

INVESTING IN OUR FUTURE: MOBILISING RESOURCES NOW

By Reginald Herbold Green

Probable possible my black hen
She lays eggs in the relative when
She doesn't lay eggs in the positive now
Because she's unable to postulate how.

- Anon

Even the longest journey
Begins with the first step.

- Confucius

NOT WHETHER BUT HOW

Without additional resource allocations, as well as efficiency in their utilisation, global and national goals for children will be met, at the best, partially and slowly. Nowhere is that more true than in most of Africa, just as it is true that nowhere is it harder to identify and to mobilise additional resources public or private, domestic or external, from additions or reallocations/savings.

Like the goals, the resource mobilisation needs to be cumulative, establishing a positive dynamic and building on and from its own success. In a few countries such a dynamic exists, but in most per capita allocations to key child oriented programmes (total as well as state) are stagnant or declining. Overall 1980-95 has seen a 40% to 50% fall in per capita African government delivery of basic services.

While financing attainment of national child priority plans can be - indeed needs to be - separated from overall budgeting for some purposes, it cannot be taken wholly out of that context. A healthy, well fed, decently clad, educated child in an enabling home environment is an unattainable goal if that home is a family in absolute poverty. So too a well funded,

effective child priority programme in the context of a near bankrupt government with no basic services-safety net-production by poor people strategic priority is not possible.

A Universal Access to Basic Services, Safety Net Access Provision, Production by Poor People strategy is the environment in which a national child goal programme can be most effective. The expenditure priorities are overlapping and complementary but not identical.

UABS includes primary health services, primary education, access to nearby pure water, nutrition and environmental sanitation. However it also includes basic production extension services (especially in agriculture), household water for crops and animals and basic law and order (constables and magistrates). Because without these household incomes and therefore children's welfare will be gravely prejudiced these are important to, even if not part of, achieving children's programme goals.

Safety Net Access Provision is designed to reach poor households - and therefore poor children who are a majority of their members. The broadest programmes seek to alleviate present misery and avert permanent loss of ability to produce initiated by natural disaster or manmade calamity afflicted households. They turn primarily on work for food, food for work and food ration distribution. A parallel strand relates to households with the structural problem of too few able bodied pairs of hands to earn relative to mouths to feed. These programmes reach primarily female headed households with children (indeed the largest in urban Mozambique uses mother and child clinic referrals as its basic identification system) and secondarily handicapped or aged headed households with grandmothers a majority in the latter group as seen in the Namibia, South Africa, and in forecasts for the newly announced Botswana, Old Age Pension schemes.

Production by Poor People includes access to physical infrastructure (e.g. roads), market infrastructure (e.g. knowledge and reasonably competitive buyers and sellers), skills (e.g. extension services, training) and physical assets (e.g. land, credit). Quite apart from its centrality to rapid macroeconomic (including fiscal and export revenue) growth, **PPP** feeds directly into poor household and child welfare most notably in respect to food, clothing,

shelter and environmental sanitation. In some cases it needs to extend to environmental protection: need making soil and tree mining necessary to survive now erodes children's life time income prospects and *a fortiori* those of their children.

UABS-SNAP-PPP has clear child and gender aspects. Universal access disproportionately benefits those previously excluded. This is true in respect to PPP because the 25% of households now typically female headed have been nearly invisible to such programmes in the past. More specific interactions exist in some cases. The Iringa model nutrition programme (see Panel) is grounded on village level women's groups and both facilitates and encourages them to build related priorities around the child feeding core. In a plurality of cases these have included enhancement of women's earning activities. Facilitated by the integral involvement of Agricultural Extension in the nutrition aspects this aspect of PPP directly benefits children because they play a larger role in the expenditure side of women's than of men's largely separate budgets even in complete households.

1995 - THE STARTING POINT

The first half of the 1990s have not been a period of economic success for Africa. The feeble recovery of the second half of the 1980s has flickered out in the winds of terms of trade decline, radical declines in net transfers (especially programme and project aid down nearly 50% per capita once emergency and expatriate salary aid are stripped out), continuing debt overhang, delayed public service/services reform and (albeit with a decline from 1992 on) war. Country experience has varied with a fair number of 4% annual growth rates, but few much higher, and a pluralit with plus 2% to minus 2% trends.

National child plans in response to the World Summit on Children's goals have increased prioritisation of certain health, education and water activities but within a worsening context.

The bleak averages mask substantial variation in statistical and (probably to a lesser extent) actual realities. Per capita GDP in Algeria, Botswana, Mauritius, Seychelles and South Africa is over \$2,000 while in Ethiopia, Mozambique and Tanzania it is said to be under \$100. The

share of government spending to the economy is over 50% in some cases - e.g. Mozambique - and under 10% in others - e.g. Somalia. The share of health and education in government spending is over 25% in Ghana, Namibia, Swaziland - and in many more countries if debt service is excluded - but under 10% in Guinea-Bissau and Angola. Within education primary's share exceeds 60% in Kenya but is barely a quarter in Ghana, Côte d'Ivoire, Guinea and Uganda.

DOMESTIC FINANCING - SOME OPTIONS

In the **long term sustainable increases** in specifically child centred and broader UABS-SNAP-PPP strategic programmes must be **primarily domestically financed**. Further they must be financed primarily out of **economic growth**. With 4% GDP growth - the World Bank's target - both fiscal receipts and household resources available for user fees would probably rise 6%. At the more optimistic OAU/ECA/UN target of 6% GDP growth, 8% to 9% fiscal revenue growth might reasonably be anticipated.

These growth generated resources have a substantial advantage in terms of reallocation - balancing up in respect to new priorities is much easier technically, operationally and politically in terms of concentrating new rather than of cutting existing allocations.

DOMESTIC RESOURCE REALLOCATION - POTENTIALS AND LIMITS

Reallocation of existing domestic resources has distinct limits though in some cases substantial potential. The largest - but most unevenly distributed - source is defence budget cuts as part of a **peace dividend**

The outstanding achievers - at least at points in time when structural transfers to augment social services were feasible - have been Namibia and Ethiopia. Ethiopia (see panel) cut defence expenditure from 13% to 3% of GDP over 1992-1995. That financed the initial phase of public service reform (focused on primary education and health) and of decentralisation.

The problem is that this source of reallocation is virtually exhausted, complementary resources in health, education and - especially - water and environment are too low and universal access

at primary service level is barely over a third achieved. Independent Namibia over 1990-1993 cut the proportion of spending on defence and security by over half with a parallel increase of about the same proportion to community and social services - especially primary education, health care and small farming household extension and livelihood development services.

[**Richard** - Your figures of 11% and 5% are said to be budget. Are you sure they weren't GDP? However, no great matter by now.]

Tanzania and Mozambique have reduced substantially the proportions of recurrent expenditure on defence since 1968 (from almost half to about a quarter in the latter case). However, under conditions of severe fiscal constraint (including revenue collection deterioration) Tanzania's savings have been used largely to avert rises in domestic bank borrowing and have been halted by the need to locate up to 20,000 troops on its Western border to avert spillovers of armed violence. Mozambique's were to a degree used to enhance as well as sustain health and water, but the possibility for further cuts is problematic.

Other countries - even Southern African ones now with no discernible external enemies - have lagged in making cuts. In the special case of Mali a negotiated end to insurgency may in fact increase military spending because of the provision for recruiting insurgent ex-combatants.

Mali highlights a more general point. In respect to priority peace dividend uses reconciliation requires that ex-combatants - from all armed groups - be provided effective access to education, training and livelihoods. Otherwise either recurrence of armed conflict or a generalised privatised version via banditry are all too probable. A parallel priority in some cases is enhancement of civil police capacity because it has been very low and because the end of wars is historically associated with a rise in crime against persons and property. In the early 1990s, for example, excluding ceremonial/security and auxiliary traffic units these were about 500 police for the 1,500,000 Maputo-Matula metropolitan conurbation. The impact of crime is most severe on poor households and - therefore - poor children.

In fact over time the basic peace dividend for child goal related services is likely to be primarily in lower costs (up to three quarters of Angola's and Mozambique's primary schools and health units have been destroyed or severely damaged one or more times since 1980) and of higher household income and fiscal revenue growth. The related gain of better access to rural children is real but can be utilised only if additional personnel, physical infrastructure and financial resources are available to utilise it.

A second target for reallocation is **domestic debt service** (external is discussed below under external sources). The potential lies in reduction of both nominal and real interest rates via macroeconomic policies reducing inflation and avoiding the monetary terrorism of artificially high real interest rates prevailing in a number of African states.

The third relatively unproblematic area for reallocation to child supporting expenditure is that of **inefficient subsidies**. These include support for loss making **public or private enterprises - directly or through tax concessions** - as well as special tax reductions or holidays not justifiable on strictly applied social or production enhancement criteria. The hidden subsidies via special tax concessions probably exceed the direct subsidies in a majority of countries since the latter have been falling sharply since the mid 1980s partly under IMF-World Bank-Donor pressure. In respect to utilities there is scope for cross subsidisation - surpluses on piped water and large household electricity users to reduce standpipe and minimum electricity charge levels. **Consumer** subsidies - unless carefully targeted on goods of particular importance to low income households and actually accessible to them - are likely to be cost inefficient although some exceptions (e.g. sugar in Morocco) do exist. **Household producer subsidies** - e.g. to farmers - are very difficult to organise in ways that make them accessible to poor producers in isolated areas and may, in general, be less efficient than basic infrastructure and market access investment.

Beyond these three areas no large general potentials for reallocation out of existing domestic budget resource exist. There are three reasons for this:

1. other elements in UABS-SNAP-PPP, e.g. agricultural research and extension oriented to small farming households and rural roads are crucial to children and logical part of the same strategy as child goal facilitating programmes,
2. levels of provision for some secondary and tertiary level services are so low - e.g. to many universities, research institutes and tertiary (especially teaching) hospitals - that further cuts would bring acute risk of collapse. Reducing their share of health or education spending is only feasible by expanding total spending and concentrating the additions at primary level;
3. expenditures which have demonstrable revenue, production and employment gains (e.g. power, parts) are necessary to provide an economic environment enabling UABS-SNAP-PPP to be sustainable.

EFFICIENCY GAINS: GHOSTS, GREMLINS AND GETTING THE JOB DONE

Cutting waste and increasing efficiency are universally popular means to increasing resources available for priority areas. The difficulties are partly in identifying substantial ones, partly in achieving them and partly that in many cases enhanced efficiency (in terms of unit costs of health, education, water or nutrition services delivered) can be achieved only with higher total resource allocations.

Firing **surplus workers** is in most - not all - cases not a likely source of substantial savings. There are often 5% up to 10% surplus occupied posts at supporting and junior clerical levels accounting for 2% to 5% of payroll and 1% to 2% of recurrent budgets. Most African public services have risen little since 1980. Tanzania's for example peaked at 350,000 in the mid 1970s and - with oscillations including 1974, mid 1980s and 1990s attritional and early retirement cuts of 15,000 to 30,000 in each period - was perhaps 320,000 in 1995. Many are far too small to provide basic services. For example, Mali's primary teachers (almost half of all public servants) would have to teach nearly 200 pupils each to provide UPE.

Where they exist, "**ghost workers**" (dead, retired, otherwise departed, fictitious but still paid) are an exception. Their exorcism provided most of Ghana's 1980s government employee cuts and perhaps a quarter of somewhat later ones in Tanzania.

Fraud and corruption reduction plus improved **purchasing procedures/contract negotiation** are potential sources of efficiency gains. Whether they can in fact be achieved turns partly on good governance and accountability, partly on availability and transparency of professionally audited accounts and partly on paying public servants enough that they can afford to be honest. Each can be done, none is an easy short term rainbow leading to a large crock of gold.

Bureaucratic procedures could reduce costs of delay, actions not done, complementary resources wasted (e.g. drugs and vaccines expiring in store) and senior decision takers clogged by petty details which should have been dealt with at field level. Contrary to many critics, it is the absence of bureaucracy - systems to routinise, decentralise and delegate routine decisions and actions to ensure speed, consistency and correctness - which plagues most African governments. Revision or reintroduction of standing orders and procedural manuals (and of sanctions for acting improperly, unnecessarily referring up or simply not acting) would not be either very resource or time consuming. A number of medical stores procurement and distribution systems have held on to their bureaucracies and are notably more efficient either than ones in other countries which have not or than de-bureaucratized units in their own countries.

Potentially the greatest efficiency gains in respect to basic services (including those of special reference to children) lies in restoring **public service real emoluments**. As documented in the Adedeji Report of UNDP/UNICEF over half of primary school teachers, nurses and similar field level professionals are paid under a third the absolute poverty line cost of living for a household of six. The coping necessary to survive by taking time away from public duties, taking public assets, charging generalised privatised personalised user fees and by corruption render these pay levels (usually one half to one fifth those of comparable medium

and large enterprise posts) grossly inefficient measured in quantity and quality of services delivered. Ethiopia has given top priority in use of its peace dividend to restoring public service pay, professionalism and productivity, apparently with substantial initial gains. In education teachers pay now ranges from about two thirds of the household absolute poverty line to about \$400 a month (a modest middle class household budget) - double its previous level at the entry and lower levels.

Similarly lack of **complementary resources** - supplies (e.g. texts drugs, vaccines, pump spares) and mobility (vehicles, bicycles, spares, fuel) - greatly limits the output in most education, health and water services. But like the efficiency gains from minimally decent pay levels, those of minimally adequate complementary resource provision require **budget augmentation not reduction**. In the worst cases - e.g. Tanzania, Mozambique - a 100% or greater increase in the domestic payroll or about 25% to 30% in the recurrent budget for minimum efficiency wages and perhaps half as much for additional complementary resources would be required. Were these to be provided, output - with some quality weighting, e.g. providing needed drugs as well as consultation, learning (as measure by completion rates not just gross enrolment - could easily double but 35% to 50% budget increases (rather more for the basic service budgets where payrolls are a larger proportion) is a daunting as well as an urgent target.

COST SHARING: USER CHARGES, SOCIAL SECTOR PARTNERSHIPS

The use of fees for basic services to reduce the need for support from tax revenue - or to broaden and improve services - has received substantial attention over the past decade, but with uneven results as to net receipts and perceived service availability both physically and in respect to effective access of poor people.

On average about 15% to 20% of primary health and education costs can be covered by users - equivalent non salary recurrent items other than drugs and textbooks. Experience suggests this is achievable if four conditions are met: first, the user funds stay at local unit level and are not remitted to the centre; second, representatives of users can monitor spending

and have a voice in unit performance more generally; third, services actually do improve, fourth, access to poor households (and especially poor children) is not severely constricted.

These conditions are achievable, but only with substantially decentralised and more flexible budgetary arrangements. Innovatory approaches include community provision of low rent (small town) or free (rural) housing for teachers; assistance to village medical worker households in growing food; service unit and staff housing maintenance and construction; payment for medical supplies and pump repairs on delivery (not order). On balance the successful cases suggest that the **key gains are in greater accountability, better services and increased total resources with central government allocations needing to be absolutely increased rather than absolutely reduced**. The Ministry of Finance view of the Bamako Initiative as a means of cutting Treasury support for health services by unloading them on poor users is unreal as well as unpropitious for universal access primary health care.

The chief problem with user fees is **moral hazard**, the risk of delayed or denied service access. The increase in mortality in some child treatment programmes (e.g. Lusaka) flows largely from delaying incurring costs until home treatment had clearly failed - too late to save life. The increase in average age of primary school entry in certain cases also appears to relate to higher school cash costs as well as eroded household incomes. The more often cited moral hazard of excess use of free facilities is negligible - except perhaps for workplace clinics. The opportunity cost of travel and attendance time and the cash costs of drugs, books and uniforms are quite high enough to deter poor households (and particularly poor mothers) without added barriers.

In the **cases of water and of secondary and tertiary services**, greater possibilities for substantial fee revenues exist. Absence of public sector water leads to major time of collection and cash (to water sellers) costs. Systems of charging user communities for standpipe water can frequently cover recurrent and repair costs while still reducing user costs, if user committee collection to avoid prohibitive costs and administrative problems can be made to work. Secondary and tertiary services can reasonably - since they are not and will not

in the foreseeable future be universal access - attract higher charges. However two problems exist: exemptions for poor users and the economic fact that health is best paid for by insurance type schemes (including taxation) which place high charges at high income periods not at low (as do point of illness charges) and that whatever the discounted value of future earnings, secondary and higher education cannot be paid for out of them now except through a loan system with repayment from a surtax (added to income tax) on future user incomes. African credit markets certainly are not such as to make normal loan financing practicable.

Partnership with the domestic social sector - primarily churches, mosques and women's groups is in many respects similar to user fees. It has the advantage of existing, independent institutional bases to collect from users and to identify candidates for exemption. It may have problems in respect to coordination and maintenance of common minimum standards.

Successful broad access basic service programmes by the domestic social sector are almost all partnerships with state provision of domestic salaries and certain basic inputs (e.g. drugs, texts) and social sector provision of maintenance, salary supplements, some supplies and (in part via their own external counterparts) most capital and expatriate staff costs. Christian services on a national basis operate on this basis in Ghana and Namibia in health and in Tanzania in health and (with less state support and weaker quality) in education and are being explored in Mozambique. In these cases substantial cooperation and coordination have been achieved and the most serious problem of both sets of partners appears to be limited resources.

While less highlighted, the domestic social sector - with state financial assistance - may be most effective in those areas requiring small units and personal attention for effectiveness. Rehabilitation programmes for street children and assistance to poor households with personal in addition to contextual (economic stagnation) or structural (weak hands to work to mouths to feed ratio) are examples.

Partnership with enterprises is more problematic. Private education and health services - if regulated to avert professional malpractice and financial fraud - should usually be allowed.

But the case for supporting them financially is weak with the possible exception of scholarships for specialist educational enterprises with no public or social sector alternatives. In the case of health, the private for profit sector can rarely support the overheads of a full hospital but can in principle share in them by using part of the facilities. In principle this is acceptable if total services to non-private patients can thereby be increased. Harare's central hospital - now about half financed by private users - is an example. But, in the absence of hard financial analysis, a real risk exists of the public medical services subsidising the private (by definition limited to middle and upper income clients) which should be unacceptable.

MOBILISING MORE REVENUE - DOMESTIC

Domestic revenue mobilisation can be through four main channels:

1. tax yield growth resulting from output expansion;
2. higher tax rates or new taxes;
3. tax reform improving collectability and production friendliness;
4. improved collection of existing taxes at existing rates.

Over a **ten year perspective** the first source is **dominant**. Even at 4% GDP growth with a moderately income elastic tax system, a **two thirds increase in tax revenue** at constant prices is perfectly attainable. Given priority to UABS-SNAP-PPP in general, and to child goal supporting programmes in particular, at least **doubling of allocations out of tax revenue** should be possible. However, the immediate impact is low.

In most African cases **higher rates** and - especially - **more different taxes** would be **counterproductive**. The former often deter production and certainly enhance evasion, while the latter tend to disperse collection effort to low yield areas with very high opportunity costs in respect to basic source collection. Exceptions exist in the case of adjacent countries whose Treasuries are deterred from raising beer, spirits and cigarette taxes individually by realistic fear of smuggling. Agreement on joint action - perhaps broadly within the frame of a regional

body like SADC - could in such cases yield not insubstantial revenue; perhaps most appropriately prioritised toward health and civil police votes given the social side results of the products taxed.

The potential gains from **tax reform** vary. Where no general simple domestic indirect tax exists - by now a minority situation - they are considerable. Either a single point (non cascade) sales tax or a truncated (excluding sub-wholesale and retail for administrative reasons) VAT is indicated in such cases. The same holds true of systems cluttered with three or four parallel sales (e.g. excise, sales, turnover related licence, stamp duty), income (standard, local, special, poll) and/or vehicle/road use (fuel, purchase, registration, licence) taxes. One SSA state prior to a 1970 tax reform had all twelve. Amalgamation could increase transparency and allow more effective deployment of collection effort. Otherwise the reforms are likely to be fine tuning, simplifying and reducing as often as raising rates.

In the short term **better collection of existing taxes at existing rates** is the dominant potential source of domestic revenue enhancement. In many - probably a majority - of countries, non-collected (or at any rate non brought to account) taxes amount to at least **5% of GDP** and 25% to 50% of actual recorded collections. The conditions for clawback are readily identifiable and relatively simple - which is not the same as easy to fulfil:

1. greater **transparency** to increase **accountability** and constrain large scale fraud (e.g. gazetting all tax exemption or reduction orders);
2. **procedural simplification** and **preparation of guidebooks** for collection personnel combined with their **training** and refresher updating,
3. adequate **complementary inputs** - inspection areas, vehicles with fuel and spares, communications, forms and documents;
4. **paying honest wages to enable honest work**, backed by ruthless **prosecution** of personnel guilty of corruption and **transfer** of those who clearly do not succeed in collecting for whatever reason.

These measures can be introduced over a year to eighteen months if the will exists. They - and not separate agencies, high cost expatriates, or proposals (not yet implemented) to pay collectors on a piece rate proportion of collections - account for dramatic turnarounds in such cases as Ghana and Uganda.

OFFICIAL EXTERNAL RESOURCE REALLOCATION AND MOBILISATION

Brutal realism suggests that net official resource transfers to Africa will not rise on a constant price, let alone a **per capita constant price**, basis over the next decade. Stripping out expatriate salaries and disaster relief (which have been boom areas), they appear to have **fallen 50% in real per capita terms since the mid 1980s**. While improved economic performance could attract substantial non-concessional loan and investment inflows these can hardly finance child goal linked programmes of UABS-SNAP-PPP directly nor - with one significant exception noted below - by freeing other government resources. Therefore realistic efforts must focus on **reallocation** and on **external debt writedowns**

Reallocations of specified use aid toward children, women, health, education and - less commonly - water, sanitation and small farming household supportive programmes including labour intensive rural infrastructure is the most commonly canvassed form. How beneficial this is depends on four factors:

1. whether there is in fact some additionality (as in UNICEF-WHO led vaccination - mother and child - nutrition programmes there probably is);
2. the degree to which the newly non-funded areas will need to be continued forcing reverse reallocation of domestic resources and raising of non-concessional loans;
3. the domestic commitment to children which can ensure that general/negotiable programme support aid does go to support child goal attainment,
4. the degree to which multiple use conditionalities by multiple sources impede any rational national budgetary process of resource allocation.

Reallocation by functional category - while harder to achieve - is probably less problematic if achieved. The priorities for reallocation out to programme or budget support are:

1. **capital intensive construction** - especially when labour intensive, domestic contractor or community, rural income enhancement and safety net alternatives can be substituted;
2. **emergency relief** to the extent that peace plus better domestic management (not least PPP) can reduce food import requirements. However, more funding is needed for domestic food procurement and or labour intensive work for food financing when food but not fiscal capacity exists nationally so that - taking Africa as a whole - SNAP gains may be more significant than net reallocation out of emergency support;
3. **expatriate employment costs and overseas training** in cases in which interim programme support for viable domestic public service pay scales and domestic training institution capacitation would be more cost (and capacity/accountability) efficient.

The last category is the largest. In extreme cases (e.g. Mozambique) such spending is **up to seven times domestic public sector payroll** and in several (e.g. Tanzania) up to three times. In practice much (over half in Mozambique) of the expenditure goes to replace existing African personnel driven out of the public service - or rendered less effective in it - by unfairly and inefficiently low pay. They therefore create - however intended - a cycle of short term capacity boosts, but a longer term domestic capacity, accountability and morale decline.

EXTERNAL NGO REALLOCATION AND STRUCTURAL REFORM

External NGO spending has risen rapidly over the last decade. It is largely focused on UABS-SNAP and - marginally - PPP. That is in itself welcome. However, the increased size and the shift to parallel channel programmes duplicating those of African governments and domestic social sectors raise problems.

Parallel delivery systems fragment capacity and even with the best will - which does not always exist - make sectoral coordination difficult to nearly impossible. The increased size

and professionalism of many NGOs in practice mean that **problems of external dominance** between them and their local partners or clients are at least as severe as between external aid agencies and African governments. Fragmented parallel services - especially ones using relatively high proportions of expatriates - are **exceedingly cost inefficient**. For example in Mozambique available government and donor/NGO data suggest parallel delivery health services cost twice as much as those of the Ministry of Health while providing perhaps a fifth the volume of services.

Reallocation approaches include:

1. **phasing out** non-emergency free standing parallel delivery systems. While NGOs specialising in free standing systems and opposed in principle to close coordination in state-domestic social sector driven national strategies - e.g. Medicines sans Frontieres (France) - are very valuable during wars, they should be phased out as soon as domestic social sector and state services can replace them;
2. encouraging external NGOs to enter into partnership programmes as junior partners to domestic social sector institutions (especially religious and women's organisations not just African professional groups modelled on Northern NGOs). That is the route to capacitating the African social sector and to making them accountable to their African members and users in a way impossible for externally funded programmes including those of external NGOs which is now practised by a number of NGOs such as Christian Aid and Caritas/Catholic Aid;
3. exploring parallel partnership arrangements between external NGOs and local government.

EXTERNAL RESOURCE MOBILISATION

The main prospects for net additions to overall external transfers are: **external debt writedowns, non-concessional borrowing and investment, children in difficult circumstances**, and perhaps - **NGO/domestic social sector partnership** programmes. Large

across the board increases in official net transfers are most unlikely to be attainable by a majority of African Countries

However, this cannot be taken as a reason not to put **emphasis on mobilisation of official external funding**. For that there are three reasons:

1. in the absence of effective promotional efforts, even constant net transfer levels are unlikely to be achieved - minus 5% per capita per year would be much more probable,
2. some African countries - usually ones with low past receipt levels - may well be able to increase net inflows:
3. while certain major present donors - notably Japan - and possibly some newly non-poor countries - e.g. Korea - are potentially willing to raise transfers.

Mobilisation is therefore crucial and its absence will result in net falls in transfers

External debt service cost writedowns are potentially attainable, at least for up to 25 heavily indebted low income SSA economies. The basic formula now backed by the World Bank, IMF, UK, Nordic Countries, Netherlands and probably USA is to reduce future debt service flows to levels consistent with 6% growth. This is a uniform formula, contextual application approach which would lead to over three quarter reductions for the most severely debt impacted countries, e.g. Mozambique, Tanzania. Because different creditors prefer different approaches and the means to securing parallel private creditor writedowns and - in the most severely impacted cases - modalities and sources for financing Bank, Fund and ADB writedowns are complicated major problems remain on the road to articulation and implementation but the principle has now been won a decade after it was first proposed in a study for the African Association of Central Banks.

However, the gains from debt service writedown are not necessarily - indeed for the most severely indebted not primarily - present cash for reallocation. These countries are not in fact servicing all of their present debt. Some are servicing only Fund and Bank obligations.

Rather the gains are allowing forward planning by the countries, donors and potential lenders/investors free from the potential crippling impact of overhanging debt obligations which could become actual costs to an uncertain extent at an unpredictable time.

Non concessional borrowing and enterprise investment is not a suitable (or indeed an available) source for UABS-SNAP-PPP finance including support of national child programmes. It is likely to be concentrated in directly productive sectors whose value to such priorities is indirect and macroeconomic through general fiscal and foreign exchange flow augmentation.

However, one less indirect gain is possible. Were **telecommunications, power and perhaps ports to be shifted to the private or joint venture sector or the public enterprises in them to be enabled to borrow commercially (domestically and externally), the government budget would be freed of a portion of infrastructural investment costs.** Because the basic activities of telecommunications, power generation and large scale distribution and ports can and should be surplus generating whoever carries them out, enterprise ownership and operation is plausible.

The problems concern effective regulation (these are natural monopolies), provision for socially beneficial special schemes (e.g. rural and low income urban area power distribution) and convincing financiers risk is low enough to ensure that the capital is not prohibitively expensive. If these can be overcome, the gain to the state in being able to concentrate finances (including borrowing capacity) on UABS-SNAP-PPP including small scale, non and indirectly self-financing infrastructural investment (including virtually all roads and most railways) could be substantial.

Children in difficult circumstances, particularly those afflicted by war, pose a challenge which - partly because of the "CNN effect" - could probably attract genuinely additional external financing. However, **rehabilitation-education-economic reintegration for child soldiers and other war traumatised children and youths** has been severely under-financed

and to date has not been a large scale priority in peacekeeping, demobilisation and related exercises.

The reasons appear to be threefold: first, serious articulated programmes with personnel and resource budgets on a national scale have rarely - if ever - been drawn up, second, what might have been pilot schemes have usually been operated by personnel with no great interest in themselves generating broader countrywide proposals (and usually little time or finance to do so); third, central governments are probably essential as co-ordinators but, on the record, unlikely to be good operators of such programmes because of the economies of small scale and personal contact involved. Overcoming these barriers is not a matter of financial planning or mobilisation, but a precondition to having a humanly plausible, saleable package for which to mobilise.

NGO joint ventures with domestic social sector and local government are a potential mobilisation area because some NGOs have growing own resource generation capacity and some governments are reallocating resources to NGOs with opaque and uneven degrees of control over NGO programme selection.

Children in difficult circumstances programmes - trauma rehabilitation, re-entry into education, vocational training, assistance in livelihood development are an area in which central coordination of objectives, numbers, actors and funding combined with highly decentralised, small, personal contact intensive operational units would appear optimal for domestic social sector/external NGO partnerships. That suggests a national coordinating council linked to domestic social sector and local government programmes supported by external NGO advice and technical assistance - especially for former child combatants and other severely traumatised war victims and for street children - deserves serious attention. Return to families is usually optimal in principle, but many families lack the resources (including knowledge) to help these children and former child soldiers are in a significant minority of cases deeply anti social and dangerous.

A special consideration in respect to external NGOs and mobilisation is their domestic role as advocates in their home countries. They do have constituencies and influences. To date their campaigning - while of very significant importance in mobilising additional resources for certain topics and countries - for example debt for SSA writedown and timely food relief in the 1991-93 Southern African drought and hunger crisis - has tended to be fragmented, increasingly crisis driven with a loss of medium term of developmental coherence and "a voice for the voiceless" rather than a voice in support of the voices of African peoples. In particular, few have given a sustained priority to national children's goals plans - perhaps because their contacts in the domestic social sector have not been incorporated adequately into their formulation and mobilisation. These weaknesses in large measure reflect lack of adequate assertiveness by their African partners - coordinated developmental vision and its articulated priorities are basically for Africans to formulate and unless African programmes and focused messages to assist in transmitting are put to external NGOs their only options are to voice their own concerns for Africa and Africans and their own criticism of injustices, inequities and insufficiencies or - which would be much worse - remain silent.

RAISING RESOURCES: IN RESUME

The main immediate resource gains potentials lie in:

- a **improved domestic collection of existing taxes at existing rates;**
- b **external resource reallocation away from expatriate salaries to domestic UABS-SNAP-PPP priorities including plausible, efficient public service salaries.**

Neither massive tax increases, reallocation from other social services nor large overall external resource flow increases are - in general - practicable. In some countries significant cuts in **defence expenditure** are attainable, while in others with low historic levels of aid improved government and programme credibility could allow **additional external resource mobilisation** as it did for Ghana after 1982 and has for Ethiopia after 1993.

Joint programmes with the **domestic social sector** and **community involvement** in state programmes is important, but not as a means to reducing existing demands on resources. These approaches **can** share costs, increase accountability of service providers to users (who otherwise won't pay), reduce costs of moving toward universal coverage and provide capacity for specialised, small unit, personal contact services the state is ill-adapted to provide. However, to achieve these goals will require larger than present state budgetary contributions, not smaller ones because neither domestic social sectors nor poor households have substantial surplus cash flows - quite the contrary.

Similar considerations apply to most **efficiency gains** - they **can reduce unit costs but only on substantially larger production of services**. Efficiency wages and minimally adequate provision of complementary resources are key examples. A water repair artisan paid \$25 a month with few spares and no fuel (thus no mobility) has near nil product. With \$60 - basic spares - a functioning pickup or four wheeler, he could service water points providing pure, accessible water to up to 100,000 people. The efficiency gains are clear - so is the prior requirement of - say - \$1,500 to \$2,500 a year more wages, spares and fuel.

In the medium to long run - beyond five years - sustainable increases in child goal facilitating programmes depend primarily on sustainable growth of **domestic tax revenue** from sustained output growth and from **prioritising** these additional revenues toward an overall UABS-SNAP-PPP strategy. Trickle down does not work - **resources without prioritisation will not benefit poor children. But priorities without finance will not benefit them either** and reallocation has both quantitative and temporal limits. **However flawed as an all purpose end in itself, output and fiscal growth is an essential means to almost all priority ends including attainment of national children's programme objectives.**

STEPS FORWARD

These resource mobilisation and allocation proposals will not be easy to achieve nor can all be won - even in substantial part - immediately. But they are vital both to sustainable national

child goal programmes and to the broader UABS-SNAP-PPP strategies to create an enhancing environment for them.

First steps are possible now Domestically these turn on improved collection of existing taxes (not least actually paying tax collectors actually to collect taxes) and building partnerships with the domestic social sector - especially churches, mosques and women's groups. Internationally the immediate priorities are probably external debt writedowns and switching some aid from expatriate salaries to domestic programme and budget support. The potential for reallocation from reduced military spending ranges from high to very low depending on absolute levels (including post 1990 cuts) and present genuine external security risks. In the longer term sustainability turns on sustained output and revenue (household and social sector as well as state) growth, achieved in a frame macroeconomic policy conducive to low inflation and low real interest rates combined with **sustained reduction in requests for and acceptance of external personnel** (including external NGO personnel) **balanced by mobilising comparable Child Summit Goal-UABS-SNAP-PPP support for national government and domestic social sector action.**

The initial pace may seem frustratingly slow. Given the scale and needs of Africa's children it should do so. But to halt per capita decline in the social sector and to take first steps forward is an essential beginning. It is one some countries not all at all well off economically or fiscally have begun to take. As the Rio Parliamentary Earth Summit put it "Any society which cannot care for its children cannot regard its development as in any way sustainable". The corollary is that **no society or economy which fails to achieve a rising trend in real resource and in fiscal revenue availability as well as in the incomes of poor households can regard its care for its children as in any true sense sustainable.**

PANEL X

REVOLUTION AND REFORM: Public Services and Public Servants in Ethiopia

From 1993 the new Ethiopian government has focused on three civil governance goals:

1. creating a **confederal inclusive nation of peoples** to replace the collapsing centralised, exclusivist New Empire founded by the Emperor Menelik and warped beyond redemption by his descendant Mengistu;
2. to use **enhanced provision of basic services** as dynamic for building support for regional and central government,
3. **restoring productivity pay and professionalism of the public services** to achieve **improved quantity and quality of basic service delivery.**

With barely over 200,000 employees in a country of 50,000,000 Ethiopia has a very small public service as well as low ratios of access to basic services: under 50% for health, about 33% for primary education and about 20% for pure water. This is an historic fact with steady if sluggish rises in the 1960s and early 1970s halted in the 1980s by the ruling Dergue's priority to sustaining itself against the Eritrean independence movement and Ethiopian regional insurgencies. In parallel Ethiopia was one of the very few countries in Africa in which drought in the absence of war led to massive deaths from famine, apparently both because of perceived governmental inability to act and blatant non prioritisation under both regimes preceding the present one.

Ethiopia's civil service was created late in the reign of the Emperor Hailie Sellasie as a modernising and rationalising instrument based on the late colonial/early Anglophone African civil service model. On technical issues and in terms of internal professionalism it has been relatively self-governing and non politicised throughout. However, under the Dergue its morale and prestige were eroded because its pay scales were unchanged and annual increments frozen for about a quarter of a century leaving entry level professional pay at \$20

and top level under \$300 in a country with an absolute poverty line household budget of the order of \$60 a month and a modest urban middle class one of \$400 to \$500 a month.

From 1993 major reform has moved ahead rapidly - instituted by political decision takers, articulated by senior Ethiopian public servants and financed out of the peace dividend resulting from a three quarter cut in defence spending made possible by the end of war in a way allowing total demobilisation by firing of the defeated army and return to former civilian livelihoods of many members of the victorious one.

The reforms proceeded on three fronts simultaneously:

- a. **re-establishing career structures** - including promotion standards and training - and a professional outlook;
- b. setting **procedural and productivity related mechanisms** in place sector by sector (beginning with teaching);
- c. **restoring public service pay** (to \$40-450 in teaching).

The next phase includes extension of the procedural and productivity exercise to all major public service sectors (except police which are still a branch of the army not of civil governance) as well as creation of regional and sectoral public service commissions.

The level of morale is generally high both in offices in Addis and in working units in at least some Regions and Districts. Field level officers are at their posts and appear to work well with District Committees. Innovative approaches to **community support** in rural areas and small towns centre on **housing** which is not readily available for rent. Small town community groups tend to provide low rental and village (simpler) free housing. In this they are responding to a widely voiced complaint of rural posted personnel - lack of satisfactory housing.

The present situation and trend are distinct improvements but three challenges remain:

1. **complementary supplies** are very inadequate at field level - especially in water and environment;
2. in some sectors - notably soil protection and afforestation - no strategic rethinking of no longer acceptable Dergue period techniques (sometimes approximating forced labour) has been carried out, leaving both public servant and rural household **enthusiasm but no clear operational frame**,
3. while initial expansion and higher pay have been paid for from the **peace dividend** this has run out and sustained growth depends on **sustaining the 4% rate of growth** (contrasted to 2% or less trends from the 1950s to 1990 and falls in the last two war years) recently achieved.

Nutrition and drought impact alleviation have been transformed analogously to the public service proper. Political decision takers and senior public service quite bluntly brand famine deaths as cause for national shame. Response to the 1994-95 drought was - after some initial confusion - **more rapid, more coordinated, more efficient in saving lives and more Ethiopian led** than in any previous major drought period. The relative success and the remaining deaths are seen as cause for reassurance that re-prioritisation and reform are on the right track, but still require more and more immediate professional response under more coordinated Ethiopian (not external parallel channel) leadership to ensure the zero death target is achieved next time.

ADDITIONAL READINGS

1. Adebayo Adedeji with Reginald Herbold Green and Abdou Janha, **Pay, Productivity and Public Service: Priorities for Recovery in Sub-Saharan Africa**, A study for UNICEF and UNDP excerpted from a forthcoming study by the same authors, UNICEF/UNDP, New York, June 1995.
2. Reginald Herbold Green, 'Poverty, Basic Services, Survival and Development in SSA: some issues of public service professionalism, productivity and pay', paper presented at North South Round Table Society for International Development **Moving Africa Into The 21st Century: An Agenda For Renewal**, Johannesburg, 15-18 October 1995. (To appear in SID Journal).
3. _____, 'That They May Be Whole Again: Offsetting Refugee Influx Burdens on Ngara and Karagwe Districts', **A Report for UNICEF**, Ngara and Dar es Salaam, September 1994.
4. _____, **UNICEF and Somali Survival and Development 1996-98 Through Shifting Prisms with Missing Pieces** a report for UNICEF (Somalia), September/October 1995.
5. **Transcending The Legacy: Children in the New Southern Africa**, AEI, SARDC, UNICEF, Amsterdam, Harare, Nairobi, August 1995.

Note: 1, 3 and 4 can be UNICEF or author as you prefer. Like *COTFL* UNICEF has purported to 'arms length' while hugging authors. However, unlike *COTFL* they are genuinely 'out of house' as none of authors are UNICEFers or is it UNICEFites?