records, allowing employees to remain on the payroll for years after officially leaving the public service.

Turning finally to accountability through civil society participation and monitoring, the focus is on efforts in the three countries to use their public service reform programs to strengthen civil society participation and monitoring, and the chapters in this book explore a rich variety of other participative mechanisms. Civil society organizations including the media as well as ordinary citizens can play a powerful role in monitoring progress in public sector reform, holding their representatives accountable and providing input into the decisionmaking process. Because they are the ultimate beneficiaries of public service reform aimed at better service delivery, their voices need to be heard in the design and assessment of policies. Their involvement can range from information (through public information campaigns) to consultation (beneficiary surveys, reporting mechanisms, and public hearings) and participation (active monitoring and shaping of policies) in increasing order of participation. Naturally civil society organizations that are actively participating in crafting and assessing reforms would have to be picked carefully to ensure independence from government and other special interests.

The most creative of our three countries in keeping civil society informed and actively involved in the public service reform effort is Tanzania. Here the CSD has an explicit mandate to disseminate information on reform efforts widely and to facilitate beneficiary input, thus harnessing the role of the electorate in holding their public servants accountable. This effort is especially important because the Public Service Reform Project seeks to promote greater client orientation in service delivery, the success of which also depends on the existence of a well-informed and empowered public.

Specifically, the Public Service Reform Project foresees citizen participation through the following channels, which are operational to different degrees:

- A comprehensive information, education, and communication program drawing on print and electronic media, press briefings, and publicity events. The CSD also receives and responds to complaints and requests from the public.
- Organizational and efficiency reviews that encourage sector ministries and departments to foster partnerships with nongovernmental
organizations, communities, and the private sector to expand supply and improve access to social services.

- Beneficiary participation in shaping reform and assessing performance through annual clients’ charters, service delivery surveys, and other participatory approaches. Some MDAs have launched a clients’ service charter, which defines and publicizes minimum service standards, and CSD is in the process of developing a national charter. MDAs will be held accountable for the implementation of their performance improvement plans through beneficiary surveys on the quality of service delivery and self-assessments by senior management teams. Because the implementation of performance improvement plans has only recently begun, however, experience with service delivery surveys and self-assessments is limited, and their results have yet to be disseminated and action taken by citizens.

Overall, it is too early to assess the effectiveness of civil society involvement in the Tanzanian Public Service Reform Project because the implementation of this component, especially its feedback part, has been lagging behind. The sea change of traditional culture and roles of public servants and beneficiaries required for civil society empowerment to take hold should not be underestimated and will require time before it bears fruit.

In Zambia, the government has a strong record of consulting civil society during program preparations. Numerous workshops with many segments of society were held in all provinces in the preparation of the government’s Public Service Reform Program, the PSCAP, the National Capacity Building Program for Good Governance, the preparation of the Decentralization Policy, and other plans. This effort has, however, resulted in massive wish lists and a failure to make tough choices.

Less successful has been the public information campaign, which was supposed to keep the public informed on PSCAP program objectives, activities, and expected and actual results through news releases and press conferences as well as a program website. Although it has effectively informed civil servants, the public and even donors were barely reached. Civil society further plays virtually no role in monitoring, with the notable exception of civil society representation on the Steering Committee of the Governance Baseline Survey.

The objective at the end of the 13-year adaptable program lending effort is for civil society to participate in the setting of service delivery standards and policymaking. To this end, the participatory development subcomponent would build capacity of civil society organizations to enhance their participation in public service reform dialog. The first phase, however, does not
go beyond studies and focus group discussions to ascertain citizens’ views on the quality of service delivery and the potential benefits of decentralization. The recently conceived second phase now envisions citizens’ charters and service delivery surveys, tapping into an increasingly vocal civil society.

The overall role of civil society in PSCAP has been limited. Inputs into the project planning process had been received but civil society involvement in project implementation is weak to nonexistent, leaving untapped a valuable resource for monitoring and public pressure on government performance.

Ghana widely engaged the public in the early stages but lost momentum after that. During project preparation, a series of workshops was organized to solicit views of and input from various stakeholders, in particular the Office of the President, the Cabinet, central management agencies, MDAs, local government, public managers, public servants, the private sector, the judiciary, Parliament, customers and society, and other donors. As part of project implementation, social impact assessments were carried out to assess the social implications of reforms, especially the downsizing of the public service, and to ensure broad participation and consultation. These social impact assessments as well as representation of trade unions in the Alternative Employment Committee have helped improve the design of the Alternative Employment Program. In addition, the NIRP Secretariat made available to change teams tools for beneficiary assessments that serve as entry points for reform. The Ministry of Agriculture, among others, chose to conduct a beneficiary assessment, and the results from it will feed into the restructuring of the ministry. A public information campaign targeted at internal stakeholders and the general public seeks to win support and educate the public on the intentions of reform. In the future, the plan is to assess progress in service delivery through annual service delivery reports or surveys and annual evaluation reports and surveys.

**TRAINING.** Skills have been lost at all levels in public services in SSA, and new skills must be acquired as the tasks and methods of government change. Thus capacity building in the form of training must be a priority in public service reform programs. Needed are both short-term measures to fill immediate capacity gaps that otherwise would hinder the implementation of reform and long-term measures that aim at building sustainable in-country training capacity. One advantage in investing in public service training is that training is generally nonthreatening and welcomed by civil servants as evidence that public service reform is not solely about organizational change and staff reductions, but also about investing in human capital (see table 2.6).
<table>
<thead>
<tr>
<th>Country</th>
<th>Reform intent</th>
<th>Results so far</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>• Retrain 1,200 civil servants</td>
<td>• Trained civil servants in a few MDAs</td>
<td>Long-term needs not addressed under PSMRP</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Tanzania</td>
<td>• Establish Public Service College &lt;br&gt;• Conduct training &lt;br&gt;• Establish distance learning center</td>
<td>• Tanzania Public Service College established as EA in 2000; offered 70 courses to 2,750 participants by 2002 &lt;br&gt;• Trained senior managers &lt;br&gt;• Distance learning center operational and moving toward financial sustainability</td>
<td>Addresses short- and long-term capacity needs</td>
</tr>
<tr>
<td>Zambia</td>
<td>• Conduct training in management and policy &lt;br&gt;• Train legal staff</td>
<td>• Seven training activities conducted on policy coordination, some of which were not relevant</td>
<td>Long-term needs not addressed under PSCAP</td>
</tr>
</tbody>
</table>

*Source: Authors.*
Short-term training interventions are sufficiently addressed in all three countries although the degree of implementation and its relevance varies. For the longer term, building local training capacity is key to ensuring the continual education of public servants at low cost. Most civil service training establishments became seriously run down during the decline of public services. Budgets were insufficient to modernize equipment, and trainers themselves were unable to renew their skills. The emphasis was and continues to be on long-term general courses at the expense of shorter, function-specific courses and workshops, as if the purpose of a civil training institute is to equip staff with credentials they were missing or to otherwise compensate for an inadequate preservice education. Lecture style teaching, as opposed to learning through class discussion and case studies, is also overemphasized. Few countries elaborated coherent training policies, and even if they did, training budgets were always the first to be cut in a budget squeeze. Furthermore, training requirements were seldom, if ever, tendered out to noncivil service training institutions, such as universities and business schools.

Tanzania has made efforts to refurbish its civil service college and has raised it to EA status. The Tanzania Public Service College (TPSC) now has a strategic plan, annual business plan, and mission statement. It is also required to cover its expenses by charging the full cost of courses. Although this direction is a desirable one in which to go, at present MDAs, the main public sector clients for training, still lack a sufficiently strong accountability framework for results and the consequence is insufficient funds devoted to training and thus deficient demand. TPSC compensates for this by fee-earning secretarial and computer courses for school leavers hoping to enter the workforce either in government or the private sector. Although this move augments income, providing this service is hardly central to TPSC’s mission and suggests that direct investment by the CSD in the development of relevant course material for short courses in areas critical to capacity building in new methods and processes would be worthwhile, using the TPSC more deliberately as an instrument for change in the public service, backed up by periodic training needs assessments.

A similar situation seems to exist in Zambia, although the TPSC’s equivalent, the National Institute of Public Administration lacks both the formal status of an EA and the close supervision by the parent ministry that accompanies agency status.

In Ghana the Ghana Institute of Public Administration has become autonomous, making its way by catering to the training needs of the private sector as well as government, on a fee-charging basis. Although this plan reduces the direct charge on government funds, again it infers that the Ghana Institute of Public Administration is not addressing the specific
needs of government transformation in as effective a way as it might if central funds were made available as a contract for specific training offerings—perhaps even in competition with other training institutions.

Conclusions

Second-generation reform programs in SSA are tackling a wider range of issues than did first-generation reforms, and clearly they are relevant ones. Success is still elusive in many countries, however. Of the three countries examined in this chapter, Ghana has been the most disappointing case and stands in stark contrast to the early days of structural adjustment, when Ghana was seen as a leader in SSA, with strong growth rates as evidence. The PSMRP, however, did not survive the change in government in early 2001. The timing of regime change was unfortunate. It arrived at the end of the analytic stage but before recommendations could be implemented, leaving the PSMRP with few concrete results to show. The Kufuor government put in place a new task force to draw up a fresh reform agenda. In Zambia following initial progress in reducing excess staffing, public service employment has risen again and prompted the wage bill to surpass an alarming 8 percent of GDP. Entering its second phase, the more ambitious performance management components of the program have been, to some extent, scaled back in favor of a greater focus on expenditure accountability. Of the three, only Tanzania seems to be fulfilling its original promise.

Putting the Pieces Together: Explaining Results

Each project, taken as a whole, has a particular story to tell of why it succeeded or failed. What were some of the ingredients that helped a reform effort succeed in one country but fail in another? As our framework depicts, some factors are very intervention-specific and technical (for example, having an integrated personnel and payroll system as a prerequisite for pay and establishment control). Others concern the political and economic environment (such as the existence of political space for reform and the reform facilitating effects of sound economic growth). Still others are specific to the way each program is conceived as a whole and implemented. The following provides a discussion of what we believe made a difference in each country program. Conclusions are necessarily tentative because we find ourselves at a midprogram evaluation point and anecdotal because they are based on observations of Bank staff involved in the supervision, observations of country counterparts involved in the implementation of the programs, and the authors’ own judgment of factual progress (see table 2.7).
In Tanzania, as alluded to earlier, the political environment of uncompetitive pluralism and the ruling party’s strong popular base were largely favorable to reform. One of the key drivers was committed and skillful reform leadership as encapsulated by the level of competency that the CSD had acquired over years of capacity building and technical advice. Among others, the CSD had benefited from the presence of an expatriate chief technical advisor for a few years prior to the reform program. The Tanzania experience shows that temporary external advisors can be highly beneficial if they build capacity and reform commitment in the process. In addition, the CSD is well-placed and has sufficient authority to lead the reform process. Taken together, the favorable political environment, reform leadership, and structures permitted Tanzania to get a comprehensive reform program successfully off the ground. Implementation has been positive so far although the government may not live up to its medium-term pay reform strategies, a failure that would put at risk the achievements of the SASE scheme in particular and the ability of the government to staff key posts with highly qualified people at large. Cautious optimism that the reform program is sufficiently equipped to deal with policy reversals and other obstacles along the way, is called for, however.

Zambia’s political environment contains a high level of political stress given the weak power base of the ruling MMD party and the resistance that strong trade unions offer. The program leadership of PSCAP, however, and especially the recasting of its second phase are cause for optimism that progress can be made even if slow or less comprehensive than in the case of Tanzania.

First of all, program leadership and implementation arrangements in Zambia are sound. Zambia’s Project Implementation Unit is made up of well-paid and well-qualified long-term local consultants and intermittent

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Tanzania</th>
<th>Ghana</th>
<th>Zambia</th>
</tr>
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<tbody>
<tr>
<td>Political and economic context</td>
<td>Favorable</td>
<td>Highly unfavorable</td>
<td>Challenging</td>
</tr>
<tr>
<td>(regime change)</td>
<td></td>
<td>(fragmented public service)</td>
<td></td>
</tr>
<tr>
<td>Reform leadership and structures</td>
<td>Favorable</td>
<td>Unfavorable</td>
<td>Favorable</td>
</tr>
<tr>
<td>Reform components</td>
<td>Appropriate</td>
<td>Too comprehensive</td>
<td>Too comprehensive</td>
</tr>
</tbody>
</table>

Source: Authors.

Table 2.7. Reform Conduciveness and Drivers for Results, by Country

In Tanzania, as alluded to earlier, the political environment of uncompetitive pluralism and the ruling party’s strong popular base were largely favorable to reform. One of the key drivers was committed and skillful reform leadership as encapsulated by the level of competency that the CSD had acquired over years of capacity building and technical advice. Among others, the CSD had benefited from the presence of an expatriate chief technical advisor for a few years prior to the reform program. The Tanzania experience shows that temporary external advisors can be highly beneficial if they build capacity and reform commitment in the process. In addition, the CSD is well-placed and has sufficient authority to lead the reform process. Taken together, the favorable political environment, reform leadership, and structures permitted Tanzania to get a comprehensive reform program successfully off the ground. Implementation has been positive so far although the government may not live up to its medium-term pay reform strategies, a failure that would put at risk the achievements of the SASE scheme in particular and the ability of the government to staff key posts with highly qualified people at large. Cautious optimism that the reform program is sufficiently equipped to deal with policy reversals and other obstacles along the way, is called for, however.

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First of all, program leadership and implementation arrangements in Zambia are sound. Zambia’s Project Implementation Unit is made up of well-paid and well-qualified long-term local consultants and intermittent
international consultants. This arrangement obviously raises concerns about a lack of sustainability and integration into existing institutional structures. The latter is counteracted, however, by the fact that most of the local consultants had been civil servants and still enjoy the access to and credibility among their former colleagues. In addition, the unit has strong links to powerful champions in government. Finally, the head of the civil service is also the cabinet secretary, the principal advisor to the president, and the head of the steering committee, so responsibilities are concentrated in one person. Thus some of the usual drawbacks of project implementation units can be offset if the unit is well-managed and its staff well-connected into the establishment and political leadership.

Second, the scope and choice of project components matters. As Engberg-Pedersen and Levy (chapter 3 of this book) show in their review of 15 projects in SSA, 8 out of 9 expenditure accountability projects have been rated satisfactory even in countries that have low political commitment, whereas only 2 out of 8 administrative reform projects were satisfactory. Overall, narrowly focused reforms tended to be more successful than comprehensive ones. This finding implies that in difficult country circumstances (low commitment or, we propose, where political space for reform is limited) narrowly focused expenditure accountability components are more likely to succeed. Consequently, PSCAP II with its narrower focus on expenditure accountability should be more successful than the catch-all approach of its first phase. The logic underlying this recasting is that of sequencing and feasibility, in that beginning with expenditure reforms, which are politically easier to implement, this also lays the foundations for the more challenging administrative reforms to follow. Eventually, however, administrative reforms will have to be addressed to sustain progress on the public expenditure front.

In Ghana barely two years into the project, the change in government truncated midway what had started out as mainly analytic work, preparing the ground for implementation to follow. Reform proponents did not live up to the challenge of convincing the new government of the virtue of the existing reform path, thus leading to its demise. This failure harkens back to the underlying problem of having a highly fragmented public service with no unified institutional leadership and as a consequence, a NIRP Secretariat that lacked authority over and integration into the whole of the public service as well as political links. It follows that had the ties between the program team and the rest of the public service and political ranks been stronger, the reform program might have survived the change of government more easily.
Lessons Learned

Overall, the experience of Ghana, Tanzania, and Zambia seems to suggest that for a reform program to succeed, the most important prerequisite is a favorable political environment that offers incentives for reform (or at least does not thwart it). Furthermore, people involved in the reform program must be well-motivated and trained, and the implementation structure must be sufficiently embedded in existing administrative and political structures. Finally, program components must be appropriate, technically sound, and strategically sequenced.

This conclusion reads like a wish list somewhat removed from the reality in most developing countries in need of reform. The country experience also suggests, however, that although shortcomings in each one of these three areas potentially threaten the success of a component or project, as a whole these effects can also be counterbalanced. In countries where the political environment is less favorable, reform components must be carefully selected and tailored to start with basic and politically less contentious reforms while creating opportunities for more comprehensive reform and generating momentum. Relying more heavily on technocrats and project staff in pushing reform forward might also be necessary.

People engaged in change management must have a solid understanding of the political systems and incentives facing the political elite before entering into reform programs. Reform interventions must budget time and resources to build commitment to reform through policy dialog while resisting cookie cutter approaches. They must have the courage to start (and stay) modest. More advanced reforms should be saved for politically stable and committed countries. Similarly, political transitions could be anticipated through increased policy dialog and couched by engaging the right project and program actors. Finally, mechanisms for transparency and democratic accountability must be built into reform processes, to maintain the momentum of reform, scrutinize performance, and win allies inside and outside of government.

References


