

# **PUBLIC SERVICE REFORM IN SSA: Question of Purpose, Process, Pay, Productivity, Professionalism, Provision**

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Twenty years largely wasted ... saying  
the things I am no longer disposed to say  
or in a way I am no longer disposed to say them ...  
And there is only what was lost and found and lost  
and again ... in times which do not seem propitious

- T. S. Eliot (adapted)

A committee, let us establish a committee.  
One secretary will do for several committees.  
And the rising cry of the people,  
Resign! Resign!! RESIGN!!!

- "Fragments of an Ode for a Statesman" (*ibid.*)

Those who will not understand history  
Are doomed to repeat it.

- George Santayana

Rabbit, rabbit where are you going?  
I am going out to kill the elephant.  
Rabbit, rabbit can you really do that?  
Well, I'll try.... and try again."

- Nyanza Proverb

## I.

### INTRODUCTION

Civil service reform in most sub-Saharan African countries is almost universally seen as an **urgent need**. **What is needed is less agreed**, as indeed is either what a civil or a public service is or what it should do.

The **result** has been actions ranging from **frenzied firings of 'unneeded' workers** and exorcising of ghost workers to **interminable studies** of public servant roles, standards, training and performance dragging on year after year and losing the name of action. Not very surprisingly these have **neither solved, nor been seen to solve, "the problem"** and have led to increasing doubts as to what "the problem" is.

Three cases - ironically all in the Horn - stand out as **different**. In the first (Eritrea) no unified state had existed for over two centuries. Recruiting and organising a public service was seen as a necessary part of building civil governance and preserving state legitimacy. In the second (The Republic of Somaliland) live memories of a governance, public service and public services system dead for a third of a century (The 1960 Republic of Somaliland and its British colonial and pre-colonial forebears) existed as did former civil servants, so the project was, and is one of recovering what had been lost. In the third (Ethiopia) public services and public servants to deliver them were seen as central to creating an inclusive, legitimate, popular state by consent to replace a dead authoritarian, centralised, exclusionist empire (and especially its monstrous expiring convulsions under the pseudo Marxist 'last emperor' Mengistu).

In each case action has been taken after **at most a year of preparatory study and dialogue**. The first steps have been major - to start the process of creating, rebuilding and re-recruiting or reforming of the public service, because it was seen as **essential to delivery of public services perceived as the primary activities of governance**. In each case establishment of a **living emolument structure** (\$40-\$400 a month) far above that now typical in SSA has been seen as essential to achieving **probity, professionalism and productivity**. More complex - and problematic issues - have been put into a **public servants for public services development process**. The speed, priority and resource allocation divergence from most public service reform is striking. The reason is clear - each government perceived creating or recreating a motivated, effective public service to enable the government to deliver services as an **essential element in its governance project** and therefore requiring **speedy initial action and priority resource allocation** (in each case out of a peace, or radically reduced hostilities, dividend.) That has not usually been the case for Structural Adjustment Programme stimulated civil service reform exercises even when broadened to consider purpose, process, productivity and pay. Rather these have been seen as means to **incremental improvement in**

**management of finance and personnel** which could be **supportive of, but not central** to the core governance project of the state and could thus be postponed (especially if their conclusions seemed likely to lead to strong cases being made for more than marginal additional resource provision).

Given these contrasts it may be useful to step back from civil service/public service reform to consider the nature of governance as practised by governments and only then to revert to specifically public service issues.

## II.

### PURPOSE: A QUESTION OF GOVERNANCE

The **purpose of a public service** is - or is supposed to be - by definition, to **serve the public**. Equally, by definition, it is **employed by the government** to do so and is, therefore, a **means by which the government provides services** to the public.

From this it follows that public service reform needs to be based on an articulated analysis of the purposes/services of a particular state and its present and likely future governments. An articulated analysis is necessarily contextual, but a general one is relatively straightforward both at present and historically. A major concern of virtually all states from the Babylonian and Chinese Empires to date has been the provision of services. These have fallen into seven main classes:

1. **Defence** against capture or overthrow of the state. Since this service is normally carried out by armed forces separate from the public service, it is set out here but not considered in any detail;
2. **Peace and Security** - or Law and Order - in the sense of predictability, the absence of violent interference with persons and households going about their daily lives and the presence of a police (usually, though not always, differentiated from the military), a magistracy/judiciary and an administration (sometimes combined with the judiciary) to protect peace and security, ensure predictability and enforce laws;
3. Provision of **infrastructure** - initially especially irrigation, but followed fairly early by roads - in particular those branches uninteresting to enterprises and beyond community means;

4. Creation of an **enabling climate for economic activity** (whether by households, state owned entities or private enterprises) by various methods from macroeconomic policy through extension services to construction and operation;
5. Provision of **basic services** (primarily health, education, household water, sanitation), which now constitutes the main public service employer. At least at **universal access level** - it is also **the most recent group of services** dating to the 19th Century. In less inclusive provision terms, however, it is some millennia older;
6. Access to **safety nets** (e.g. famine relief as in the Biblical account of Joseph and Pharaoh's drought impact alleviation via reserve stocks and rations) including - more recently - social security and pension schemes operated or mandated by the state. The increase in longevity and in ability of health services to preserve and to lengthen life have greatly increased the relative weight of this service cluster just as modern transport has greatly increased the possibility, demand for and expenditure on providing natural and manmade disaster impact alleviation and survival assistance.
7. **Collection of revenue** to carry out the other services in a relatively transparent, consistent and law circumscribed (or at any rate defined) manner.

**Very few** states, governments or applied analysts **disagree in principle** with any of these clusters. The operational debate has historically been over **how much, who for, how**. The eras in which defence and security (plus revenue collection) were the only substantial services of a majority of states are both far in the past and unlikely to return.

The **provision** of services - and their **perceived adequacy** (or otherwise) by users or would-be users - is central to state and government **legitimacy and survivability**. This is not true only of elected governments, of mixed (e.g. "king in council"), or of monarchical with popular elements in determination of succession, albeit it is most evident in the first case. While totalitarian and personalised tyrannical systems as well as colonial territorial governance units may be exceptions in the short run, and while oppression and inhumanity are usually among the major elements leading to resistance and dissolution or overthrow, **deterioration of service provision is usually an element in the erosion of legitimacy and the rise of increasingly active discontent**. It is not accidental that accounts of "the withdrawal of the mandate of heaven" (the Chinese term for the collapse of an imperial dynasty or state) dwell heavily on broken or clogged irrigation systems, impassable roads and inability (or unwillingness) of magistrates and police to maintain tranquillity and to enforce known laws honestly and consistently.

Restoration of services is likely to be a priority both of a new government (however installed) and of one facing a contested election. The Horn cases illustrate the first pattern as, from higher starting points, do Namibia and Zimbabwe. Tanzania illustrates the second because the justification of the majority party has always quite overtly been provision of basic services, infrastructure, opportunities for livelihood and famine prevention on a broad front targeting universal access within a finite period. The 1995 election turned on who could reverse declines, consolidate partial gains and do so more honestly and transparently.

How crucial service provision can be in averting internal instability or in restoring it after war is more problematic and contextual. In Mali the basic pastoralist versus urban and cropping conflict turns very largely on the former's (correct) perception of paying taxes but receiving near nil basic services or user friendly infrastructure (especially water and drought year reserve pastures) and of not having their land use rights protected against cropper encroachment. Extension to them of user friendly services and security in respect to water and land use rights could play a key role. In Rwanda they clearly could not have averted either the invasion or the genocide it triggered, though they can, if made universal on non-ethnic lines (as is being attempted, especially in primary health), be a useful secondary element in rebuilding state legitimacy.

From an economic perspective each of these clusters of activities has two common aspects:

- a. substantial **economies of scale** - e.g. multiple, fragmented, parallel health services are significantly more expensive at basic service provision level than are national, coordinated ones;
- b. major **external economies** - i.e. gains to non or indirect users - usually very hard to recover directly to meet production/delivery costs.

These are **cases which even in orthodox neo-classical economics and relatively conservative politics justify natural monopolies** (whether public or public regulated private) and **linking the supplying unit to an income stream related to the external economies** (examples range from land grants to private transcontinental railways in North America and to decentralised public institutions such as land grant colleges or more generally to general state revenue flows which logically benefit from the growth generated by human and physical infrastructure, of peace and stability and of an enabling climate).

### III.

#### PROCESS: THE SELECTION OF MEANS

The purposes of governance define what the government will seek to cause to be done but **do not**, in and of themselves, **lead directly to decisions on who should do it**. For example, a decision to achieve access to competitive/fair price markets for small farming households both as sellers and as buyers can be argued to require multiple buyers and sellers and transporters but that condition could be met by multiple state owned enterprises (e.g. regional, central and local) and/or co-operatives and/or rurally based private enterprises. The fair price aspect does require a buyer of last resort with access to state finance but not, *per se*, an omnipresent network of state buying posts. Neither single channel state (nor licensed private) buyers and sellers nor an unregulated private oligopsonistic/oligopolistic pattern is likely to be efficient in terms of the stated goal.

In each of the clusters of services listed there have historically been quite divergent patterns ranging from **state monopoly provision** (commonest in respect to armed forces, police, courts and prisons and - in modern times - only slightly less so in respect to tax collection) through **mixed state** (including local government) **plus social sector** (non-profit with or without state subsidy) and/or **state contractor** (budget or budget plus user fees financed but not state operated) to **private enterprise operated and financed** with greater or lesser degrees of compulsory coordination, minimum standards, access (including charges) and other regulatory aspects.

In certain instances - e.g. the cases for a "**monopoly of force**" and "**rule of law**" - as well as of state owned entity dominance of production/finance/distribution as a route to an enabling climate - the choices are ideological albeit not necessarily on any standard left/right dialectic. "Monopoly of force" carried through to maintenance and equipping of armed forces can justify quite variegated investment in/ownership control of a range of manufacturing and fuel producing enterprises far beyond arsenals - e.g. the former UK government stake in BP which dated back to World War I and Winston Churchill. However, monopoly provision of a final product only justifies monopoly or partial provision of inputs if they are not safely accessible otherwise or this method of procurement lowers costs. More generally **history, current contexts and perceptions as to political popularity and efficiency** relative to achieving the articulated purpose in hand inform choices. The heavy involvement of the USA government in irrigation and hydroelectricity generation via the Army Corps of Engineers and such special purpose entities as the Tennessee Valley Authority are illustrative. The Army Engineers needed a politically saleable peacetime occupation and found it in land use and water management infrastructure. The Tennessee Valley as a low income, low education, low infrastructure area was not attractive to private investment, but - the Roosevelt Administration

perceived - could be made more so by improved infrastructure and cheap power provided by a coordinated regional (river basin plus) initiative.

The **provision of infrastructure** directly by the state has little to do with either elitism versus private enterprise or capitalism versus socialism. Both defence and national political integration and order have frequently been dominant in selecting routes and in justifying state construction, finance and/or operation. With the possible exception of the lines in the old Cape Province, every major rail line in the SADC (Southern African) area from the British line Natal to the ZAR (Transvaal) and its counter, the Dutch line linking the ZAR to Delagoa Bay (Mozambique), through to the Tanzania-Zambia rail link had at least timing and specific routing determined by such security considerations. Second, some infrastructure has very high ratios of **external economies irrecoverable to the operator** and also **substantial lags in use and or substantial parallel requirements for use generation**. In such cases only states/governments are likely to find them economically attractive, because the external economies are internal to the states, the longer time perspectives are normal for some aspects of state operations and states are in a better position to ensure parallel requirements are met. A related argument is that many roads (or postal services, or telecommunications links or tertiary ports) are inherently non-viable as self-contained enterprises. However, unless argued as a resource transfer to poor areas, such arguments are in practice external economies ones, possibly combined with a desire to cross subsidise within the sector by linking operation of feeder and public service as well as profitable trunk route/core operation business. (That does not *per se* require state operation - a franchise in telecommunications could link a metropolis and a rural area with investment, service access and rate requirements in respect to the latter as recently practised in the Philippines.)

A countervailing case to state ownership and operation turns on two interacting constraints:

- a. **limited state access to personnel and resources;**
- b. patterns of constraints and accountabilities in private enterprises are - on balance and in general - likely to result in **greater attention to cost efficiency** than are those in public entities, although the latter may result in greater efficiency in respect to coverage of/access to services.

In SSA today both these factors point toward **selective regulated private production and operation of public utilities**. Electricity generation and transmission, telecommunications, main ports, high traffic international airports are the obvious candidates because they require massive resource flows, highly trained management and complex, rapidly changing technology. The problems are devising **contracts which do share risk** (not transfer all of it to the state), do not involve **rates of returns on enterprise investment** so much above the cost of capital

to the state as to more than offset cost efficiency savings in construction and production and do provide **coverage and access requirements** ensuring provision of services justified on external (to enterprise) economy logic (i.e. national cost/benefit significantly above unity but enterprise cost/benefit below or barely above).

**Basic services** - whether primarily directly production enabling, e.g. extension, or human investment, e.g. education-health-nutrition-household water - are **rarely attractive to private enterprise on a universal access basis** because their main output gains are either external to the immediate user and/or lagged by several years. This is not in itself a case against user contribution to costs, nor against allowing private enterprise provision of services to niche markets which cannot be universal access (e.g. high amenity nursing homes). Nor is it an argument against state coordinated but partially domestic social sector provided (probably with state co-finance) services. The key issues are: **coordinated provision of national coverage, effective universal access** (whether by nil user charges or charge waivers), **minimally acceptable floor standard enforcement** and as **low a unit cost of services as is consistent with the first three targets**. In SSA this almost certainly requires state (including local government) dominance in overall planning and coordination, finance, training and - slightly less clearly - facility provision, staffing, operation. Within that frame substantial domestic social sector initiative and operational involvement are possible in some contexts. The viable private and external NGO roles are - except in a period of acute national crisis - very much smaller if only because of much higher unit costs (apparently 10 to 1 in basic health services in Mozambique).

#### **MATCHING MEANS SERVICES AND SUPPLY**

The practical conclusion from these observations is that an articulated examination of **means contextually suited to service provision goal attainment in SSA could be likely to include:**

1. **monopoly state provision of external defence** - i.e. armed forces and pre-emptive diplomacy. Except in the presence of decrepit national forces it is hard to make a case for private or for local units not directly under central armed forces control (e.g. some militias). Even in such cases, stronger national armed forces are likely to be a cheaper way forward and to avert a number of problems inherent to armed forces which are not fully nationally accountable.
2. **monopoly state provision of court systems and their infrastructure** (laws, procedures, courts, magistrates, clerks, etc.) and of **basic police services**. Auxiliary local police (e.g. some militias) are best seen as state trained and regulated part-time, community raised and remunerated subordinate or supporting components in the monopoly system. Contract



policing - e.g. railways harbours, mines, banks - by the police force for users with special need for intensive security and ability to pay can be justified - albeit it is more a user charge for a state service than a division of the policing function. Niche enterprise contract supplier roles for users with special needs or desires (from night-watchmen for households or enterprises to cash delivery vehicle guards) are fairly universal and - subject to regulation of conduct and arming - raise no inherent problems albeit their massive proliferation is a strong indication of a structurally inadequate (for whatever reason) state provision of security services.

3. **Provision of infrastructure** affords more scope for state contracted operation and for private enterprise finance. However, in SSA such cases are limited, as well as potentially useful, options. Major infrastructure projects have normally been contracted out for construction in Africa - departmental units and public sector construction enterprises have limited capacity and uneven to poor track records. In respect to small scale construction, a strong case for labour intensive approaches (on direct cost as well as external economies in respect to income distribution, livelihoods and import content) exists, as does one for user community involvement. The latter is in practice extremely hard to marry to private contractors but the former can be compatible if small to medium scale small town based, rural work oriented contractors exist or can be incentivated by training, small builder friendly payments flow and access to commercial credit.

Maintenance raises similar issues and divisions. Large infrastructure units' maintenance can - and if competent contractors are available and willing to bid less than projected works department costs probably should - be contracted out. In respect to smaller units public sector (including local government and local government/community) maintenance is likely to be more user friendly and cost efficient in most cases.

Enterprise operation of (public or private) basically self-financing infrastructure - basically railways, main and secondary (but not tertiary) ports, electricity producers and distributors, telecommunications, big city water, and posts is both desirable and consistent with macroeconomic and social concerns. Access for low income households or isolated areas can be secured by state contracts or by contractual provisions in utility licensing. Rates can be regulated - a technically and politically difficult exercise, but one logically necessary even for government department charge scales.

Private enterprise investment in some of these areas - probably especially telecommunications, main ports, electricity producers and transmitters - is desirable given need to control costs and to concentrate state cash flow (including borrowing capacity for capital works), managerial capacity and personnel on areas private enterprises either will not undertake or cannot be expected to do well. The greatest barriers are private

enterprise unwillingness to invest or to take a proportionate share of risks and the related demand for a high risk premium in projected rates of return.

Main airports should be operated on a full cost (including cost of capital) recovery basis whether by public or private enterprises. This is usually not the case in SSA and results in amazingly high hidden subsidies to tourist and air freight operations. If these are justifiable - and apparent levels of over \$50 per tourist in, e.g. Kenya seem problematic - they should be transparent. The only strong argument against private enterprise operation is probable unwillingness - especially in respect of large expansion or updating investment with lagged returns.

Main highways (for technical and user access reasons and because fuel taxes and heavy vehicle 'wear and tear recovery' licenses are a more efficient cost recovery mechanism) are probably not suitable for enterprise (private or public) operation under SSA conditions. Nor are small town and rural facilities - especially if labour intensive construction and user community involvement in planning, operation and cost recovery are envisaged. User fees (whether direct or via user groups) are often appropriate, but full cost pricing (including a significant net return on capital) is rarely attainable.

4. **Creation of an enabling climate** for economic activity is in large part a government function by definition. This is especially so in respect of facilitating enhanced **production by poor people**. Contracting out macroeconomic policy is not feasible even if there were any serious cases for its political desirability. Nor are most extension and training services readily privatisable, at least under SSA conditions.

Access to credit and job creation, however, are more problematic. Governments are rarely efficient in handling allocation of loans, let alone recovering advances. The gains from subsidised credit rarely accrue to intended beneficiaries - suggesting targeted initial grants might be more cost effective in, e.g. rehabilitation from disaster cases with indirect recovery from indirect and direct taxes flowing from subsequent higher earnings. Partial guarantees to share risk on bank lending to identified groups of priority borrowers could work better. Support for social sector/user group (credit society, tontines, etc.) may also have a role to play.

Direct job creation is not in general a role governments perform well. However, in respect to safety nets, labour intensive public works (infrastructure building and maintenance) clearly they do have a role. Beyond that there may be reason to provide employment creation tax offsets (especially if these are provided for capital investment) to private and public enterprises. Even if there is a substantial body of public utility and other public enterprises employment creation - as such - is not a proper goal for them.

5. Universal access to **basic services** requires dominance of state planning, coordination and finance. In SSA main basic services - health, education, household water, sanitation - will also need to be delivered primarily by the public service because there neither are nor, for the foreseeable future, will be viable alternatives.

The domestic social sector can often play a valuable complementary role in provision if - and usually only if - a government/social sector joint venture arrangement on finance can be built. Foreign NGO provision poses major problems of coordination and of domestic accountability and (because of fragmentation and relatively high use of expatriates) cost. It would - outside extreme crisis conditions - be more useful if external NGO involvement were normally deployed in support of domestic social sector/external NGO partnerships.

For **services which are crucial** and should have access on the basis of ability or need - not present means - **but cannot be universal**, e.g. university education, reference hospitals, the case for government leadership rests on the need for equity in access and for a coordinated national programme into which individual institutions and initiatives fit. If these can be met through part funding, standard and access setting for domestic social sector providers they can play a relatively larger role at this level. In practice their capacity to do so is open to question.

**Certain services are basic but ill-adapted to public provision.** These tend to have either **inherently small size** (village day care) or marked by **diseconomies of scale** (street children hostels and probably hospices or home help for terminally ill patients, e.g. AIDS victims) and also to be able to use substantial amounts of voluntary kind (with common sense and tender loving care the basic requirements). Here domestic social sector operation, provision of volunteers and cost sharing linked with government goal setting, personnel training, inspection and co-finance appears to be the least unpromising way forward.

**Amenity services** - e.g. high quality birth, nursing and convalescent homes and foreign language schools - can be left to the private sector. Certainly they do not have a priority claim on public resources. They - and some skill training - can be financed by users. So long as inspection can prevent harm to, or fraud upon, users there is little case for not allowing "for profit" as well as social sector operation. A quite real problem is to avoid subsidising them either by tax credits or by supplying specialised public sector services (e.g. by reference hospitals) below full cost. Zimbabwe experience suggests that, if substantial middle and upper income strata exist, such services may be substantial in volume, socially useful and can ease rather than increase the burden on public funds, albeit they also demonstrate the political and fiscal complexities of achieving those goals.

**The case for a dominant or major state role is more than that of a supplier (of funds) and operator (of facilities) of last resort.** However, it does **not justify monopoly state provision.** Competition on both quality and diversity/user friendliness can be a positive factor so long as minimum standards and prevention of fraud are enforced. The **competition case also applies within the public sector.** If sectoral ministries, alone or in coordination with user groups, wish to finance and operate specialised secondary and tertiary education - as is common and in the case of Tanzania comprises over half of public secondary education - there is little case for a Ministry of Education or university monopoly so long as effective coordination to avoid gaps and minimise surplus capacity is maintained.

6. Access to **safety nets** is, by definition, not financially attractive to the enterprise sector. It is an area in which national coordination is essential - as evidenced in the cases of countries overrun with foreign NGO and donor operations contrasted to those (e.g. Botswana, Tanzania) with reasonably well articulated and operated national frameworks.

**Diversity in service delivery** has a stronger case - so long as basic access is underwritten and, where necessary provided by, the government. While probably not optimal, Zambia's government coordinated, dominantly domestic social sector and external NGO operated (because of state capacity limitations) response to the 1991-92 drought/1992-93 famine risk period was basically successful. In the case of individuals and households who are very poor but do not fall within main poverty identification categories, and especially if they have specifically personal problems needing personal support and attention, the domestic social sector can usually do a better job than the state. However, expansion of its efforts may require partial state funding.

**Old age and handicapped person income security** can reduce the numbers of people needing safety nets. However, universal provision is not yet feasible in most SSA states albeit South Africa, Namibia, Botswana and Mauritius are already exceptions. For employed persons social security systems with employer/employee co-financing are practicable and a priority for revitalisation, expansion and efficiency improvement. For the time being, basic state and supplementary employment unit based schemes appear to be the best general approaches. Privatisation on the Chilean model would be premature - the investment opportunities key to that system are not generally available and the per cent needing to fall back on the state safety net pension would be very high. However, subject to safeguards and inspection, freedom to invest in members' best interests - not requiring 100% investment in state issued paper - is desirable. A social security scheme should not be operated as a source of cheap funding for the government.

7. **Revenue collection** has until recently been viewed as a monopoly state function. This was, however, not the case until the 18th Century. Tax farming and use of private licensed monopolies as revenue collection channels were widespread. They fell out of use because the inequities (and often iniquities) associated with them came to be perceived as irremediable. That remains the dominant view - one especially relevant to SSA. To an only slightly lesser extent, the same case applies to providing direct share of revenue incentives to public sector tax collection officers. The modern consultant advocacy vogue for independent tax boards with officers paid on results - let alone their privatisation - is unsound. Proper pay, procedures and internal checks (plus perhaps more power in respect to procedural and administrative matters to top revenue officers) could achieve the - essential - improvements in probity, equity and collections with less political and propriety problematics.

### SOME ISSUES OF METHOD

As with purpose, the method issues in respect to how to deliver are not as controversial as is sometime supposed. In practice **minimalism has few operational advocates**. The World Bank - often viewed as one of them - when actually outlining and proposing in SSA comes up with approaches, including enhanced direct delivery of basic services and infrastructure investment, likely to double state resource requirements relative to GDP. **Neither is there any substantial surviving body of opinion that direct state employment and ownership of enterprises is appropriate as the dominant** (let alone the near single channel) method of achieving macroeconomic and household livelihood objectives. There are very deep and important disagreements which are larger than marginal, but these are no longer posed as a night watchman versus a hydra headed monolith. Indeed, **misperception of differences in such apocalyptic terms appears to be a substantial obstacle to resolving them in respect to medium term action.**

How to deliver is not the only issue of method in respect to public services. Among others **decentralisation, participation, accountability/transparency** and **bureaucracy** are prominent.

These issues are also as - or almost as - old as recorded governance itself. In the absence of technologically advanced transport and communications substantial **decentralisation** was essential in respect to any aspect of governance requiring rapid decisions. Before telecommunications there were limits to how centralised even key decisions (including tactical and sometimes strategic military ones) could be despite the heavy investment of, e.g. the Chinese, Inca, Roman and Spanish empires in roads, couriers and dispatch vessels. Even today the strongest case for decentralisation is frequently that delay costs outweigh cost efficiency or uniformity gains from centralised decisions. The other set of reasons for

decentralisation turns on **participation/accountability**. This is the *raison d'être* for the almost universal existence of local governmental units with at least some original or delegated powers beyond agency and local operation roles on behalf of national governance. It interlocks with **accountability** which is both a national and a local level processual issue.

**Decentralisation** is by itself a moderately straightforward method issue. Its goal is to increase speed and relevance of action and - usually - to reduce costs per unit of services delivered. While participation without decentralisation at best limps on one leg (as opposed to walking on two) the reverse does not apply. **Participation** has a more substantive side. It is about user friendliness of services and consultation to enhance knowledge both of which are consistent with relatively authoritarian but decentralised states. However it is, at least sometimes, also about user participation in decision taking, management and monitoring which is a major aspect of democratic accountability.

**Accountability** is not limited to accounts, though in the absence of access both to accurate financial and analytical verbal accounts it is hard to see how accountability can be a meaningful process. Its basic substance is ability to **hold to account for actions taken or not taken** whether directly from users to suppliers or/and indirectly through the political process. Method issues include *inter alia* independent Public (and Public Enterprise) Accounts and Accounts Committees whose reports/proceedings are publicly available reasonably expeditiously, as well as more locality and unit specific forums so - e.g. - parents can have a say in primary school resource allocation, handling of syllabus, monitoring of performance. The latter tend to receive less attention but would have more direct relevance to most members of the public.

**Transparency** is an aspect of accountability - and one to which **most governments and public services historically have been highly allergic** at least as a general principle. Because knowledge is power and because lack of detailed accounts (verbal and/or numerical) may avert and certainly reduces criticism, governments/public services usually prefer "need to know" to "right to know in the absence of demonstrable public harm from publication".

Participation/accountability/transparency have intra government/public service aspects. Governments do need clear lines of authority and of accountability to function. There are two types - to senior officials and to political decision takers. Accountability is only in part based on regulations and laws - respect and diligence in supervision are relevant. The East African proverb "a fish rots from the head" is apposite. Corrupt and self-serving seniors (political or otherwise) usually find it remarkably difficult to enforce accountability and may prefer - in President Jerry Rawlings's phrase - "chopping off the backside", that is creating a hierarchy of official but both unwritten and anti public perquisites to breed a school of minnows to warn and to hide the big sharks. Failure to do that - especially if some decision takers and senior

public servants believe in honesty and public service - can be dangerous, the honest decision takers and the press will be the beneficiaries of leaks.

Public services are fairly often participatory as to procedures, over one or two levels and, at workplaces. They are usually much less so over policy and over broader ranges and greater level differences. That is - especially if participation of users is a governance goal of political decision takers - a position of less than optimal efficiency. So long as participation (at any level as well as between them) does not deteriorate into a modality for endless postponement of action, participation **within** the public service and **between** it and political decision takers constitute logical complements and supports for user/voter participation. A field level public servant with no in service channels for participation is likely to react badly to top down orders to implement user and community participation, especially if this traps him in less than self-evidently consistent accountabilities to senior public servants, users and local political decision takers.

Because politicians and public servants believe knowledge is power, **non-transparency is unfortunately common within public services**. Here the case for a right to access unless clear and present risk of harm is very strong. Surely there are genuinely Top Secret "Need to Know" files and memoranda (especially in respect to external security, policing, business and external negotiations, indirect taxation) but realistically well under 1% of all files and memos. Restricting access - especially to other units and Ministries - is either a bad habit or a systemically inefficient power game.

**Bureaucracy** is procedural concern dating at least to the Code of Hammurabi and the Analects of Confucius - long before Weber and in very different cultural and governance contexts. Unfortunately it is now frequently degraded into a term of abuse, used to identify bad bureaucratic practice and - most confusingly - frequently applied to cases (not least in SSA) where the real problem is **lack of any** functioning bureaucracy. As a technical term bureaucracy can be summarised as:

1. **routinising** the 90% plus of government **actions which are routine** so they can be done **promptly, consistently, with reference by field level personnel to guidelines** (e.g. Standing Orders and Departmental Procedures) **not reference up**;
2. **supplemented by criteria for identifying and referring cases** involving general procedure, sub policy and policy issues;
3. thus **freeing senior public servant time** for policy advising, articulating, reviewing and applying to key cases plus major one-off or general procedural and administrative matters

(**not** signing petrol chits, allocating cars or pondering textbook delivery means primary school by primary school as can happen even at Principal Secretary level;

4. doing so in ways that are **intelligible, relatively transparent and predictable to users** and which seek - to the extent possible - to provide them with "**one stop shops**" not a plethora of offices and officials to be seen on one issue or closely linked issues and certainly not Catch 22 conflicting procedures (e.g. Home Affairs issuing passports only if tickets held; tickets issued only if visas and forex allocations are shown; forex allocation made only if tickets and passport produced; visas available only on presentation of passport-ticket-proof of funds. This impenetrable circle has actually existed in several African states).

Seen from this perspective, **bureaucracy is crucial to getting jobs done efficiently especially in the context of limited highly trained personnel, significant communications problems and substantial distances**. While some African governments have bad - slow, overlapping, inconsistent - bureaucracy, the most general problem is **weakly operated, weak or near non-existent ones**. Relocating, updating, altering for new contexts, streamlining, reissuing and enforcing Standing Orders and supporting Departmental Procedural and Workplace guideline manuals together constitute a priority for public service reform in all but a handful of SSA contexts.

Both the procedural and the purpose reviews underline what should be obvious - but seems not to be judging by many academic and consultancy studies - **public servants engaged in public service are the basic means to making governance effective**. Without that means no amount of finance, complementary resources, technical assistance or NGOs can do the job. True in some contexts - certain types of dictatorship, state systems of corruption, massive civil unrest, uprisings and/or external war - there is little a public service can do. Equally true total inadequacy of finance will both erode and corrode (and has both eroded and corroded in many cases) just as absence of minimally adequate complementary resources (e.g. drugs, texts, premises, communications, mobility, training) will hamper or hamstring (and have both hampered and hamstrung) public services. But the key fact for public service reform remains - **without a trained, numerically adequate public service relevant in qualifications and location to government service substantive and procedural goals these will not be articulated much less implemented**.



#### IV.

#### PUBLIC SERVICES/PUBLIC SERVANTS - A RESUME

If a **major purpose** of and **the major activity** of governance is the **design and delivery of public services** and the central means to doing so are **public servants**, then it is prudent in reflecting on the possibilities and imperatives for public services reform to make a brief baseline review of their present SSA situations and dynamics.

For present purposes **public servants are defined inclusively** - central, regional and district government; civil servants narrowly defined, teachers, police, magistrates, autonomous departmental or state financed nominal parastatals (e.g. main hospitals, universities, highway authorities). Excluded are military personnel (and in principle gendarmerie units which are in fact armed forces or security services, in the technical sense, not civil police) and employees of basically self-financing infrastructural parastatals (e.g. post offices, telecommunication companies, port authorities, railways, airlines, electricity companies) as well as those of commercial, industrial and other directly productive (at least in intent) governmentally owned companies. This definition is not identical to that in any SSA state though it corresponds closely to some (e.g. Tanzania, Mali) but not to others (e.g. Ghana, Kenya) which have multiple services including teachers and local government or to those (e.g. Ethiopia) which have no civil police and do have large authorities (e.g. highways) outside the public service as defined in both their statistics and institutional/professional structures.

The definition is not intended to imply that a monolithic public service commission is always optimal. However, common professional and procedural guidelines and transferability among services and geographic areas are important. An overall Public Service Commission with Sub-Commissions, e.g. Teaching, Health, Regional-District-Municipal, Police, Judicial, Universities, Autonomous Authorities appears preferable to totally separate services which are almost certain to hamper transferability and can give rise to huge illogical discrepancies for similar posts (e.g. over 5 to 1 in Ghana between senior civil servants on the one hand and professors in the University, as well as managers of water and sewerage operations, on the other).

#### THE RISE AND FALL OF PUBLIC SERVICE DELIVERY

**Public service delivery** - especially in respect to basic services and infrastructure was among the **strongest early independence dynamics** in most of SSA. In part this built on late colonial trends but, in all cases it went well beyond them. From **1960** through **1979** African access to public services per capita more than **doubled** (to perhaps four times the very low levels of 1945 which on a per capita basis were probably below those of 1930).

With few exceptions, primary education, health care (and somewhat latter preventative services), household water and roads-ports-airports expanded rapidly and (excluding handfuls of older elite institutions) improved in absolute quality. Even in Portuguese colonies (admittedly from almost invisible base levels), Ethiopia and Liberia and the apartheid zone of South Africa-Namibia-(Southern) Rhodesia (where increased African access did not reduce inequality of access by, nor inequality of service quality tied to, race) the upsurge was both statistically and visually apparent. In Anglophone Africa the goal of universal access to basic services in a finite period (and less frequently twenty year plans for achieving it) was the norm by the end of the 1960s, albeit the similar commitment in Francophone Africa was rendered less temporally specific by the fiscal constraints of a tradition of lower access to sustain higher quality (including, e.g. primary school teacher salaries linked to - in some countries into the 1980s equal to - those of metropolitan France).

Since 1979 the dynamic has changed brutally for the worse. By **1995 real expenditure on public services** (roughly government budget less defence, general administration and debt service) was **roughly equal in constant prices to 1979**, up slightly from mid and late 1980s troughs. However, given population increases this implied a **per capita decline of over 40%**. This is a view roughly supported by rather incomplete and inexact data on enrolments, patients treated, miles of road in service, rural water points, etc. In general these indices show some absolute rises and - even in non-war cases - some absolute falls (e.g. often in primary education enrolment) but certainly **per capita** trend declines.

The one significant group of widespread exceptions relate to children - rises in vaccinations, mother and child clinic attendance and, to a lesser and less sustained extent, declines in under five mortality and severe malnutrition except in war devastated countries. That set of exceptions suggests that the **engine of decline was primarily resource constraints and secondarily lack of simple high profile prioritisation schema for which external resources could be mobilised**. In the infant-young child-mother area, UNICEF increasingly played a catalysing-advising-publicising-resource mobilising role that reduced constraints which no agency did in respect to education or health, let alone water or rural roads

In addition to the **per capita quantitative record** the **qualitative** one is **dismal** albeit hard to quantify. Virtually no serious observer (and not many casual ones) has failed to note quality declines linked to inadequate numbers-attendance-qualification-morale-morality of public services and/or lack of complementary resources (supplies-premises and equipment-mobility). What empirical data there are support the qualitative and small case analysis, e.g. by the early 1990s it took 24 pupil years in Mozambique primary schools to achieve one (6 year course) completion, i.e. 75% of all years were either repetition or by non-completing pupils. The minimum acceptable ratio would be the inverse, i.e. 7½ pupil years per completion implying

perhaps 10% dropout and 10% repetition. Percentages of rural water points out of service for over a week in a year approached 40% in Tanzania - one of the few countries still attempting systematic recording. The time of average outage appeared to rise from weeks to months - not surprising given lessened availability of spares and of vehicles with fuel to link spares, technicians and breakdowns.

Within this general perspective of decline there are some exceptions and wide ranges of degree both between countries and within them:

- a. in Namibia, South Africa, Ethiopia, Eritrea and Somaliland - and until very recently Zimbabwe - the trend relates to a **systemic change of governance** and in each (as the Zimbabwe case illustrates) is threatened by the trend of resource constraints now that "peace dividends" are largely exhausted;
- b. **urban services** have, in general, **declined less than rural** (although new low income exurbs largely settled since 1979 are frequently exceptions). This can make external, or even domestic, urban based impressions misleading - notably so in, e.g., Mozambique where a large part of 1975-81 urban service gains were held even while war wiped out most of these made in rural areas;
- c. **degrees of efficiency** in reallocation (e.g. from defence), in redesigning services (e.g. greater weight to primary health care and nutrition and to labour intensive, local maintenance or rural roads) and to **priority** pursuit (by government and domestic social sector) of new external sources (relatively high in, e.g. Tanzania, Ghana, Mozambique) have been very varied with the implication that **further potential for progress (or service defence) on those lines may well be inversely correlated with achievements to date;**
- d. **some rural areas** (between and within countries) have been **less hard hit** than others - e.g. Zambian rural service retreat has been much greater than Tanzanian and in Tanzania some districts (including low income isolated ones) have had gains (usually in health and nutrition) as well as losses (especially in primary and adult education and road maintenance);
- e. the **priorities of governments** and (in a linked way) **expectations of people** (especially when they are electorates) as to public services (and to a degree which ones) vary noticeably. In Somaliland public services - especially water and health - have very high priority and are being restored fairly rapidly from 1992-3; in Tanzania basic services have been the core of the majority and the major opposition party's electoral appeals and are clearly a key voter litmus test. Not surprisingly, **priorities and expectations do influence resource allocations and outcomes even if responses are not always efficient** For

example, Tanzania's politicians have long believed small farming households' votes were crucial to re-election. Expenditure on agricultural research, extension and fair market access (include credit to crop purchases and transporters) have been highly prioritised. It cannot be claimed this expenditure was well articulated or cost effective, but the 3.5% thirty-five year growth trend in food production and around 3% in total small farming output (well above SSA averages and the rural population increase as well as modestly above that of total population) do suggest some positive (enabling climate) results from those sectoral public services.

**Linking public services declines and structural adjustment** - or at least its Bank variant - is frequently a red herring or a scapegoat hunt. In principle the Bank is pro these services and their expansion toward universal access and at basic level it does view them as primarily priority governmental duties. However, giving almost theological priority to public sector domestic borrowing reduction and being rather less than equally interventionist on defence spending in non-war situations, as well as coming rather late in the day to prioritising external debt writedown and largely passing over the interaction between very high real (and nominal) interest rates and domestic debt service burden have had **far less positive enabling climate implications** for public service recovery or, indeed, even holding per capita levels constant.

*Post hoc ergo propter hoc* (after therefore because of) type critiques of SA and public services frequently - though Zimbabwe since 1990 is an exception - miss the mark. On a case by case basis, it is usually clear accelerating absolute declines characterised the last years prior to SA and absolute stagnation or low growth (recovery) those of SA. The apparent regaining of constant per capita levels in the late 1980s (the high noon of SA) has, however, been wiped out by the adverse exogenous disabling climates (global economic and literal) of the first half of the 1990s.

In **post war contexts** SA's budgetary canon law does interact very badly with service restoration. It is not accidental that Ethiopia and Namibia which have pursued highly orthodox fiscal policies to maintain donor credibility and viable relations with the World Bank (and have been unusually successful in realising peace dividends and routing them to public services on their own initiative), but have deliberately side-stepped having formal SA agreements, have done better at service restoration than have their SA analogues in Zimbabwe, Uganda and Mozambique.

The Mozambique case illustrates the potential for extreme contradictions. The Ministry of Health is widely perceived (correctly) as relatively well organised and as providing reasonable primary coverage in urban and a minority of rural areas with a staff of 19,000 (perhaps half that needed for national coverage at 90% access level). With peace it has - with the support

of many donors and building from an earlier Bank backed plan for 4% annual real coverage and real resource use growth - sought to return to previously inaccessible rural areas. The IMF explicitly and the Bank's dominant public expenditure review teams have sought to impose a no personnel growth limit - feasible over 1986-93 when 3,000 odd supporting staff were retired or upgraded to para-professional and when rural access was reduced by war - i.e. the lost rural health services were offset by more urban. Domestically no saleable (or indeed credible) case can be made out for stasis today. The Government would prefer first to canvass donors for reconstruction of services support and second to - at the least - consider modest domestic borrowing (negative in several recent years) increases. The IMF has rejected this approach in principle and the Bank has been ambivalent. However, the present near impasse illustrates contradictions among priorities when absolutes, not trade-offs and options, are set up rather than any inherent Bank or SA antipathy to primary and supporting hospital health services. The interaction of SA (and parallel donor confidence restoration), Mozambican priorities and positive advice and dialogue among the Ministry of Health, UNICEF, the Bank, several bilaterals, and, to a degree, WHO, did over 1986-1992 lead to a substantial recovery of ministry services delivery (to near 1982 per capita peaks for areas still accessible) and - necessarily - substantial increases in real resources available (especially drugs, vaccines and vehicles). The present tension - properly perceived - is how fast that recovery should be extended to the 40% of the population denied access by war before 1993 and what mix of domestic revenues, external grants and domestic borrowing are prudent for this once for all rehabilitation/re-accessing exercise.

#### **PUBLIC SERVICE: ADVANCE AND RETREAT**

The **downward dynamic of the public service** (like its 1960-79 record of gains) has paralleled that of public services. In **general there has been the same general stagnation of numbers since 1979** albeit with more scatter (e.g. minus 10% overall in Tanzania over 1974-1994, i.e. apparently over 67% per capita, versus an apparent 50% post 1975 increase or perhaps 15% per capita decline in the Sudan). This **per capita decline** has not been widely noted or analysed as to results - perhaps because it has been least marked in upper level headquarters personnel usually seen by analysts and donors and/or because lack of complementary resources has rendered some public servants under-employed even though priority work for them to do had risen, e.g. immobile rural water technicians and agricultural extension personnel.

So far as can be made out, the shift in **public service makeup** has been to **increase numbers at basic professional** and para-professional level as well as (absolutely quite modestly) **senior professional** level. The **middle level** of analysts, specialists and supervising professionals has **remained weaker** than either top or bottom and often declined absolutely with promotions,

retirements and resignations not replaced. **Sub-professional administrative and supporting staff have usually declined** - sometimes sharply (Tanzania in two pre-1984 exercises retired about 50,000 largely junior level administrators/tax collectors and basically untrained agricultural extension staff as well as not re-hiring 5,000 to 10,000 departing drivers, messengers, cleaners and junior clerks).

At least as serious - more so in the short run - are **qualitative declines**. These do not relate to overall levels of training or of experience which have, in fact, continued to improve albeit much more slowly than over 1960-79. **Training** is a key factor, partly because backlogs of under-trained staff (up to 75% of primary school teachers in Mozambique) remain, but especially because previously planned refresher and upgrading training has fallen victim to real budgetary constraints (e.g. over half of Tanzanian primary health and education personnel are substantially overdue for refresher and skills development courses envisaged during their systems' late 1970s medium term development trajectories formulations). The loss of effectiveness from constraints on complementary resources has already been noted.

However, the **greatest damage to quality has been enforced by "pay restraint"** or more accurately **real emoluments reductions of up to 70%** from their peak levels (usually mid- to late 1970s in Anglophone Africa though earlier in much of Francophone Africa and later in the former Portuguese colonies, Zimbabwe and Namibia). Assuming that public servants - like other human beings - respond *inter alia* to economic (dis)incentives the implications are obvious.

The impact is compounded by two further factors. First, public service pay has fallen from **substantially to modestly above roughly comparable medium and large scale private enterprise rates in the 1970s to perhaps one-quarter to two-thirds as high in the 1990s**. Even allowing for a six month earning year, fishing vessel deck hands earned two to three times as much as primary school teachers and engineers/bosuns well above Principal Secretaries in Tanzania in 1995. Further, in a five country 1995 study for UNICEF/UNDP it was found that basic service provider wages (applicable to over half of all public servants) ranged from **one-third the household absolute poverty line** (Mozambique, Tanzania) to **two-thirds** (Ethiopia - with Mali and Rwanda intermediate) while **less than 3% of public servants appeared** (even including all allowances) **to have income equal to minimum lower middle class household budget** (\$400 to \$1,000 a month depending on cost of living). The interaction of these two factors raises echoes of a 1970s Polish public servant jest - "They pretend to pay us and we pretend to work".

As with public services there are distinct **variations**. Some relate to starting levels - the more precipitate real decline in Francophone Africa leaves absolute levels (if and when actually paid) moderately above Anglophone which started lower. Ethiopia and - since reintroducing paid

public services Eritrea and Somaliland - have sought (with partial success) to raise basic public service provider (e.g. primary school teacher, nurse, constable) pay to about the household absolute poverty line.

Once again it is **inaccurate to attribute the bulk of the fall to Structural Adjustment programmes as such**. The declines have usually been most rapid in pre SA periods and slowed - albeit usually not halted - during them. More to the point the **donor and World Bank attitudes toward public service pay in SSA long predate 1981** and are, in fact, deeply influenced by partly mythical perceptions of high public service salaries for which the *loci classici* seem to be the Côte d'Ivoire/Senegal in the 1960s with some reinforcement from late pre-regime change boosts and initial (rapidly erosion eroded) levels in Zimbabwe, Namibia and South Africa. Donors have in general shifted from a bricks and mortar always/recurrent spending (almost) never approach to aid in the 1960s and 1970s to a much more sophisticated (or at any rate complex) approach with substantial budget and import support elements (as well as a much larger emergency survival assistance component). However, *de facto* (and often *de jure*) such **support excludes public service emoluments**. Since that exclusion fuels the rise in technical assistance personnel who cost around 25 times what efficiency professional salaries for citizens might be (\$150,000 versus \$6,000 a year) the **economic logic is hard to see** unless one accepts African critics who view TA as primarily 'outdoor unemployment relief for Northern professionals - an interpretation which is almost certainly inaccurate. Donors have - often under TA rubrics - **topped up** domestic salaries of selected personnel (to get them to concentrate on work of direct interest to the donor) with results of opacity, irrational inequalities, excluded public servant unrest and divided loyalties. They - as well as most African governments - now see these contradictions as inherent in individual donor driven top up schemes.

The **World Bank** is in fact more flexible than most donors. Its **sectoral teams** repeatedly stress that wages - especially, but not only, for senior professionals - are below efficiency levels. It has - hesitantly - advocated some shifts of funds from TA and projects to approved real salary partial restoration schemes for senior personnel (with relatively negative bilateral response) and at least semi publicly - agrees **pay for field level professionals** should be near the household absolute poverty level rather than far below it. In principle it does not oppose budgetary support funding (including its own) being used for pay reform albeit in practice governments have interpreted its attitude in most cases as highly negative to actually doing so. What is clear is that **Public Expenditure Review teams** focusing on either recurrent budget deficit or domestic bank borrowing (and usually viewing expenditure proposal cuts as surer and quicker than improved tax collection) have **perceived nominal wage restraint (real wage attrition)** as a **prime tool to fiscal rectitude**. In this they have been in full agreement with the IMF, although in practice as well as principle given agreed performance on borrowing

the Fund does not seek to control the exact purposes to which SAF and ESAF drawings are put and appears to have no articulated position on efficiency pay levels.

What can be said is that **no SAP has, in practice, gone very far in restoring real emolument levels** especially in the 1990s, albeit some (e.g. Ghana 1986) have achieved some progress in the past. Frequently - e.g. Tanzania, Mozambique, Zambia - efforts by the government to prevent yet further declines have been opposed effectively by PER teams, even if in Malawi at the turn of the last decade an overall SAP negotiating team pressed for less draconic nominal public service wage constraint (real attrition). Uganda is sometimes cited as an exception. It is true that real cash wages have been increased. However, fringe benefits - which had in fact become the core emoluments with salaries the fringe - have been cut. Further, housing (previously provided for many public servants at 10% of pay - a rate not grossly uneconomic when set in the 1960s but amounting to an allowance much greater than salary by the mid-1980s) is being sold off at prices ranging from 10 to 30 times occupier (enhanced) salaries at 5% interest leaving negative cash flow before amortisation in a majority of cases. Able senior officers, perhaps understandably, are by no means all convinced these steps taken together restore real emoluments. But it is also fair comment that no SSA government - with the tentative and partial exception of Tanzania - has - in a SAP context - put forward an overall, articulated and timed set of public sector emoluments reforms linked to articulated staffing level and productivity targets and related fiscal mobilisation/reallocation trajectory proposals. To that extent the Bank has been given the option of saying "Yes, but" in principle and "No, not yet nor that way" in specific cases. That approach to SA does no favours to the Bank, the SSA governments, their public servants or the Africans needing improved public service delivery.

Before addressing pay, professionalism and productivity in more detail it is useful to set out a **composite snapshot** of the SSA public service position as of 1995 while acknowledging that significant divergences exist on several points albeit the overall pattern does apply to almost all states except Botswana, Mauritius, Seychelles and - for middle and senior professionals (outside nursing and primary teaching cadres previously designed for black, not white holders) - to a substantial degree South Africa and Namibia. Zimbabwe was an exception to about 1990 but is so no longer.

1. **Total numbers are too few** to provide universal access to basic services, to personal security or to infrastructure (the main personnel using functions). Roughly speaking the non-military personnel requirements for a country of 25 million would be of the order of 350,000-400,000. Tanzania (with about 30 million) has 300,000-325,000; Mozambique with 15 million under 120,000; Ethiopia with 50 million somewhat over 200,000 (excluding police who are *de facto* a branch of the military). In Mali if all primary school



age children were in school the pupil teacher ratio would approach 200. To achieve UPE at a 40:1 ratio would require more than doubling the entire present public service. The myth of vast net overstaffing appears to relate to cases like the Sudan which formerly hired all graduates and was overstaffed by the mid-1960s and to Senegal which inherited the former French West African Federation public service on AOF's dissolution. Arguably Namibia and South Africa are also overstaffed - as a result of the heritage of governmental fragmentation by race under apartheid and the provision of security to post holders as a part of political and social macro reconciliation/stability packages.

2. **Most personnel are in field level professional and technical service delivery.** Primary school teachers, nurses and para-professional medical assistants, constables, agricultural extension officers and water/road technicians and artisans usually comprise about two-thirds of public servants. In some cases, e.g. Mali, Mozambique, Rwanda, primary school teachers alone are virtually half of the total. The myth that there are generally large numbers of unneeded personnel is rarely accurate - perhaps 5% (largely in supporting categories, e.g. cleaners, messengers, drivers, domestic staff, junior clerks) are normally surplus to requirements and in some cases 5% or more of posts are 'held' by "ghosts" (whether retired, deceased, otherwise departed or non veridical from the start) who should indeed be exorcised.
3. Inadequate numbers are made even less serviceable by **inadequate or outdated training.** In Mozambique probably 20% of primary school teachers are adequately trained, 60% require completion of training and/or refresher training, 20% are likely to prove untrainable and need to be replaced. In Tanzania a majority of primary school teachers and primary health care workers are overdue for initially planned refresher or further training.
4. **Geographic allocation** of personnel is highly unequal - intra urban and intra urban as well as rural/urban. In general, areas (including outer city exurbs) with rapid post 1980 population growth are least served.
5. All of these characteristics are **worsening or at best not being reversed rapidly** even when - as in Ethiopia, and in Mozambique and Tanzania in respect to health services - doing so is perceived as a priority. Contrary to the myth of generalised rapid public service growth in recent years most **public servant numbers peaked from the mid-1970s through early 1980s** (Tanzania in 1974, Mozambique in 1982) and declined or seesawed since while population has grown between 2% and 3% a year. Budgetary stringency - governmental and public service household - has limited training. The government budget impact is evident. The public servant impact operates through the low real incremental income after training and the loss of crucial secondary (or other household

member) incomes during training. Rising populations and shifting population patterns with static service numbers and low capital budgets necessarily result in growing inequality in access to services. Concentration on and controversy surrounding "big bang" (versus attrition by non-replacement) firing of supporting staff above needed levels has diverted attention from more basic aspects of public service and governance reform while saving limited (or, counting termination benefits, negative initial) fiscal gains.

6. Public servants are **underpaid** in two basic senses. First, **over 50% receive less than half household absolute poverty budget levels** in emoluments and perhaps 3% lower middle class household budget levels. Evidently households' needing two earners is not unusual anywhere but pay so low relative to minimum needs is unusual. Second, roughly comparable **medium and large scale private employer pay** - except in South Africa, Namibia, Botswana, Mauritius, Seychelles, and to a degree Zimbabwe, ranges from **three to five times as high** (an inversion of 1960s patterns and a continuation of a trend building up since the early 1970s).
7. With **substantial resultant inefficiencies** (in cost per unit of services delivered especially when quality weighted). Sub-subsistence pay requires coping: time taken from that supposedly dedicated to (and supposedly paid for by) public services, low morale, dodging training, 'privatised generalised user fees' and corruption/theft flowing from need rather than greed. What is not paid for is rarely delivered and poor nutrition and access to health care as well as the need to earn extra emoluments income in fact make full delivery impossible for many public servants.
8. Resulting in **relatively low pay to recurrent budget ratios** in many basic service providing ministries (25% to 40%) as well as low levels supporting inputs which are not infrequently at half the levels needed for efficient use of nominally personnel available. Implicitly 60% to 70% overall increases (100% for pay and 50% other recurrent), for recurrent expenditure excluding debt service, defence, general administration are needed in many SSA states to operate present public service/public service delivery capacity efficiently. At these levels the pay share would be 40% to 50% - far from the 80% to 90% often supposedly existing now but pertaining (where it exists at all) to primary unit (e.g. school, district water office) budgets not those of entire ministries or even programmes.
9. **Tax collections** as a proportion of probable tax due and of GDP have **fallen** because of low morale, limited supporting resources and corruption ('privatised user fees' for non-delivery of revenue collection) as well as inordinately numerous and generous (except to service users and to taxpayers who do pay) concessions based on faulty analysis and ineptitude as well as corruption. Tax has not usually absolutely even in constant prices nor necessarily as a proportion of GDP. That with static or falling real GDP per capita and

rising real debt service per capita is, however, not enough to sustain present debased per capita service levels let alone begin to finance their recovery.

10. **Professional structure, procedural and bureaucratic breakdowns** - often to the point of near vacuums - partly because discipline cannot be enforced when pay scales - and morale - are at present levels and standing orders plus related guides have not been updated during extended crisis periods and are probably severely dated and in any case virtually unknown and unavailable.
11. Generalised **systemic** problems - not ones confined either to the top or to the bottom grades (or for that matter to middle ones, e.g. economic analysts, statisticians, district or ministry section directors, district engineers) nor related to a few isolated problems within a generally stable structure and a positive or neutral trajectory.

This snapshot is in **one sense too gloomy**. In the case of public services in countries whose governments retain legitimacy with public servants and users, the actual numbers of public servants trying to do a job and their performance are by no means insignificant. Even the postal clerk (paid about the cost of transport to work) who collects personal 'fees' on each piece of mail cancelled and posted or the policeman who enforces (more or less correctly) seat belt and vehicle condition codes at half price for his own use, but does act professionally in respect to crimes of violence and burglary are providing services (she is there and the mail moves/he deters and or catches felons) even if in a third best way compared to government or user community group payment. However it does underline two points:

1. **continuation of 1979-96 trends** will at some - not precisely predictable - point **lead to systemic breakdown**. In some countries this point must be close unless a turnaround can be begun soon;
2. dealing with training and emoluments of **top level personnel only** (as is not infrequently proposed by donors and consultants) is **no solution**. African public services have always been weaker in the middle than at the top (numerically relative to need and qualitatively relative to requirements) and this has been accentuated during the period of decline (partly because coping - including opaque allowance creation and overseas trips - is much less difficult at the top) while the basic service delivery cadres have been pushed to well below the absolute poverty line, e.g. in Maputo Household Survey data show 30% of public service households below the abject and over 50% below the absolute poverty line).

## V.

### PAY FOR PROFESSIONALISM AND PRODUCTIVITY

The preceding argument and review is straight forward:

1. **Provision of services** is one vital aspect of governance and the one to which most resources are - necessarily - devoted. Accountability and participation, human and peoples' rights and democracy are equally important - and broadly complementary - aspects, but without service design, articulation and delivery they capacity constitute, at best, a three legged armchair - radically incomplete and unstable;
2. **Public servants** are central to the design, articulation and delivery of **public services**. Political strategy and decision taking and complementary resources are crucial to create an enabling climate and a sense of direction but without adequate numbers of appropriately trained public servants who underpin competence with morality and morale decisions cannot lead to results and other resources will be largely wasted;
3. The **adequacy** - in numbers, in training, in morality and in morale - of most SSA public services has **eroded significantly since 1979** (and sometimes even earlier) and substantial segments of many are in real danger of collapse. A number have literally vanished or remain like wooden shell structures whose content has been devoured by termites;
4. **Restoration of their productivity and professionalism** is crucial to any serious political economic strategy of recovery and establishment of any dynamic of transformation;
5. **Erosion of pay is central to the decline** in public service capacity and delivery of public services and **halting**, and launching a credible dynamic toward **reversing**, that erosion is a pre-condition for meaningful public service reform.

The argument is **neither that higher pay is a sufficient condition nor that economic incentives are everything**. Rather it is that public services are politically and socially as well as economically crucial; that most African public servants cannot afford to provide a fair day's work because they do not receive anything approaching a fair day's pay (however defined) and that under these circumstances to expect high morale is to engage in self-deception and to hope for public spiritedness is to hope that public services can be constituted exclusively from ascetic saints - a type of human being universally in very short supply.

**To advocate professionalism and productivity reforms precede pay increases is unrealistic**. The changes required to raise productivity and the context in which professionalism can be encouraged (and when necessary enforced) are impossible so long as

'outside' earnings equal to or above public service pay are for many officers - often a majority - a necessity to keep their households out of poverty. *Per contra* if the penury context is changed, many of the changes back to productive professionalism will be welcomed by many - probably most - officers.

**To argue that pay reform should be completed prior to launching reforms focused on productivity and professionalism** would, however, be both **unduly optimistic** as to the transience of bad habits learned under the lash of low pay and **unduly pessimistic** as to the willingness of public servants to accept that a fairer day's pay deserves a fairer day's work. Further, restoration of pay to - say - full household absolute poverty line for entry level to basic artisanal, skilled labour, foreman and front line professional cadres (\$75-150 a month) and modest middle class household costs (\$500-1,000 a month) for senior professionals - and actually paying in full, on time - will be a process requiring not months but decades in many SSA countries. Just as it makes little sense to hold up pay reforms for years while seeking a long term articulated blueprint for all aspects of civil service reform, so too it is imprudent to seek to complete action on the pay front before launching productivity and professionalism reforms.

Two issues not central to this paper require side mention: the **poverty of public service households** as a human and a macroeconomic problem and the reality that **systemic, oppressive mal-governance will render any public service reform abortive**.

Public servants are people as are the members of their households. If half are in abject poverty in a metropolis in which at least a fifth of all households have a public service salary as a major component in their household income (as in Maputo and - e.g. - probably Dar es Salaam and Bangui) human misery, demonstration effect and macroeconomic failures are important. Public service households may make up to a quarter of the 20% odd of SSA urban households in absolute poverty even if for SSA (rural and urban) as a whole they are, perhaps, 5% of those afflicted. For the government to pay inefficiently and inequitably low wages sends a very poor message to enterprises and households and creates tensions not particularly conducive to social stability. To constrict a large source of household incomes (and of the market for 'informal' sector goods and services) erodes achieved GDP with very limited offsetting gains since its supposed fiscal virtues are largely, or even to more than wholly, offset by reduced tax collection, increased theft of government property and 'need' for additional technical assistance expatriates at the expense of import/budget support funding.

However, for the purposes of public service reform, these additional drawbacks of low pay are not the case for improved remuneration but, rather, demonstrations that its spread effects are, by and large, positive. The present case is **adequate public services require adequately remunerated public servants**

**Repressive mal-governance** is a context which, so long as it continues, precludes almost all partial measures for improving governance. This is not quite a total or universal reality - parts of the Ethiopian public service under the Mengistu regime did perform creditably and the same can be said of some public services in SSA who face repressive regimes today. The reason not to address that issue in any detail here is that it stands outside the context of public service reform and among those issues which public servants - as such - can influence, at most, marginally. Public services and public service reform have been a key strategic element in the new Ethiopian, Eritrean and Somaliland governments' governance projects, but ones brought to the fore (and even planned in any detail) only after the oppressive regimes were wiped from the slate.

Two of the weaknesses sketched earlier cannot be covered by civil service reform: **numbers of public servants** (too few) and **quantity of complementary resources** (too low). However, increased productivity can render present numbers of public servants less inadequate and reconstitute a base from which to expand. Until the pay-productivity-professionalism cluster of challenges is on the road to resolution for present personnel and service levels more than selective expansion toward universal access is usually highly unrealistic and probably unwise.

The **complementary resources** issue cannot be postponed to the same extent as that of major service expansion. True in cases such as vehicle spares, drugs and petrol, 'leakage' is often 25% or more (and has been known to be from half to two-thirds with use either unrecorded or described as 'lost', 'spoiled', 'time expired'). Proper pay and professional control could reduce these levels of loss but that would - at best - increase overall complementary resource (equipment-spares-tools-drugs-books-fuel-vehicles) availability by 10% whereas 50% is a more common guideline for needed increase. However, to operate present capacity properly, this is a parallel, not a preconditional, issue - public service reform can parallel or even lead complementary resource mobilisation and increases the justification for it by demonstrating that the resources will be well used.

#### **COPING AS CONTINUUM FROM CRISIS TO CATASTROPHE**

A frequent answer to criticism of public service pay is to reply that public servants are still there so, self-evidently, they can 'cope'. It is indeed true that public servants 'cope' with low pay, if they do not quit. However, valuable as this may be in assisting their and their households' survival, in keeping most posts filled and some services flowing, romanticising coping is perverse. "Blessed are the poor" does not assert it is blessed to be poor and coping, like poverty, is inherently undesirable.

To understand how it erodes, limits or destroys public services it is useful to look at the main coping tactics:

1. **absence from workplace** - in the extreme becoming a near ghost worker showing up only to collect pay but more normally being absent numerous hours and days in order to clear time for other earning activities;
2. presence at workplace combined with **using public workplace for private work** whether computing consultancy reports, selling by phone, repairing vehicles or running a government car as a private taxi;
3. **low scale klepsi klepsi** (pilferage) - a bit of stationery, a few spare parts for vehicles, a little petrol either to use or to sell on the side;
4. **full scale theft** (or collusion to facilitate theft) of public property;
5. **privatised, generalised user fees** set, collected, pocketed in private capacity by public servant for performing services his employment requires him to perform but for which adequate pay to survive without side income is not forthcoming. Examples include licking, cancelling, despatching at post office; making out slip at entry desk; 'extra' lectures or tutorials for key elements of a school course; provision of nursing services or drugs; prompt processing of applications - a list as long as human ingenuity;
6. **borderline fraud** - e.g. the policeman who charges - probably legitimate - seat belt, vehicle condition or minor traffic violation fines on the spot for own pocket - perhaps cut rate or apparent payer affluence related, even though he takes a professional attitude to serious crime (e.g. vehicle theft);
7. **fraud and corruption proper** - e.g. charging for **not** collecting tax or arresting on serious crime charge or entering into contracts against public interest or providing documents/services to which applicant is not entitled;
8. invention of complex, opaque **allowance structures** having little to do with reimbursement of work related costs as opposed to evading the consequences of low pay scales and frequently creating incentives for travel and/or doing work of special interest to top up providing donors at the expense of time allocation efficient in terms of service provision;
9. building up a **multiple structure of household income streams** - waged and self-employed, formal and informal, public and private, wife and man, adult and child to

achieve a total near or above absolute poverty line (or for senior personnel middle class minimum budget) even though each component is far below it.

Each of these means has negative implications for normal provision of public services, which are not equally or fully reversible by reinstatement of plausible pay.

**Absence** from workplace and attending to own - not public - business are quite straightforward in impact. Assuming pay restoration is accompanied by restoration of sign-in rosters and random checks on presence and activity, they are also the easiest to reverse.

Low scale **theft** can probably be cut back drastically with surveillance linked to better pay - both moral consideration (including willingness to crack down) and greater ability to threaten sanctions will have that result. However, full scale theft like full scale **corruption** usually has a substantial top level component and requires a systematic cleansing of top level posts discussed further under professionalism.

**Privatised fees** do secure the presence of staff and provision of services. If graduated on an apparent ability to pay basis they may (ironically) be less poor person access impeding than more formal fee structures and exemption procedures. However, they do in general reduce access and are clearly less efficient than proper state pay - with or without public unit user charges toward the unit's budgeted costs. In practice, there is no guarantee better pay will lead to the end of such fees. Possibly 'publicising' them through formalisation with user community as a package of services, goods and cash toward ground level unit costs (including complementary input augmentation and improvement of public servant housing in rural areas/small towns) would be useful and workable in some contexts.

**Borderline fraud** is hard to contain anywhere - better pay and overall professionalism help but are not enough. The problem is that such fraud often has no evident victim. In the example, the motorist probably would have to pay an equal or larger fine and spend time in doing so. Containment not cure is the realistic objective.

**Massive fraud** especially in respect to tax collection (the public service vital to financing all other public services) and to contracts (highly important for cost control) must be rooted out. Not all of it is need motivated and not all of that will be ended by better pay. As noted under professionalism, a ratisage to clear out notorious offenders and better monitoring are needed to build on the chance enhanced pay provides.

**Most allowances** should - as part of pay reform - be 'bought out'. This is especially true of structures of travel allowances and of donor top ups which distort time allocations. Housing allowances - where long established and widely available at 10% or 15% of pay which was once an economic charge - may be exceptions because the cost of rationalising by 'buy out' is



too high and so too are the disincentives of suddenly charging 'economic rent' without buyout. Travel to work allowances may be relatively benign if calculated on the basis of real monthly public transport cost, not inflated to base levels in excess of salary and quite independent of actual possession of a car (by no means an unknown form).

**Other incomes by other family members** pose no inherent problems. The two adult earner household increasingly is the norm in OECD countries too. But when the 'others' include children curtailing their schooling and socialisation there are clear costs to society and probably demoralisation of public service parents. **Other incomes by public servants** pose greater problems. In theory beyond government work time they are acceptable so long as unrelated to - or more accurately unlikely to influence - public business, e.g. a tax officer may not advise on taxation but a teacher might 'moonlight' in a private night school. In practice, conflict of time and energy availability and of interest are only too frequent and real. But as there is little chance of fully adequate pay in the short term, a policy requiring pre-approval but fairly lenient in giving it for non-conflictual work is realistically less undesirable than most alternatives. This is particularly true of certain professionals, e.g. university faculty, doctors who do have skills not readily available outside the public sector for whom a public base plus private consultations is probably more socially desirable than public vacancies paralleled by private clinics and consultancy firms. However, some clear bans are needed - e.g. magistrates, judges, at least middle and senior tax and police officers, all officers so senior their analysis and advice informs large swathes of government decisions. The test is ensuring and being seen to ensure absence of manipulation of public business by apparently innocuous relationships.

### **HOW FAR? HOW FAST? HOW MUCH?**

To reach a basic decision to resuscitate public service salaries is a considerable way from arriving at an articulated, dated, costed policy for doing so. While details are necessarily contextual - and often complex - three main issues are general. **How far?** That is what cadres of public servants should be covered? **How fast?** How soon should the increases be implemented; if phased by sector full coverage achieved over what period; if phased rather than once for all real increases what interim level achieved how soon and what target for achieving 'full' increases? **How much?** What are potentially efficient and sustainable pay raises and ranges? These topics necessarily involve finance - fiscal realism should be held at least on the edge of analysts minds throughout. However, it is usually prudent to work out what is needed - with what phasing - then cost and if necessary (realistically as necessary!) iterate back to coverage, increases, phasing to reach a feasible target. If higher pay is necessary for cost as well as quality efficient public service delivery, to constrain reform proposals by artificial fiscal preconditions is fiscal folly not fiscal prudence. Fiscal mobilisation and reallocation considerations are addressed in a subsequent section.

The starting point for **how far** should be the entire public service. Raises for only the top 2% to 5% have clear defects. Without better motivated, more productive intermediate level staff top personnel neither have the data and analysis to make sound decisions nor the capacity to have them articulated and operated. Basic service provision and data on it, in turn, depends to a substantial extent on the pay of the majority of public servants who are field level professionals, para-professionals and skilled workers. The clear bias of pay reform proposals toward the top apparently turns on the greater ability of those personnel to find other jobs and, perhaps even more, the fact that they are the ones seen by the expatriate and citizen reform designers. Further, in many cases a proliferation of opaque allowances has in fact protected top public servants better than middle and field level even if simple observation of basic scales would suggest the reverse.

However, exceptions may be appropriate under at least three categories:

1. **overstaffed**, limited skill, supporting cadres, e.g. cleaners, messengers, junior clerks might be excluded until either non-rehiring or early retirement has reduced staffing to appropriate levels (or until a member of it has been accepted into a training programme for a covered cadre);
2. **unqualified** personnel holding acting posts should probably have limited increases until they have entered (or in the case of shortages of places been scheduled to enter) a remedial/upgrading training programme;
3. cadres in such a state of structural and organisational **chaos** that pay increases could do little - until basic structural and organisational coherence had been restored should have their increases held back while such a framework is (as a matter of urgency) recreated.

**How fast** to act requires balancing the costs of delay (continued low productivity and risk of further erosion or collapse) versus those of too quick action (unforeseen side effects, less than optimal interaction with other elements of pay-productivity-professionalism reform package. In most cases the bias has been to put too much emphasis on the latter costs and to move too slowly.

A decision to move to pay restoration need not take more than three months - the basic case is hardly obscure. Identifying cadres to be covered and sectors in reasonable enough working order for initial tranche inclusion might take three to six months. A final three to six months articulating and iterating with budgetary concerns gives a total of - say - 12 to 18 months (about what Ethiopia and Somaliland took; Eritrea was up to three years partly because it began with no initial civil service or budgetary structure - but eighteen months from *de jure* independence)

The case for phasing is threefold: cost, administration of transition, unequal present institutional competence. A three year - one-third of cadres each year - transition might be helpful in respect to each of these problems while giving rise to hopes and efforts, not bitterness and yet lower productivity, by deferred groups.

In phased cases the relative readiness of institutions to take advantage of higher pay to bolster productivity and professionalism should be a bottom line consideration. For example, in Mozambique, Health and Water should be in first year because they are well organised while, at least on status through 1994/95, Education should be deferred to year three with an urgent restructuring and redefinition of goals in the interim. Another criteria is importance to users - e.g. in Somaliland water clearly does rank first, in Ethiopia education or health.

A third bottom line is two services - **tax collection** (including associated police) and **accounting** - which should always and a third - police - if at all practicable (not the case if no civil police separate from army exists).

**Tax** services must - by clawing back the one-quarter to one-third of present taxes due at present rates which typically go unpaid, as well as the fiscal dividends from growth - be the basic dynamic for financing the whole civil service reform. Therefore the faster they can be paid at efficiency rates the better - a case for decent pay not tax farming paying staff percentages of collections, a method whose historic flaws led to their virtual abandonment by 150 years ago after vitriolic complaints set out as long ago as - e.g. the New Testament.

This may justify semi detached departmental structures to facilitate pay initially 'out of line' with comparable posts on other scales. This pay manoeuvrability, not 'independence' as to policy or broad administrative structure is the real case for so-called "autonomous tax agencies". That they should have the duty to administer day by day and case by case by rules not 'higher' intervention is valid, but no less so in a Treasury department than an autonomous one. That they should be self-ruling as to policy or administrative frameworks is very poor governance practice and more likely to reduce than enhance accountability and probity. But the - at least temporary - creation of a separate cadre to facilitate speedy higher pay and weeding out of rotten or bruised mangoes (apples) in the process of transfer does in some (perhaps many) contexts does have a good deal to be said in its favour.

**Accountants/auditors** are key to avoiding erroneous and fraudulent expenditure and to providing much of the information to monitor public services and render them accountable. Therefore fiscal reasons weigh in favour of rapid pay restoration - as does the fact that competent accountants and bookkeepers can move to the enterprise sector. The Auditor General and his (or very occasionally her) office are - or should be - analogous to the higher judiciary as to independence and pay.

**Police** (when available, trained and honest) are crucial to personal security as perceived by rural as well as urban households in SSA states not as mal-governed that police are seen as another species of oppressive bandit. User fees by them (as well as moonlighting) are particularly likely to lead onto the slippery slope to corruption proper and to their being bought up by those they are supposed to prevent from operating. Therefore - perhaps surprisingly - a sound political and social as well as economic case exists for early partial real police pay restoration.

**Armed forces** pay poses special problems in this context. It is usually substantially above civil - which may not be saying much - for prudential reasons. In almost all cases reduction in numbers of military personnel - combined with reintegration into the civilian economy so they do not simply use their arms and training to go into 'private practice' - is both fiscally desirable and militarily sound. Large numbers of ill-trained, ill-equipped, ill-paid infantry do not constitute an efficient macro security force and are at least as prone to rioting as to averting riots by others. However, rapid demobilisation into penury is likely to lead to retention of weapons as 'productive capital' for private enterprise banditry or for 'informal sector' hire to entrepreneurs of political destabilisation. Some reform to reduce numbers, professionalise and - probably - to pay more is needed parallel to civil service reform. In general final scales (except perhaps for Generals) should be comparable to police.

That timetable assumes that longer term analysis and decision informing on a twelve to thirty-six month calendar is carried on in parallel on more detailed aspects including second and third tranches where the pay reform is phased in sector by sector over three years. From the time "slash and burn" employment cutting was dropped and in-depth structural reform and renewal analysis begun, the Ghanaian and Tanzanian programmes took about that long to reach strategic proposals - either inability to secure prompt decisions, a perfectionist desire to fine tune or both have characterised subsequent periods. Ethiopia's parallel pursuit of in-depth and further tranche proposals seems likely to be completed and action decided upon over a total period of three to four years.

If phasing is planned, either a maximum **three year phasing** or a longer one with interim increases for lagged sectors appears to be indicated. Greater lags will create severe discontent in respect to perceived inequity by 'not yet' receivers albeit interim increases could offset this up to a point. Realism suggests a **1 to 3 year drive to a bare bones interim target** (in some cases still twice present pay) and a **5 to 10 year continuation** to a real emoluments pattern believed sustainable (in terms of public service efficiency and of budgetary balance). Countries with less attenuated pay today - e.g. Zimbabwe, perhaps Côte d'Ivoire - may be able to phase directly to the sustainable level over three to five years. Ethiopia, Eritrea and Somaliland are completing interim level attainment, but face severe resource constraints so that five to ten years may still be needed for full sustainability/efficiency levels. In Botswana, Mauritius,

Seychelles and South Africa most basic levels may be acceptable now albeit - especially in the last case - certain cadres previously *de facto* for black professionals and skilled workers are too low absolutely and relatively. (This assumes South Africa and Namibia will retrench the surplus personnel inherited from apartheid which may be 25% of total and replace with basic service delivery posts - where practicable filled by retraining rather than retrenching the historic anachronism quarter to the extent it cannot reasonably be projected to retire or resign over the next five to ten years.)

**"How much?"** will for most public servants, decision takers, Treasuries and donors be the bottom line. General answers - as rules of thumb or guidelines - are possible but in a form meaning serious contextual analytical work not "printouts" are the next step toward application.

A reasonable interim target could include:

- a. **minimum entry level pay equal to two-thirds the absolute poverty line for a household of six;**
- b. **incremental scale and realistically attainable** (given availability and acceptance of training) **promotion** possibilities to achieve at least **double the minimum by the end of twenty years service;**
- c. a **maximum** for top professionals either **ten times the minimum** or **two-thirds lower middle class household budget.**

An **absolute poverty line budget** is based on calorie/energy nutritional requirements in a diet that a normal person would eat plus similar assessments of housing, clothing, cleaning, fuel, water and lighting costs. No such calculation is purely technical or mechanical - there is a social context element - but the items are such that the subjective element is low. Converted to dollars at a plausible exchange rate - necessary for inter country, and useful in high inflation cases for inter temporal, comparisons - SSA figures appear to range from about **\$60** a month (e.g. Ethiopia) through **\$80** (e.g. Mozambique, Tanzania) and **\$125** (Mali, Ghana, Rwanda) to as high as **\$200** (e.g. Côte d'Ivoire, Namibia, South Africa). In most countries APL budgets could be fairly readily calculated although the number now extant and regularly updated is much lower.

A **lower middle class budget** is much less 'scientific' because the social and expectational elements are high. The most problematic element is transport. Given poor public transport and business needs (as well as amenity and status) it is hard to make an ironclad case against inclusion of a (used, small) car. The probable range would appear to be from **\$500** to **\$1,500** a month. more or less (but not exactly) paralleling divergences among poverty line budgets.

What is sometimes called a "poverty line" or "efficiency line" budget modifies the absolute poverty line budget to take into account lesser austerity and social and contextual/expectations. In practice it tends to be what (middle class) professionals - after usually limited contact with poorer households - perceive as the minimum they could imagine any household living on. Increased poverty confronting public sector professionals may have brought these estimates closer to 'objectivity' since 1990. In general they range from 1.5 to 2.5 times the absolute poverty line estimates. No argument is made here that these budgets are inherently excessive or undesirable. They are, however, a less necessary bottom line than the absolute poverty estimates. It is very doubtful most households of six can - whether in the public, the private or the self-employed sectors - attain them within the next two decades without two full time adult earners. Certainly that is increasingly the case in North America and Western Europe.

The **two-thirds** initial target is **not** intended to advocate households living (existing) on that income alone. It is in the context that a six person household in SSA normally has 2 (statistically 2.3 to 2.7) economically active adults and that it is unlikely a full time earning spouse would earn less than one half the public service salary. The public service pay plus second economically active adult earnings should both allow children to be in school - not working - and public servants to put in full 40 hour (or 37½ hour plus 7½ hour training) weeks while keeping household income at or above absolute poverty line.

The **ten to one** range is a pure rule of thumb - advocated partly because most people in SSA would accept it as 'fair'. Ranges of 3 to 1 are usually perceived - even by low wage earners - as unfair and are certainly incentivating to coping rather than to seeking to win promotion/improve productivity. Ranges of 30 to 1 are viewed (even by top public servants judging by their desire to disguise them behind opaque allowances) as inequitable or at least socially and politically divisive.

Four major but secondary complications arise in respect to these targets:

- a. urban/rural differences - including higher urban costs (e.g. transport to work) and lower rural opportunities for second economically active adult to earn;
- b. cadres with high private sector pay opportunities and very strong reasons to forbid private practice, e.g. judges, state attorneys, senior policy advisers and contract negotiators, tax officers);
- c. cases of complex, opaque and large allowance systems;
- d. pervasive, long running privatised user fee patterns.

Arguably the **urban/rural** cost and benefit divergences cross cancel or - at field professional level - are slightly pro-rural (which has something to be said for it). In that case a flat (public transport cost equivalent) city transport allowance in urban areas plus building up a network of user support groups in rural areas - with particular focus on provision and maintenance (whether free or at low cost) of housing - may be a practicable approach.

In respect to some cadres, e.g. doctors, university faculty regulated out of hours private earnings can be used to allow augmentation of incomes. In others - as noted - the **conflict of interest problems** make this highly undesirable. The only evident remedy is **higher scales** or uplifts from a standard scale. Even at middle and lower levels the conflict of interest concern applies to tax and police officers and constables. Here again separate - *de facto* higher - scales and/or provision of low or nil cost accommodation (often also useful on availability for duty grounds) may provide a way forward. Rough comparability by qualification and seniority has its uses, but in cases of potential conflict of interest or especially high risk of loss to the private sector cadre (not individual) specific uplifts can make sense and be 'saleable' to the public.

**Allowances** need to be made few, transparent and - in general - to represent genuine reimbursement of actual or estimated costs of employment. Many systems met that test in the 1960s but most even of those which still did so as of the late 1980s (e.g. Tanzania) have now moved to the opposite extreme under pressures to halt or limit general nominal scale increases and the self-protective instincts of senior public servants (and Ministers) who design/promulgate/operate allowances. Ironically in cases of political commitment to limited inequality and in parallel of dominance of Public Expenditure Review missions (Bank/Fund), Structural Adjustment has - contrary to its own logic and intent - been the midwife of extended families of opaque allowances.

Two caveats apply. Bonfires of allowances that largely or fully offset scale increases destroy the main point of pay reform. If housing allowance or provision of housing at 10% of pay is widespread and long-standing (in which case when established it was not that far from being an economic rent charge), its removal should probably be postponed. Buying out will be very complicated, look unfortunate on the Budget and - probably - lead to administrative muddles. Abolishing without buyout is all too likely to mean eviction because new rents (or term sale charges) exceed even doubled basic salaries.

**Privatised user fees** may also need to be bought out. To determine the scope of the problem rough checks on how common, how much, how collected would be useful (and collected from users - or in a buyout context even from chargers) may give at least tentative order of magnitude answers.

**Literal public servant personal charges** to proper recipients of public services (let alone for favouritism in, or improper supply of such services) need to be eliminated. To the extent they have not severely hampered user access - which varies - they should be converted into community collected contributions to service level unit budgets with amounts and cash-goods-services makeup negotiated between user committee and unit director (e.g. Head Teacher Clinic Director, District Extension Officer). Where appropriate part could be to the benefit of staff, e.g. food, assistance with crops, low rent housing provision, time and materials for house maintenance. Regularisation rather than abolition may often be the optimal available option and one which reduces the fiscal pressures imposed by reform on the budget.

The **long term/sustainable goals, after the initial targets have been achieved**, could be:

- a. **minimum entry level (all cadres) equal to household absolute poverty line;**
- b. reasonable expectation by increments and promotion of **reaching efficiency/poverty line household budget by 15 years into an officer's career** (i.e. for the normal public servant, not just the "high flier");
- c. **ceiling 10 times minimum.**

This is likely to mean a range from the lowest minimum through a 'typical' mid earner to the highest (except for special cases such as senior judges) maximum running from \$75 through \$200 to \$2,500 a month in 1995 prices converted to USA \$.

All of the proposals assume regular - not less often than triennial and annual if inflation is 20% or more - exercises to avert massive, sustained re erosion of restored pay. This need not be a literal cost of living uplift so long as it is - and is perceived to be - policy to reverse inflation erosion of real emoluments.

## VI.

### **PRODUCTIVITY: PRACTICAL PERFORMANCE PROMOTION**

In the context of governance the prime case for public service emolument levels - indeed public servants - is **delivery of adequate volumes of public services of acceptable quality in user friendly ways. Pay that is too low to achieve that result is inefficiently low while pay increases that do not result in a process of improvement are equally inefficient** from a governance perspective, even if they reduce absolute poverty among the households of state employees.



The case for pay increases is **not that they are a sufficient condition** for improved efficiency, **but that they are both a necessary and facilitating one**. How far and how fast depends primarily on whether many public servants do desire to serve but have been constrained by copy, whether a workable professional and administrative system exists (or is recreated in parallel to emolument enhancement and whether minimum necessary levels of complementary inputs are available or can be mobilised).

The evidence for that contention turns partly on the 1960-79 record in most of SSA and partly on the - rather surprising - dedication and performance surviving among substantial numbers of public services and individual public servants. Over 1960-79 African public service delivery per capita grew substantially - as set out earlier. Quality was probably constant, but the shift from no or very poor services to passable probably more than offset erosion of limited access high quality services which had been built up primarily for expatriates, extended to African elites in the last years of colonialism and could (for fiscal and personnel reasons) not possibly be generalised to universal (or even majority) access in the foreseeable future. In addition the range of services (including policy, analysis and advice) became broader and more sophisticated.

As of 1995 service delivery **quantity per capita is much lower than in 1979** - or alternative national peak year - all too often by as much as 50%. In general **quality has also declined** - sometimes (especially in certain rural and peri-urban areas and in totally conflict ridden zones) to the point only a facade remains with an empty shell behind. The range of services actually provided with any competence has declined. Domestic policy advice and analysis usually have deteriorated both for reasons similar to other services and because responding to foreign agendas amid a tidal wave of very mixed (competent/incompetent, relevant/irrelevant, desired/grudgingly accepted, domestic user friendly/prancing proconsul) foreign advisers and consultants is not conducive to morale in these areas.

As mentioned, and perhaps needing underlining, **many public servants still seek to act professionally and to deliver services** within the constraints posed by the need to cope and the lack of adequate materials (e.g. books, drugs, spares, tools, seeds) and mobility. This is sometimes true in isolated rural areas perhaps because in those contexts user support (e.g. food or help in growing it, fuel, housing provision or maintenance) is easier to organise for public servants perceived as providing something useful and because basic food and housing costs are distinctly lower.

However, to argue that partial restoration of real emoluments would lead to some increase and some sustainable (at least if the emolument increases were sustained and not a blip in a static or falling trend) forward dynamic is very different from arguing against **specific productivity boosting measures**

The most important pair are very simple, perhaps too obvious to be taken seriously and also a return to the past:

1. requiring officers to **be at their workplace** for all contracted hours - e.g. by maintaining a check in/check out system and random workplace inspection;
2. equally requiring them to **work on public business** (not private sidelines whether consultancy or vehicle repairs), is at least largely achievable by spot checks.

These requirements - and checks on their fulfilment - used to be standard. In general they have either fallen into disuse or at least non-enforcement. They are simple and low cost.

Two further general measures are also quite straightforward although perhaps less self-evident:

3. requiring officers to accept **remedial and refresher training** and, in respect to part time/in-service training, to accept a combination of released time/own time (after hours/weekend) attendance;
4. reinstating (or instituting) **annual written performance reports** (with participation by reportees as well as reporters) which do have an observable impact on promotion, passing "efficiency bars" on pay scales, action to demote-fine-terminate.

The first does entail significant resource use - the training capacity must exist if attendance is to be a condition of continued service and/or promotion. The second has an opportunity cost - serious reporting (and consultation with reportees) does take time.

Beyond that productivity measurement becomes complex or at least non-general. This is especially true of middle and senior level personnel. Clearly a statistician can be faulted for repeated errors in calculation or presentation, an analyst for nonsensical assumptions or conclusions and a manager/policy adviser for egregiously bad judgement. (These principles should apply to technical assistance personnel as well as citizen public servants - perhaps more so as the case for them is usually asserted to be their superior knowledge, skills, experience and judgement.) However, verbal annual reports with rigorous citation of examples (positive or negative) are likely to be more useful than attempts at empirical proxy modelling, albeit these may have complementary uses when outcomes are supposed to be closely linked to policy and implementation.

**Particular criteria** for units, departments, services are **not especially hard to articulate**, albeit impossible to generalise or to summarise. They turn on particular contexts both internal

and external to the service. As a result most are of indicative and comparative value rather than being determinative or absolute.

One difficulty is that it is frequently **hard to measure outputs directly** and there is a danger of substituting input proxies rather than output ones, e.g. number of teachers or even new primary enrollees instead of number of years successfully completed and average years of teaching per completion of course. Another is that quality of services may be elusive albeit some output indices do catch part of it, e.g. average days from breakdown to repair of rural water installations.

In setting proxies five types need to be avoided:

1. those which **create incentives and possibilities for padding**, e.g. number of pieces of paper processed can result in easy but nugatory procedural steps being introduced; valuing research and analysis on length will certainly increase the physical weight of reports (e.g. annexing a plethora of maps and directories to household budget analyses) but is likely to reduce their intellectual/policy guidance weight;
2. ones **not readily checkable** and thus open to manipulation by reporting officers, e.g. hectareage planted of crops as a measure of effectiveness of extension service officers who estimate the hectareage (and output) is more likely to erode accuracy of otherwise relatively trustworthy data series than to tell much about extension efficiency (as opposed to reporting ingenuity);
3. measures so **subject to exogenous events** as to be quite beyond public servant influence (except perhaps on a trend basis) e.g. output per hectare of rainfed grain, value of an export crop subject to major world price fluctuations;
4. **indicators less relevant than others equally collectable**: e.g. repair visits to rural water facilities instead of average days in service, total primary school enrolment per teacher instead of successful completions per teacher;
5. totally **perverse indicators**, e.g. patients discharged from hospitals dead (as opposed to patients treated and discharged alive and, hopefully, better).

Unfortunately in application these principles are not as obvious as they may seem - each example has one or more objective correlatives (albeit one is from Poland and one from the UK).

Among the useful indicative data are costs - among units or districts and (in constant prices) over time. In one country diet costs per patient per day varied by 16 to 1 among District and

4 to 1 among reference hospitals. While there were food and preparation cost differences beyond unit control these were unlikely to have explained as much as a quarter of the actual divergences (i.e. 1 to 4 and 1 to 1.5).

Because **productivity per public servant** is the key indicator, series need to measure that and therefore to be articulated down to unit or relatively homogenous area levels. For example, the cost per kilometre of maintenance of given grade roads (perhaps multiplied by 1 plus the per cent of days non-serviceable?) will evidently not be identical across soil and terrain differences nor between drought, normal and flood years. At District level these divergences from the normal should be estimatable and at least moderately good evaluations of performance relative to other Districts or over time.

No regulations will raise productivity as much as they could unless **enforced**. No indicators will help in identifying problems or devising means to reduce them unless **read, reflected on, interpreted and used to inform action**. Africa is littered with rules, indicator and even contracts which do provide means to measure, monitor, motivate productivity but which have fallen into disuse and therefore become nugatory.

Regulations - if widely publicised - may have a positive morals and morale impact. But to provide maximum encouragement to better performance there need to be **sanctions** against, e.g. lateness or absence, pursuing private ventures on public time, evading or refusing to go on training courses. Indicators will cause some action by high morale, alert officers who feel challenged to improve performance over time or relative to other units/areas. But even they will be helped by analysis of causes and advice as to ways to overcome or mitigate them.

Sophisticated analysis of the type attempted by industrial economy firms and - less frequently - public services will rarely be appropriate in SSA today. The data do not exist and are unlikely to do so for some decades and neither do the design and testing personnel. Crucially most such systems require 3 to 5 years to design, test and yield initial results. Finally, a high proportion fail, or fail to tell more than simpler reporting and indicator use. In a context of scarce time, personnel and processing capacity they are usually low priority and thus candidates for deferral.

**Productivity is not an arcane mystery** nor is its measurement a species of technological witchcraft. Conceptually it is a matter of **common sense** - how much output of relatively stable (and usable) quality per unit of input. Operationally it has certain **simple means** and certain specific **rough indicators** quite intelligible both to evaluators and evaluatees. **Getting on with the job of raising it** is a matter of identifying first steps and building on them (with feedback from experience) and probably requires rather more local contextual than global

theoretical knowledge and certainly more perspiration than inspiration (even if it is very much in management consultants interests to maintain the reverse).

## VII.

### PROFESSIONALISM: IN PURSUIT OF PARAMETERS

**Professionalism** - or rather a **perceived decline** in it - is agreed to be a major problem within most SSA public services. Public service members and observers with long experience look back with nostalgia and often with despair to "the way we were", usually in the 1970s, but in cases as varied as Ghana and Somaliland the 1960s.

That nostalgia - and the almost desperate determination to appear (to oneself almost more than to observers) to be professional even when reality limits or denies the possibility - is a positive sign. What are much less so are the lack of clarity about what professionalism means in this context and the tendency to confuse symptoms with underlying causes. For example, to a professional service severely hampered by poor communications, word processors, calculators, switchboards and filing cabinets at the centre and mobile phones for senior field officers may well be an important boost to morale and productivity. But to put them at the top of the priority list for a demoralised, nearly non-functioning service (as both senior civil servants and donors sometimes do) is like prescribing tea and aspirin to a cancer patient before operating or a course of chemotherapy rather than during convalescence after.

As with productivity, a **dynamic to sustained restoration of professionalism is unlikely to be possible without a dynamic to restoration of pay**. The exceptions are cases of new or re-emerging public services within the context of regimes marking a clean break from the past. The most evident examples today are Ethiopia, Eritrea and Somaliland. But each of these three has in fact given priority to restoration of real emoluments - one aspect of professionalism is recognising the need to pay public servants well enough that they can be diligent, honest and motivated. Initial periods of ultra depressed or no cash payment cannot be viewed as more than brief transitions any more than can *ad hoc* recruitment and promotion (and for that matter termination).

However, a dynamic toward pay restoration, while a necessary condition, is unlikely to be a sufficient one unless deprofessionalisation is both partial and recent. Even then a significant number of posting changes and retirements "in the public interest" are likely to be necessary both substantively and to demonstrate changed overall realities of public servant responsibilities and duties as well as opportunities and rewards.

Among the key elements are **career** structures, opportunities and security, reduction or avoidance of '**politicisation**' together with transparent and non-contradictory **accountabilities, public service commissions, morality and morale**.

Basically **career structures** need to set out clear and objective

- a. qualifications for entry, promotion within one career stream; and
- b. provisions for transfer to another; plus
- c. conditions for entry into posts other than by initial entry and for promotion from supporting to artisanal, para-professional and professional/administrative posts; probably plus -
- d. provision for secondment from and to autonomous public service departments and, perhaps, state owned enterprises (e.g. public utilities).

These are important for persons to be able to plan and carry on confidently with their careers. They are - as put - more flexible than 'traditional' (i.e. post colonial) patterns which did not provide for effective mobility between cadres, let alone separate sub-services (e.g. local government, teaching, police and public service proper) nor coherent provisions for middle and upper level appointments from outside. The structures - especially to the degree independently managed - are a defence against inconsistency (which is and is perceived as inequitable) as well as favouritism.

However, such a pattern - as recently revised, and brought into force in full for education with other sectors in train in Ethiopia - cannot be meaningful without an extant, accessible set of training institutions. This is especially the case if many posts are held by "acting" incumbents who, at least formally, are unqualified and, as a result, usually draw lower than "confirmed" appointee pay and are usually *de facto* as well as *de jure* barred from promotion or security of position. Even under difficult circumstances, upgrading and extension of training can be achieved. Mozambique over 1986-1996 radically upgraded and expanded its health service training institutions and provided courses for over half its total cadre of 18,000 as of 1994 including upgrading about 3,000 supporting staff to para-professional and filling in previously missing requisite qualifications for about 6,000 "acting" post holders.

**Opportunities for promotion** are already, and increasingly, pose a problem. In much of SSA 1960-80 (or the first decade after independence whichever came later) was a period of rapid promotion both because of citizenisation to replace expatriates and of expansion. The exhaustion of the first and halting of the second has altered the pattern to one of slow promotion especially if a bottleneck of 1965-80 entrants well short of retirement age, blocks

promotion. The only exceptions are public services paying so ill- and/or so ill-regarded for other reasons - that high departure rates open up top posts regularly. That is a situation hardly conducive to professionalism or productivity. Further promotion all the way, e.g. entering as a primary school teacher and retiring as a Deputy or Principal Secretary will be very much the exception - as it is in any long established public service. In the larger cadres - especially primary school teaching, nursing and agricultural extension - senior teacher, nurse or extension officer are the realistic ceilings for the majority of entrants with head teacher or inspector, matron or trainer and district extension officer the only numerically significant higher options.

This tighter ceiling may not be as much of a problem as it appears, if pay and updating training make standard front line professional jobs rewarding to holders. Reinforcing that might be accepting that the majority who are not (and usually do not aspire to be) "high flyers" are given the option of remaining in home rural or small town areas. That is in practice the position of - for example - most primary school teachers in industrial economies and school services. One relevant aspect of pay in the new context is longer incremental scales, perhaps with "efficiency bars" requiring specific review and approval for further increments, so that increased experience, training and performance can be rewarded other than by formal promotion.

**Politicisation** is universally agreed to be 'a bad thing' in respect of public services and usually perceived as a serious problem in Africa. However, a number of quite different elements - some of which are arguably not politicisation in any normal sense - appear to be lumped under this rubric.

One is **nepotism/corruption** which is certainly undesirable but not necessarily, perhaps not usually, part of systematic politicisation.

A second is political **decision taker** desire for at least a core handful of **top analytical and policy advisory** as well as **executive/managerial** officials with whom they feel they **share a common outlook and similar goals**. So long as these persons are competent there is no inherent objection - indeed only the UK public service even purports to operate the choice of top officials totally independently of their views and those of the decision takers to whom they work.

The need appears to be **transparency plus parameters**:

- a. making a limited list of top posts Presidential appointees either from the existing civil service roster or subject to high level public service direct entry conditions. They would be permanent public servants, but could be transferred if the decision taker changed;

- b. providing for a small policy cabinet of temporary public servants appointed by Minister or President and serving on short to medium term contracts. This is the French system and is, in fact, analogous to the historical role of senior, trusted expatriates perceived (by themselves as well as their superiors) as temporary public servants, not external agents nor as neutral technical machines analogous to pre-programmed computers.

Whether these steps represent politicisation is possibly a source of semantic argument. What they do provide for is **trusted advice based on a certain commonality of views** while protecting public servants from victimisation and the public service from being converted to an open-ended tool of political patronage.

Politicisation in the sense of **victimisation of competent, professionally loyal officers for political reasons and/or requiring active party cadreship appears to be rather unusual**. Even in Mengistu's Ethiopia under one half per cent of public servants were found to be political activists and/or informers, just as the Mengistu regime kept virtually all of its inherited public service cadres. The degree of political pressure/party participation on civil servants has been even less in such active (and then one party) states as Tanzania and Mozambique. Oppression of civil servants does happen, but usually in the context of overall repression and the target is any critical thought communicated to others, not the public service *per se*. The need for change in such cases is not in doubt, but public service reform is clearly not a practicable main route to it.

**Political patronage** has been a more general - and sometimes fiscally serious - problem in terms of filling of lower and middle (and more occasionally higher) level posts with party or personal political supporters as a patronage device. How common and how damaging to morale and performance this is would appear to vary widely. The cure is **filling basic entry posts via a transparent process with pre-set qualifications run by a public service commission perceived to be independent of partisan political influence**.

The **relationship between public servants and political decision takers is inherently complex** - and **often ill understood** from both sides. A public servant is not - or ought not to be - analogous to a typewriter or to a pre-programmed computer. Responsible public service requires using experience and judgement. In respect to law and regulations this can mean telling a decision taker "You cannot do that unless the law/regulation is amended first". More commonly it involves either pointing to opportunity costs (as well as side gains) and to alternative ways of achieving a decision taker goal. For example, if a Minister wishes to reduce urban hunger it is not a proper role for a public servant to challenge that goal, whatever his own views of the urban poor. But if the Minister proposes doing it via soup kitchens, then the public servant has an obligation to point out these are cost inefficient (per unit of dietary improvement), dignity reducing (versus food to be cooked at home or even more to public



works to earn wages to buy food), probably leaky (wrong beneficiaries of meals and abstraction of supplies en route) and administratively very complex (needing a procurement through storage and transport to multi outlet restaurant chain). To be effective that line of criticism needs to be complemented by suggestions as to alternative, potentially better routes to reducing urban hunger. The example cited is evidently at very senior level, but lower level analogues and intra public service ones are common. In such cases a relationship of trust and recognition (by all parties) that "yes, but" is not a delaying or blocking tactic but a genuine attempt to achieve a posited goal more effectively with fewer opportunity costs and collateral damage in respect to other objectives. It is of no service to a Minister or superior officer to agree uncritically with proposals rather than to point out problems to resolve or possibly more attractive alternative means - quite the contrary. That is a lesson both many public servants and many politicians would be well advised to internalise.

**Accountability** in the public service is complex - especially in contexts of decentralisation and participation:

1. acting within **legal and official regulation** (e.g. standing orders) frameworks;
2. following (or referring back for consideration and then following perhaps revised) instructions from **superior officers** (or in some cases directly from a unit's political decision takers or legislative committees);
3. acting in communication and cooperation with **officers at the same level in other units engaged in the same or related activities** (pushing everything up to Deputy or Principal Secretary level for coordination eats up personnel hours and wastes time before action can be taken);
4. participating (or at least communicating) with **users** and taking their views into account in some serious ways;
5. relating to local **political decision takers** in respect to their public policy/service provision concerns (again pushing all such issues up to central political level, across to senior public servants and down again to field level personnel is likely to be personnel time and lag in action time inefficient).

Clearly tensions can arise among these accountabilities. While it can be argued that the five types of accountability are in descending order of authority, that is a last recourse in extreme cases not a recipe for normal operations. (And while binding so long as in force, laws and orders which are out of date and hamper efficient governance usually need to be amended, not held up as eternal verities ) Two elements toward functional solutions are: clear instructions on which accountabilities are overriding in what circumstances and on how the fourth and fifth

categories should be addressed combined with willingness to consult, listen, take into account (whether by action, referral up or indicating why no action can be taken) even when the officer is not/cannot be legally accountable to the group or individual in question.

**Public service management and development** has three aspects:

1. protecting and being seen to **protect the integrity and professionalism of the service** by objective appointment, transfer, promotion and demotion/removal procedures;
2. **allocation of personnel and recruitment/training management** designed to match capacities and requirements together with management of emoluments and other incentives and of productively targets to regain adequate morale and output;
3. **strategic and tactical planning, analysis and monitoring** to evaluate outcomes and develop possible policy and practice changes.

The **first function** is the one usually in mind when the case for an independent Public Service Commission (or sole Commissioner) is made. Belief in impartiality and relative transparency do require a distance between both political and senior official day to day decision takers and this function. A sole Commissioner or (probably preferably) a Commission with an Executive Secretary appointed by them are the most plausible ways of achieving this end. Presidential medium to long (5 to 7 year) appointments revocable only by formal dismissal procedures (with staggered terms for commissioners) seem appropriate to this end. No system will protect against a sustained political will to interfere, the Commission/Commissioner one can avert unintended, incidental or short term irritation driven interference.

**Remedies for under or mal-performance** which both protect the public interest and the public servant: against poor service delivery as well as fraud on the one hand and against scapegoating as well as favouritism on the other - pose problems. Criminal conduct is grounds for dismissal and - perhaps - should be the main route, albeit that depends on the quality and availability of prosecutorial capacity. Dismissal for Cause can be handled by quasi judicial procedures in fora within the ambit of the Public Service Commission as can Demotion for Cause and appeals against transfers which do not reduce emoluments but appear to be/are *de facto* demotions. Incompetence and non-performance should be among the grounds for transfer/demotion/dismissal even when they do not involve gross negligence or dishonesty.

The problem is that non-promotion, transfer and demotion can be desirable for:

- a. poor performance not constituting cause for dismissal;

- b. poor judgement (especially in senior positions) neither in such bad faith nor so gross as to justify dismissal;
- c. probability - but not beyond reasonable doubt - of mal-administration/corruption requiring substantive action, but not providing a basis for quasi judicial removal procedures;
- d. adequate performance at present level, but below that needed to pass efficiency bars or for promotion;
- e. performance adequate for promotion, but in a context in which eligible numbers exceed promotion posts available.

Here the initial decision should probably be made by the overall Public Service Unit on the recommendation of officers in the operational entity in which the officer serves, subject to appeal to the Commission. For that approach to be seen to be fair, a serious **annual reporting and evaluation** procedure (in which the officer participates) is required as well as **stated reasons** for negative action or non-promotion.

Retirement in the public interest is a means which should be available - especially for cases of probability, but less than beyond reasonable doubt, of mal-administration/corruption/bad faith. While an appeal to the Commission may well be needed, the basic assumption should be to approve unless bad faith or gross misjudgement can be shown in the original decision taking procedure. However, because, by definition, these are cases which do not meet criminal law standards, the terms of such retirement should not be penal. Imprisoning or bankrupting for inadequate intelligence or judgement does not incentivate officers to become more intelligent; rather it creates incentives for avoiding taking any substantive decisions by reference up or by 'committing' all decisions to share 'guilt' (rather in the sense of the burial office so far as getting on with the job concerned).

In respect to **reporting** the Commission should be responsible to the **President** and to **Parliament** with its reports carried to the authority responsible for the other two public service functions. Probably - analogous to the Auditor General - it should produce a detailed annual report directly available to the public.

The issue of linked 'Sub-Commissions' for different services, e.g. Central, Provincial, Local or Police, Education, Health, Accountancy versus a single Commission is a subsidiary one. Either approach can work so long as the former maintains roughly comparable standards and procedures plus mobility among 'sub-services' or the latter does recognise the need for articulated provisions relating to different government tier and/or functional 'sub-services'. For example, Judges (and perhaps Magistrates), tertiary education faculty and Auditor Generals and deputies need more entrenchment to avoid removal for inconvenient (as contrasted with

inept) performance of their duties, while Police as a uniformed service with different administrative/hierarchical structures and residence patterns, as well as different rights or even duties to interfere with liberties and to use force in the performance of duties, cannot be happily slotted into a uniform set of regulations relating to other categories of public servant.

The concerns of protecting integrity and professionalism are not identical to those of day to day management, allocation of personnel and service (including emoluments) development. Therefore, these are better placed in a **quasi ministerial unit in the Office of the President** (with a full time Cabinet rank Minister of State and - assuming the Chief Secretary to the President is the Head of the Public Service - a Supernumerary Chief Secretary or Deputy Secretary with Chief Secretary rank as the public service operational head because these posts require full time attention Presidents and Chief Secretaries cannot give) or a separate Ministry (which may also include personpower/manpower development). Presumably this unit will have some relation with public service training institutions albeit sectoral and specialist ones may often usefully be linked more closely to main user ministries (e.g. Health, Water, Teacher Training/Education, Accountancy and Auditing/Finance).

**Analytical, monitoring, policy alteration work** is again distinct, though it can usefully be under the same unit as ongoing management. In that regard it is a fairly standard policy and planning directorate serving management and training directorates, Public Service Reform Commissions but also the Public Service Commission in respect to its guidelines, regulations, procedures and results.

**Morals, Morale and Means to Restoration.** It is not necessary to share the sweeping view that all African (or all more generally) public services are corrupt, let alone the racist and defeatist view that that condition is inevitable, to admit that in many SSA public services corruption is rampant and growing and in a significant minority it is nearly omnipresent.

**Morality matters** - if public posts are perceived as primarily sources of private gain without reference to public interest, both public services and their services to the public will be rotten and would-be honest public servants will be forced to conform, to retreat into enclaves or to opt out.

Corruption has three entry points: political decision takers, senior civil servants and the broad lower and middle level cadres. Corruption by individual **political decision takers** - assuming the political and judicial systems to be non-corrupt - can and should be combated by public servants (especially, but not only, law officers). Public servants' duty to the public does entail acting on the lawful instructions of legitimate political superiors; it does not entail concealing their criminal misconduct. If however, the political system - including the judiciary and/or those responsible for prosecution - are corrupt then professionalism is not attainable from the public service or by civil service reform. If the political leadership wishes certain services

conducted honestly - for whatever reason - these may remain islands of professionalism but under threat.

Corruption by **senior public servants** - like that by political decision takers - is usually greed or ambition driven. Similarly, it can be combated from within the public service only if the system is basically uncorrupt and both other senior officials and political decision takers will believe and defend those laying evidence of misconduct. Systemic corruption of the senior public service without parallel (and usually prior) systemic political corruption is improbable.

**Need not greed drives most middle and lower level civil service corruption.** If the state will not or cannot pay them enough to survive, they have few choices other than to quit the service (hardly a survival option except for a handful) or to act non-professionally, selling something related to their employment or working perhaps half time and appropriating the other time for other earning pursuits - which may in and of themselves be lawful. The worst cases relate to tax (and immigration) officers who - when the state does not pay them living emoluments - have a ready market for one service, not doing their duty to collect taxes (i.e. charging the putative taxpayer to collect less or no tax) or not regulating entry according to lawfully promulgated criteria.

While the three entry points are separable in principle and sometimes in practice, they usually interact. **Corrupt systems in effect ration allowable corruption according to rank and post** partly to win supporters, partly to hide sharks amid a school of minnows, partly because corrupt upper echelons cannot enforce honesty on their juniors.

**Coping compromises** on honesty/propriety/professionalism are often possible, up to a point. The nearly unpaid postal clerk who charges to 'cancel and post', the nurse on \$25 a month who has her own user charges (often graduated by apparent ability to pay), the policeman who collects cut price traffic and other vehicle fines for himself but does fight violent crime and keep order, the chief immigration officer who does act honestly and (when present) expeditiously but spends two-thirds of his time running an unrelated business to support his family are all making desperate efforts to preserve integrity and service provision at the same time as ensuring their and their families' survival. The examples cited are all real ones.

There are distinct problems and limitations to this process. First, each set of actions would in a normal context constitute dishonesty and those practising them know that. Thus their feet are on a slippery slope toward much more damaging and less humanly defensible actions. Second, persons in such positions dare not be whistle blowers on more serious corruption by colleagues or superiors. Third, even the coping means cited do erode the quantity and quality of services provided and, especially, their accessibility to poor people. Fourth, the common sense view that proper public pay (when appropriate partly supported by transparent user

contributions to the employing unit - not directly to the employee) is both more cost efficient operationally and is morally correct.

**Systemic corruption** - like massive currency overvaluation (which itself creates useful opportunities for corruption) - is **very hard to eradicate once entrenched** which constitutes a very strong argument for **prophylactic measures** within endangered public services or after carrying out a successful reform exercise.

Such reform requires a prior or parallel reform of political office holders - a topic beyond the scope of public service reform and, except in cases in which a strong fraction of honest decision takers opposed to corruption have survived and can be backed by honest public servants, also beyond the scope of what public servants as such (as opposed to as citizens or voters) can do much to provide.

Thereafter the appropriate course of reform depends on contextual factors including how widespread corruption has become, how committed to (as opposed to forced into) it most practitioners are, how many senior replacement personnel are available, how angry honest public servants and citizens are and at whom, what court worthy proof does or does not exist (and what court and prosecutorial capacity for a large number of additional cases may be). Certain points as to objectives and dynamics need to be kept in mind:

1. **vengeance** by itself, is **not** a particularly useful goal;
2. **rapid restoration of honest - and seen to be honest - operations** is the primary goal;
3. fairly **lenient** treatment for those whose corruption was **petty** and **need** based for **past** corruption is humanly and administratively desirable but
4. **in conjunction with more adequate pay, future cases should be (and be known in advance to be) treated much more seriously;**
5. **provably corrupt** senior personnel should be **dismissed and prosecuted** (or at least compulsorily retired), 'known' senior offenders against whom court proof evidence is weak should be **retired or transferred out of harm's way** (if giving accomplices immunity in return for testimony is not practicable);
6. **major bribe payers** (not those who paid small 'fees' to secure services they should have received without bribes) should be identified, where possible prosecuted to recover damages (e.g. tax evasion, contract rigging and foreign exchange violations) and - at the least - barred from future government business. **Foreign firms and personnel** whether as payers or takers - and even if under contract to donors or international financial

institutions - should not be exempted nor blanket amnestied. Recovery of losses is desirable, creating a **realisation future bribery will be dangerous** economically and juridicially is essential;

7. Codes of **conduct** (including statutory and penal components) require updating - including making 'inexplicable asset acquisition' by public servants an offence - as do procedures for **identifying** offences, allocation of **personnel** to seek out corruption and provision of **safeguards** for informants;
8. **Transparency matters**, most of all in altering public service, public and external perceptions. To attempt a thoroughgoing reform (or even substantial ongoing enforcement) 'quietly' is usually a mistake despite its apparent 'face saving' attractions for the government and the public service as a whole. Widespread corruption is usually well known in general terms and suspected in cases in which it does not exist. Regaining confidence, altering expectations and restoring reputations of honest personnel are usually best served by open exposure and penalisation of rogues - public and private, domestic and foreign;
9. **bad** (even appalling) **judgement** and **defective** (even breathtakingly sloppy) **procedures** must be differentiated from corruption if paralysis (no decisions, no actions without multiple authorisations from above) is to be avoided. Bad judgement **should** be grounds for transfer, demotion, even dismissal as should failure to operate proper procedures (or to warn of dangerously inept systems) but should **not** be confused with evidence justifying prosecution for corruption. Admittedly the difference is sometimes hard to identify. In one country over a twelve year period in excess of \$300 million of import support funds to public and private enterprises were neither brought to book in any coherent fashion nor recovered by the state because the Accountant General, the External Finance Division of the Treasury, the Central Bank, the domestic commercial bank, the support providing donors and their disbursing banks all assumed someone else was doing it, whereas in fact no one unit had adequate data on commitments, disbursements and repayments to do so. Adequate provisions had been articulated and ministerially approved, at the outset, but with the illness of the minister and departure of the adviser were never promulgated or operated. A remarkable number of domestic and external officials failed to identify the problem's roots even long after its consequences of unrecorded external debt and unrepaid advances were well known. Clearly the non-repayers were guilty of fraud, but corruption of officials, or of politicians, played a negligible role;
10. **Bearers of bad news** should not be held responsible for finding out and making known - otherwise the incentives to cover up are high and to clarify and to correct nil. In the case cited, the Minister who set in train detailed investigations to identify the outstanding debts

and to determine what had gone wrong ( a person who arrived on the scene ten years after the failure to set in action a viable recording and recovery process) was made the scapegoat - largely at the insistence of donors eager to forget their own contributions to the mess - and demoted. Ironically his successor proved to be massively corrupt and corrupting.

**Morale matters.** In the context of this review it matters primarily for instrumental reasons - low public service morale is incompatible with delivery of expanding levels and qualities of public services. More generally it matters because the government has a duty to be an above average employer (including its demonstration effect) and because public servants are human beings with needs and rights analogous to those of other citizens

**Morale is by no means 1 to 1 correlated with pay and its correlation with productivity probably features morale as dominantly the independent (causal) variable.** The cases of university faculty and doctors (both professional categories with substantial international mobility) in Ghana, Zambia and Tanzania over the past two decades are illustrative. This is particularly true because professionals in none of these states were seriously politically harassed. In the case of Ghana by the mid-1980s about 80% of qualified doctors and lecturers were working outside Ghana. For Zambia the proportion is less clear but probably over 50%; for Tanzania at most 20% (excluding minority community doctors). These are very striking differences which cannot readily be explained by pay differentials. Admittedly the erosion of Ghanaian emoluments had by 1983 been the longest but absolute levels were not very different from Tanzania. Zambia - until the 1990s - had very much higher real public service pay for doctors and lecturers than Tanzania (or Ghana) and to a substantial extent still does.

One interpretation is suggested by observation of the three main universities. In Zambia demoralisation was total - even going through the motions was faltering for many staff. In Ghana the motions were better sustained, but often (not always) as a facade with crucial outside research and consultancy funding avidly pursued but very often with no parallel acceptance of a duty to perform the research and to deliver the results. In Tanzania most staff did seek to teach, to serve students, to achieve creditable standards. Research and consultancy were as much sought as in Ghana, but the concept of a duty to deliver (and the perception of the 'side' work as related to an intellectual/professional whole as well as a means to profit and prestige) appeared more general if temporally not always truly compatible.

The morale difference and its results would appear to relate (to have related in the case of Ghana where some post 1985 improvement is observable) to whether faculty **believed what they were doing was of some use**, whether political decision takers had **some understanding of and concern for their problems** and whether they perceived the **overall governance**



**context as one to whose strengthening and/or transformation a university could relate and contribute.**

The post 1981 (especially post 1985) changes in Ghana bear out this interpretation (despite inordinately badly handled - on both sides - conflicts over pay). The 1969-1981 era in Ghana was marked both by mal-governance and by the absence of any articulated coherent policy patterns. Not only did pay collapse, so did the ability to believe university degrees would either help graduates much (unless they emigrated) or provide a haven for broader reform or that expert knowledge was in much demand by decision takers. The military (but also the civil) governors knew little about universities and cared less. Whatever its limitations, the second Rawlings government did have and communicate a sense of public purpose and a set of public policies. It cared about public servants and did improve their influence on what was done and, at least to some degree, their pay. The response (and the morale of those responding) was positive even among the many who deplored some of the policies, and the most who still (at least until 1995-96) perceived themselves as still unfairly underpaid.

Parallel considerations appear to pertain in those cases in which morale varies markedly between Ministries, e.g. Health and Education in Mozambique. Health - under extreme difficulties - has a record of not insignificant partial successes. Urban immunisation and pre-natal/well child clinic attendance is above USA levels and not disreputable by overall OECD standards. Basic drugs are procured, delivered, administered in urban and accessible rural areas. Substantial recording, analysis, dialogue on how to do better goes on. Staffing has been restructured away from supporting staff to junior professionals and backed by remedial, upgrading and refresher training.

In general morale is reasonable to good - and to a substantial extent at field as well as at Ministry level. The extended visitor does feel that this is a going concern with the self-confidence and performance record to be self-critical and focused on ways to do more better.

None of this applies to Education - as its own data (to the extent it bothers to collect and compile them which is also much weaker than Health's) demonstrate. Its ratio of 75% of primary school years applied to pupils who are repeating or drop out is horrendous even by SSA standards. Twenty years after independence about three-quarters of primary school teachers were still unqualified; primary texts beyond year three were not in practice in print and beyond year one were not readily available. Not surprisingly both fatalism and low morale characterised the service at all levels.

The causal factors are complex. They do not relate primarily to pay - albeit by requalifying personnel and securing additional funds for additional services Health had done somewhat

better by its employees. Nor did they relate to either the political or the war contexts - both health and education were real political priorities and both were grossly constrained by war.

Nor can the differences be related to divergences in technical assistance or external funding. TA was relatively lavishly available to both. But in the context of Education it often ended reinforcing errors (e.g. putting primary buildings before teacher retraining, curriculum reform or texts and virtually ignoring strategic responses to post-war "return to the countryside"). In Health the context meant that it could be, and usually was, used well. When mistakes (notably a pre-emptive adoption of user fees and of complex subsidies to avoid exclusion that did in fact reduce access and proved administratively non-functional both as to fee collection and subsidy provision) were made, TA played a supporting role in correcting them. It is true that Health probably came to have more adequate donor support, but in response to - rather than as an initial cause of - differential performance.

These reflections do not imply that pay (a decent sufficiency) is irrelevant to morale. Rather they suggest that **professionalism can sustain performance** to some degree under adverse conditions and **create contexts conducive to benefiting fully from pay reform**. They may also suggest phasing in pay reform with units higher on professionalism and morale first (as with Education in Ethiopia) and second and third tranches following at year intervals with the interim devoted to professional context reforms to take better advantage of the pay prerequisite (again as being practised in Ethiopia).

Ultimately public service **morale flows from ability to perform well, to take pride in that performance and to be respected for it**. Pay is integral to all three even if it is far from the whole of any. But so are training, accountability, fair treatment and career rewards for good performance together with an absence of perceived favouritism.

## VIII.

### TOWARD SUSTAINABLE REVENUE ALLOCATION AND MOBILISATION

To argue the case for public service pay, professionalism and productivity reform to enhance present public service delivery and to lay a base for future expansion to universal basic service access is not particularly difficult. Nor is it all that difficult to set out a macroeconomic case in terms of short term output expansion - by debottlenecking and cost reduction serviceable to poor household and enterprise production alike - and in respect to achieving sustainable 6% growth which will turn of human and physical infrastructure improvement. The economic case is hard-headed - as well as perhaps soft-hearted in respect to users and providers of services -

the advocates of sub-subsistence wages may be hardhearted but the probable macroeconomic results suggest they are also soft-headed.

However, no case for means to achieve recovery and sustainable growth can be made operational - or not for very long - unless fiscal mechanisms and flows adequate to meet the enhanced costs are articulated and quantified plausibly. This cannot usefully be done before conceptualising the reform process - if only because its productivity gains (as to revenue and cost control) cannot easily be estimated outside the total package.

Two routes to cost cover are almost certainly not viable in a majority of cases: **general increases in tax rates** and general increases in **total aid receipts**. If collected, SSA tax rates would not usually be particularly low (or high), nor are there obvious gaps in nominal coverage. Aid per capita in real terms has fallen 40% or more since its 1970s/early 1980s peak and no reversal is in sight for reasons relating to Northern political economies which are only marginally within African control. There are country, and particular tax, exceptions to the first count (some tobacco, alcohol and vehicle fuel taxes are low) and sharp changes in governance (e.g. in Nigeria, the Sudan, Zaire) might yield once for all aid per capita boosts to nearer the \$50 average (albeit as very large countries and 'latecomers' they would be unlikely to reach it).

Before exploring a combination of reallocations of resources and of uses and enhancements of resource flows) it is useful to consider what the costs of public service reform plus minimum necessary supporting inputs to make it fully effective would be. Clearly this varies sharply from country to country - marginal in Botswana and Mauritius to perhaps 40% to 50% of present recurrent expenditure in extremely debilitated, but functioning, service cases such as Mozambique and Tanzania, and 100% in early recovery from an abyss cases, e.g. Somaliland, twenty-five per cent is a likely median figure roughly applicable to a substantial number of states.

The Tanzania and Mozambique cases are illustrative. Here basically **doubling present real emoluments** is necessary to meet the bare bones, **short term targets**. Public services wages, salaries and associated expenses are at most 30% of present recurrent expenditure as are complementary inputs. The balance is primarily debt service and defence. An increase of at least **one half in complementary inputs** - e.g. books, drugs, tools seeds, mobility, spare parts, training - is needed to render present public servants fully productive. Therefore, the rough ballpark figure of gross additional expenditure is **45% of present recurrent budget**.

In cases such as Ethiopia where the emolument recover process has been begun an increase of 25% of present payroll (perhaps 40% of recurrent budget because of recent increases) would be needed. At least in Ethiopia, however, a doubling of complementary input spending (from

15% of total expenditure) is needed for a total of at least **25% of the present recurrent budget**. Ghana appears to be intermediate but closer - perhaps surprisingly - to the Mozambique, Tanzania position, albeit universities and public utilities (including water and sewage and to a degree posts) are 'hived out' (and paid much nearer the short term target levels proposed) which somewhat reduces the gap to be bridged.

#### **RESOURCE REALLOCATION: DOMESTIC AND EXTERNAL**

The three plausible sources for substantial reallocation from cutting domestic expenditure are:

- a. defence (peace dividend)
- b. domestic debt service (less real interest rate boosting intervention)
- c. lower theft/better contracts (probity and professionalism dividend).

**Peace dividends** vary widely in potential - and extent already used. Ethiopia for example has to date shifted about 25% of recurrent budget spending from defence to (primarily) public service emoluments and (secondarily) complementary inputs especially for relief and rehabilitation from drought. It is doubtful that there is much more to come.

Mozambique and Namibia similarly have used up more of - somewhat more modest - peace dividends, largely on reducing recurrent budget deficits. Tanzania might be able to reduce its military spending by 2% to 3% of the recurrent budget (it has been cut in half to about 10% since 1988), but with holocausts across its Western frontiers it is a poor time to argue for eroding the "thin black line" that keeps the Tanzania side of the border peaceful. Angola - at the opposite extreme - could, if peace were attained, have nearly 50% of recurrent budget to reallocate including shifting the 50% of its professionals, artisans and skilled workers in the military to the civil public service (and/or enterprises) and reintegration of the less skilled infantry into rural or small scale urban economic activity. As a general estimate, most SSA countries could **cut military** to yield 2½% to 10% of recurrent budget for other uses with the heaviest cuts in arms, munitions, equipment, vehicles, spares and petroleum products.

**Domestic debt service** costs are in a number of SSA economies artificially raised by real interest rates which central bank intervention has forced far above market levels (over 100% real annual rate tax free on 180 day government paper with full convertibility of proceeds and an appreciating exchange rate in one spectacular case). As such rates deter domestic fixed investment, lead to severe exchange rate overvaluation, widen government recurrent deficits and are not self-evidently very effective at reducing inflation, they appear to be excessively imprudent on macroeconomic grounds as well as costing 2½% to 5% of recurrent expenditure otherwise reallocable to less counterproductive uses (assuming 5% real interest

rates, taxable on government medium term paper). They have, however, in the 1990s become again a fashionable IMF nostrum despite their disastrous early 1980s record in the Southern Cone of Latin America and their role in the 1990s Mexico disaster.

**Reduction of public payroll posts**, as discussed earlier, is - with few exceptions - unlikely to reduce payrolls by even 5% or recurrent expenditure by even 1.5% even before taking account of termination/economic reintegration costs. Unqualified personnel need to be retrained or replaced - revenue using not saving. Even in the post-apartheid cases the plausible way forward (for economic as well as political and social reasons) is likely to be predominately retraining, from petty administration and ghettoised services to achieving broader access to integrated services - highly valuable but not cost saving.

**General** reduction of "other expenditure" is also likely to yield trivial net funds. Certainly there are some wastes - as in all public and private budgets - but these are usually more than matched by egregious gaps. While ongoing O and M (organisation and methods) operations should be restored this is more to avoid future spot obesity of expenditure than in hopes of finding much fat in present recurrent budgets or at least their domestically financed and staffed units.

**Reduction of losses** - from carelessness, inefficiency or theft - could probably save 1% to 2% of recurrent budget. In some cases savings can be much higher 20% to 60% 'losses' of popular drug and vaccine lines are not unknown and vehicle spares inventories often have 'evaporation' rates as high as petrol stores. With decent pay these savings - e.g. on drugs and vaccines, motor spares and fuel, seeds and tools - should be achievable.

Rather larger gains can be achieved by **honesty, competence and enforcement in tendering and contracting**. These savings should rarely be less than 5% of recurrent budget (or for that matter capital budget). Even in relatively honest and professional public services the number and magnitude of egregious errors is high. In sugar, Tanzania (whose relevant public service units have been basically honest except for two years in 1992-94), a) entered into an open-ended sugar contract guaranteeing investors cost plus interest plus 8% on equity whatever the cost was (later painfully renegotiated) and, b) having negotiated a substantial excise tax concession plus long term leased land expansion in return for guaranteed investment to double capacity and output, forgot about the contract and (after the deadline passed with output in fact lower and new plant at best spasmodically functional) bought out the company without seeking to reclaim the tax. The sugar contracts in the Sudan make those in Tanzania appear to be the height of probity and prudence and those of Imperial Ethiopia (a case in which it is doubtful occult forces influenced these particular contracts) were in-between, albeit at consumer rather than budget (tax payer) expense. This type of mistake is not unique to large contracts, but pervasive, although speedy savings are most attainable on medium

(\$50,000 and up) contracts and tenders. The belief the latter produce minimum prices (rather than a base from which to negotiate down) is ill-founded - even in much more competitive northern markets bidding rings are frequently exposed and even more frequently suspected.

The **domestic reallocation** from cost savings is likely - on the above sketch - to come to **11% to 22%** attainable over 5 years (2 of preparation, 2 of reform phasing-in, 1 of full operation of reforms).

**Reallocation of external resources** should centre on substituting more labour intensive small project programmes for some large capital intensive ones, ending lower top up schemes for individual domestic public servants and reallocating versus budget support for public service reform and reducing technical assistance (and project) funding of expatriate salaries and overseas courses in favour of budget support for efficiency pay and domestic training.

These reallocations could in sum yield **12½% to 28½%** of Recurrent Budget by year five - assuming donors (including international agencies) can be persuaded to accept the macroeconomic, public service, governance and empowerment cases for them.

Shifting to **labour intensive** smaller projects is pro rural, pro balance of payments, pro production by poor people and pro absolute poverty reduction. It is unfortunately likely to be harder to administer and to audit and - self-evidently - unpopular with bilateral and EU main contractors. The shifts - of perhaps 10% of capital and 5% of emergency assistance - would in practice yield perhaps a **1%** reallocation on recurrent account, the basic gains would be in efficiency (in GDP, poverty reduction and rural development terms) of the capital budget.

**Ending direct top up programmes** from donors to individual public servants is now supported by most donors and, at least in principle, most SSA governments but - in the absence of pay reform - not by a not insubstantial number of middle and senior public servant beneficiaries. What donors seem less ready to agree is reallocating these sums (frequently **1% to 2½%** of recurrent budget) to budget support to assist in financing general pay reform.

The largest potential reallocation is from **technical assistance** (more accurately expatriate pay and related costs and overseas training courses which usually are of the same order of magnitude but in part appear in project budgets while part of TA is for other purposes) which is rarely less than 20% and often 40% of SSA country gross external resource inflows. In extreme cases such as Tanzania and Mozambique it totals, respectively, over 250% and about 700% of domestic public service payroll or of the order of \$350 million for about 3,000 TA/expatriate project personnel.

These expenditures have a clear opportunity cost for recipients and funders. In Mozambique, for example, at least half of expatriates replace existing qualified Mozambicans abroad

working below qualification many of whom would return were pay \$50-\$500 a month. In addition the 10% a year new entrants at middle and upper level are now balanced by an outflow driven by inefficiently low pay. All in an expatriate engineer costs \$150,000 a year while - on the proposed scale - a Mozambican graduate engineer would cost \$6,000 a ratio of 25 to 1. In Tanzania less of the expatriates are pure replacements, but at least half prop up work not done by middle level cadres demoralised by \$50 a month or less and/or form advisory units which are neither wanted, needed nor useful because Tanzanians could (more cheaply) provide the same analysis and advice but - whoever does it - neither resources nor morale for implementation are available. Parallel considerations apply to overseas courses competing with underfunded programmes by underpaid staff at physically debilitated domestic institutions.

None of the above contraverts the reality that **some technical assistance is highly needed, highly desired and highly useful** - but probably 25% to 75% of present levels (for, e.g. Mozambique on the one hand and Botswana and Somaliland on the other). But it must also be noted that useful technical assistance - unless by long term advisors or ones with a prior country background - is fully useful only if there is a well staffed and motivated **senior citizen public service able to provide a contextual frame for issue specialists** and to articulate from the specialist advice into national contexts and projects.

The present **overkill of TA/expatriates is unfortunately cumulatively debilitating** - rather like crack cocaine. The more expatriates replace domestic personnel and the more the latter's performance is debilitated by sub-subsistence pay, the more the political decision takers and the public service are disempowered and a self perpetuating "culture of dependence" created which is presumably unwelcome to donor and international agency overseas assistance programmers and politicians even if not to some of the third raters and/or prancing pro consuls in the technical assistance business. "Have a headache? Take two expatriates!" is at best an ironic joke best told when the habit is already being kicked.

Given the **macroeconomic case** (both short run and achieving a route to non-destructive phase out) **for less ta and more budget support to bridge the initial public revenue recovery gap** - and its logical appeal to donors as a route leading to disengagement - it is not surprising (even if it is usually quite inaccurate) many African senior public servants believe that the driving force behind technical assistance is to provide jobs for otherwise unemployable Northern professionals (just as the Portuguese and French colonial empires were once perceived - *inter alia* - as providing "open air relief" to less competent domestic enterprises and middle class professionals).

A reasonable proposal would be to:

- a. **shift half** of TA (salaries/courses) **over 5 years** to budget support usable for public service and complementary resource supply (including training) reform;
- b. then - depending on the structural pattern and initial poverty levels - **phase this support down** over 5 to 10 years.

That could - even assuming less than full meeting of reallocation target - yield **10% to 25%** of present real recurrent budgets. (Full attainment in Mozambique would in fact apparently yield 100% of the present recurrent budget or 350% of current domestic public service payroll!)

A parallel reallocation of **external NGO funds** from free standing parallel delivery systems to **support for/junior partnership in domestic social sector/local government** programmes would increase quantity of services delivered, re-empower domestic decentralised bodies and reduce the increase in budget allocation necessary to advance toward universal basis service access. Fragmented, parallel, expatriate, intensive NGO systems are unit cost inefficient (apparently 10 to 1 in Health in Mozambique), disempower and enforce structural dependence on smaller domestic bodies and become self perpetuating in the same ways as ill designed government to government programmes.

The domestic programme and social sector institution support oriented strategies of Christian Aid and, increasingly, Oxfam look likely to be more cost effective in service provision, dynamic in promoting local initiative and empowering (rather than debilitating) unlike these of such - otherwise disparate - groups as Medicins sans Frontieres (France), CARE, and World Vision, whose devotion to syndico anarchism outside any (public or private) domestic institutional frame, self accountable expatriate enclaves and the dissolution/conversion of the domestic social sector (civil society) to fit their ideo-theological models respectively, pose serious efficiency as well as governance problems.

NGO financial flows to SSA countries vary widely but can be in excess of 5% of domestic budget spending (albeit outside it). **No estimate of budgetary gain** is made here, because it is supposed reallocation to domestic social sector entities - not government! (or at least not central government) will normally be more appropriate (and attainable). That would reinvigorate social sector public services allowing expansion of coverage and a less financially dependent partnership with the government in the drive to universal access.

#### **MOBILISING ADDITIONAL RESOURCES: HOME AND AWAY**

The **bulk of resource mobilisation** - especially in the medium and long term - **has to be domestic** Sustainability of enhanced service delivery requires an increasing proportion



**of domestic fiscal as well as personnel cover.** Even in the short run in most SSA economies substantial possibilities exist.

The first - and in the short run largest - is simple **collect revenues** payable but today either not assessed or not collected or given away - lawfully, inadvertently or corruptly. In a majority of SSA countries these leaks are likely to be 25% to 33% of total domestic revenue nominally collectible. Assuming an average ratio of 85% domestic revenue to recurrent budget the gain could be 28% to 42½% of present recurrent budget expenditure. Assuming some slippage, leakage and tax concessions - which exist in all fiscal systems - **17½% to 25%** net gains from collection of existing taxes (and interest and loan repayments) at existing rates and pruning nugatory tax concessions should be attainable in less than five years. A recondition is achieving (re-achieving in many cases paid, professional, productive tax services and revenue analysis/advisory staff.

**Leakages** are usually multiple, multitudinous and cumulative. Low morale, low morale, low pay (and corresponding 'user fee' collection), poor mobility and communications, all play a part. So do quite '**unnecessary**' **tax concessions** - whether by misanalysis or malfeasance - on both direct and indirect tax account. Curiously external advocates of tax reform rarely concentrate on these somewhat humdrum areas. Least of all do they agree that failure to tax foreign enterprises and their expatriate employees because they are under contract to aid agencies is either pure folly or a device for transferring tax from SSA to home country Treasuries.

These potential - and potentially massive - additional revenues do **not assume** either **higher rates** nor - apart from loopholes/concessions - broader coverage. They do assume professionalism would improve collection and monitoring procedures and streamline taxes. For example multiple *de facto* income taxes (poll tax, local income tax, development levy, income tax) can with advantage be repackaged as a single tax. Multiple indirect taxes (excluding import duty proper, but including most stamp duty and receipts based trading licenses) could usefully (and profitably) be substituted for by a single point of entry or manufacture sales tax or - adding first wholesale level value added - a quasi VAT. (True VAT is far too complex and - especially at retail level - hard to collect to be plausible in all but one or two SSA countries.) Such a system with 3 or 4 basic rates (including 0) plus a handful for the main amenity revenue sources (tobacco, alcohol, motor spirit) would raise efficiency (ratio of revenue assessed and collected to revenue due) and economise on scarce high level personnel. More different taxes are usually much more effective at raising collection cost/revenue ratios and leakages than revenue/GDP ratios.

**Some taxes** are candidates for **increases** in a number - perhaps a majority - of SSA countries. The big three on this little list are beer (and liquor), cigarettes and motor spirit. Especially in

the last case, some rates are derisory and others low. For the first two any rate not accounting for 50% of retail price is suspect as is any below 33% of retail for gasoline (**not** gasoil or kerosene). One barrier to higher rates has been fear of smuggling. One use of - even quasi formal - regionalism can be to co-ordinate rate increases to limit this risk. Such selective rate increases could yield **1% to 5%** of recurrent budget in all but a few SSA economies with the bulk likely to be on motor spirit in much of West Africa and on beer and tobacco in much of Southern Africa.

Once existing revenue due is being collected and systems of assessment, monitoring and enforcement are in place on paper and functionally, **economic growth** is key to fiscal mobilisation. Most SSA tax systems are **buoyant relative to real output per capita** (if only because self provisioning, unprocessed food and low rental housing are largely untaxed and practically untaxable). Therefore if **4% annual GDP growth** can be achieved **revenue** should rise **6%**. Over 5 years - beginning at 3% and rising to 4% to 5% that should yield **25% more revenue or 20% of recurrent budget**.

If - with better services including infrastructure and enabling climate for producers - **6% growth** can be achieved **8% annual revenue mobilisation growth** should be readily attainable with no rate increases.

**Domestic mobilisation potential** adds up to **38½% to 55%** of present real recurrent spending by year five.

"User fees"/community contributions" are not included above for two reasons. First they have in recent years rarely mobilised over 2% of recurrent budget spending (10% for basic services) and second, their logic is such as to require they be ploughed back into improved and/or broadened access services if they are to be collectible.

Apart from water (which has high cash or time opportunity costs to most households) point of use charges are economically dubious as a main financing instrument. **Education** provides **future** (not present) income, credit markets are imperfect. Therefore a surcharge on tertiary graduates' income tax or a state loan scheme are the logical ways to charge without denying access to children of poor households. For **health** the economic case for *de facto* ( however structured) insurance over point of use charges is overwhelming. It makes no economic sense to focus expenses on the periods of lowest income. Further, user fees by multiple, small point of use charges have very poor collection cost/revenue ratios - as high as 60% on efficient and 120% on likely actual (rather optimistically estimated as it turned out) collection in the case of Mozambique medical professional contact ("consultation") charges in the late 1980s.

Charges for amenity services - e.g. some tertiary hospital treatment and, especially, board and lodging - can be a useful but modest revenue source. Beyond that **community or user committee collection** of an agreed (with the supplying unit) amount of goods, services and cash as a budget offset (e.g. 80% of vote in cash, 20% to be negotiated with users) appear to be the most promising approach. The resources would be kept at local level, and if they did not demonstrably improve quantity or quality of services would, in practice, not be paid. That introduces an accountability element (especially in respect of housing or food supplements to public servant incomes) quite absent from standard point of use fee collection with proceeds largely remitted to the centre.

It is not unreasonable to suppose that **5% of recurrent budget** spending could be achieved by year 5 in non war devastated and year 10 in rehabilitating economies through such mechanisms especially if this direct user participation in financing and accountability is linked with state co-finance of domestic social sector service provision. However, that increase is not likely to be available for enhanced pay for present personnel. It is more likely to be forthcoming in the context of restoration and expansion of access to basic services. This is, in the medium term, just as real a gain as paying efficiency emoluments, but one which does not directly help bridge the short term revenue/expenditure gap.

**External resource mobilisation** is potentially important over the short and medium term to severely external debt distressed economies and to those which achieve breakthroughs in governance (usually from present war or near war situation). Beyond that marginal gains in respect to programmes focusing on services to children and in the context of rehabilitation are possible but not likely to be large relative to recurrent spending. If public sector capital inflows are fungible as to use, enhanced private investment in infrastructure could increase resources available to capital programmes remaining in the state sector.

Mobilisation of **emergency** aid to meet disasters - and to programme for reduced future vulnerability - is possible and can be 5% of recurrent budget. However, its use is to avoid increasing the revenue/cost gap and to avert serious human and macroeconomic costs - not to finance public service reform.

Improvement in **governance** on a qualitative leap basis - e.g. Ethiopia in 1992, South Africa in 1994 - does result in a window of opportunity to mobilise more external resources - usually from a very low base. The evident 1996-2006 candidates are Sudan, Somaliland, Somalia, Sierra Leone, Liberia, Rwanda, Burundi, Zaire, Nigeria, Sahara Democratic Republic and - on less dramatic levels - Kenya and Zambia. For countries falling into this group, up to **5% of recurrent budget** (about \$10 to \$15 per capita recurrent and \$30 to \$35 per capita additional total aid in the smaller and half as much in the larger countries) is a plausible goal subject to

net total inflows being unlikely to exceed \$50 per capita for smaller and \$25 per capita for larger (15 million and up) countries.

Programmes aimed specifically at assisting and empowering **children** - especially in the context of a National Child Plan relating to 1990 Child Summit goals and targets can generate additional not just reallocated external resources. **One to 2½% of recurrent budget** may be not atypical levels of attainable **additionality**. More could be secured but basically by reallocation.

The Social Summit floated 20-20 initiative (basic services in budget, support for basic services in aid) goal probably is not very net mobilisation friendly. In the first place it is vague - most SSA states not totally swamped by external debt service and defence do spend 20% of recurrent budget on health, education, water, sanitation, agricultural extension plus related human investment and social services. Direct project/programme allocations plus budget/balance of payments support recipients could use for the social 20% usually comprise at least 20% of non technical assistance official inflows. Thus it is hard to suppose the initiative can be used to increase total inflows in more than a handful of cases.

**Rehabilitation** - including basic health/education/water/extension/small scale labour intensive infrastructure - probably can mobilise **1% to 2½% of recurrent budget** in additional external transfers if the macroeconomic sustainability, human investment, empowering poor household cases can be put clearly and forcibly in a coherent, articulated strategy paper. A majority of SSA states can make a post-war or post-calamity (usually drought) affliction case for such strategic programming.

**External debt service writedown** to levels consistent with 6% GDP growth is now squarely on the agenda with WB, IMF, UK, USA backing and - in slightly different form - French and Japanese approval. While substantial preparation and negotiation remain necessary, at least 20 and perhaps 30 SSA countries should be able to make out cases for 15% to 90% writedowns in total external debt service with no category (including WB and IMF credits) excluded. How much real savings on current payments this will generate varies because the most severely impacted countries are simply not servicing the debt now. However, the writedown is still valuable to them by removing an overhang at least nominally payable in the future which prevents rational fiscal planning and deters domestic and (especially) foreign investors. The range of savings on present spending would seem to be in the **1% to 5%** range for a majority of SSA economies.

The international mobilisation potential over five years adds to about **3% to 10%** of present recurrent spending or **8% to 17½%** in quantitative governance improvement cases.

Inflows of **private external funding** for portions of the **utility sector** - notably telecommunications, electricity production and main ports - could have the result of enhancing government mobilised external finance available to other areas (including infrastructure not attractive to the private sector). Four imponderables prevent present estimation of fiscal gains. First, it is unclear in how many countries utility investment will be perceived as profitable enough and the political economic climate as stable enough for contracts beneficial to both investors and governments/regulators to be negotiated. Second, even in these cases sums are hard to estimate especially because in the most likely lead sector - external and long distance telecommunications - SSA technology is as outdated as access is low, a situation only somewhat less extreme in the case of ports. Third, the priority use of external flows to the state for infrastructure may - with private involvement in certain large capital intensive core projects - still be infrastructure stressing smaller, more local, more rural feeder and distribution networks. Fourth, external funds to SSA governments for relending to public sector utility companies may not be fungible as to use and - if anything - be reallocated to "trade and investment promotion" loans or guarantees to the private enterprise investors.

#### **REALLOCATION, MOBILISATION, ALLOCATION: IN SUMMATION**

By the end of five years the total resources which could be made available for civil service reform plus complementary inputs is broadly within the following ranges:

a. Domestic Reallocation	11% to 22%
b. External Reallocation	12½% to 28%
c. Domestic Mobilisation	18½% to 30%
d. External Mobilisation	8% to 17½%
e. Growth Dividend	20%
Total	<u>70% to 117½%</u>

to cover:

a. Initial Pay Reform	25% to 30%
b. Complementary Resource Provision	10% to 15%
c. Population Growth Requirements for All Sectors Except Defence (5 years)	15%
d. Selective Expansion of Basic Service Access	10% to 5%
Total	<u>45% to 60%</u>

Clearly the **potential** for short term achievement of initial public service reform over five years **does exist**.

This is the case even accepting that the resource use increases are needed and roughly calculable, whereas actual revenue rehabilitation, reallocation and mobilisation are likely to lag targets.

It is quite true that the 1985-1995 record does not on the face of it, support the relative optimism expressed here. But contrary to popular misperception - it has been a period of **rising real domestic revenue**. Unfortunately the rise has - with wide variations - more or less paralleled GDP growth so at 2% to 2.5% a year lagged population growth. Further, it came in a setting in which base domestic borrowing was often imprudently high forcing diversion of increased revenues into borrowing reduction not service expansion of pay rehabilitation. 1975-1995 domestic revenue as a share of output was overall stagnant (with falls to 1985 and after 1990 offsetting 1985-1990 rises) not falling. Apparently higher rates and wider coverage offset deterioration in collection.

But these results do show that, with 3% to 5% growth of output, revenue expansion tends to parallel or outpace GDP rises. In the past they have often been achieved despite deterioration in collection efficiency by increased rates. Where serious collection operation improvement efforts have been put in train - as in Ghana 1983-1986, Uganda 1987-1990, Tanzania 1994-1996 - quite rapid 10% to 50% real recoveries have ensued within 18-24 months.

The five year mark is chosen as a not unrealistic base with initial public service p-p-p reforms in place as well as fiscal restructuring and a modest beginning toward renewal of advance toward universal access to basic services. **The following five years** should allow consideration of the trend - not just the base. 5% initial output growth rising to 6% a year over the period is capable - at constant rates and with only secondary further improvements in collection raising domestic revenue by 45% (over base) in the fifth (tenth from beginning of process) year. That would allow (%'s of base real recurrent budget):

a. Population Growth Requirements (Defence Constant in Real Terms)	15%
b. Selective Expansion of Basic Services Access	15%
c. Reduction of External Budget Support Finance	7½%
d. Further Increases in Real Public Service Pay	7½%

The first and second five years selective expansion should raise basic service access from an average which is not atypically around 50% to 65% in year 5 and 80% in year 10 (higher in countries with less low starting points, e.g. Tanzania, Ghana and lower for those with very low base levels, e.g. Angola, Guinea, Ethiopia). The first period would have reached the bare bones minimum efficiency pay levels while the second would allow about a 20% real increase in them - about halfway from the initial to the long term targets set out in Section V.

The **projection** of 2006/8 still not reaching stably sustainable pay-productivity-professionalism or universal access to basic services **may seem pessimistic**. However, it does represent a turnaround from a downhill or stagnation phase which has often lasted over a decade. It is based on plausible targets and broadly identified means. However disappointing, the results may seem compared to say Singapore or Korea in the 1970s and since (though much less so compared to their foundation laying 1960s), they would be both substantial and visible. 85% versus 50% primary enrolment (and especially 70% versus 30% completions) and 60% versus 25% rural access to nearby safe water are visible as are typical primary school teacher pay equal to 80% not 30% of household absolute poverty line.

Two general comments on growth and on governance may be in order. First the projections show sustained **growth** rising to 4% and then to 6% a year is **necessary - even if not sufficient**. The improved p-p-p of the public service and therefore of public services is a major and necessary means to achieving and sustaining growth.

Second, the **gains on services are at levels large enough and of a nature meaningful enough to ordinary people** (which pure GDP growth may not be) **to give governments a foundation for asking voters to return them to office and thus to be willing to hold free and fair elections**. Equally important - if less obvious - a background of sustained modest success can **change the nature of campaigns** - and the acceptance of a risk of losing. Today elections tend to put "Without us catastrophe" by incumbents up against "With us the New Jerusalem" by opponents or/and to become vehemently and often viciously personalised. At least as crucial, the chances of regrouping in opposition after losing in order to win again later are seen as very poor. That is no recipe for constructive political competition. With at least modest success: 'We have delivered. We are experienced. We'll do better.' versus 'These are areas we can handle better. They are tired. Give us a chance!' with more specific issue and policy themes are more likely patterns to emerge and with them less personalisation/demonisation of individuals. In that context losing - while never welcome - is not the end. A new election and a new set of particular themes can be the way back to office. That of course is a level well beyond a professional, productive public service but it is one for which successful delivery of services by such a service is likely to be a necessary condition.

## IX.

### **PUBLIC SERVICE REFORM/PUBLIC SERVICES RENEWAL IN SUMMATION**

The analysis and strategic implications of this paper are fairly simple, straightforward and subject to brief summation. The process of achieving them, unfortunately, is usually more time consuming, problematic and tedious.

**Public service reform** can be useful only if considered within the context of governance - the strategic goals plus ways and means of a government.

**Public services** have historically, as well as now, been central to governance and to economic advance as well as to socio-political stability. Their delivery is the main user of the public service who, in turn, are crucial to their delivery.

There is a **surprising degree of consensus on the main public services** even if not on exact boundaries or means of public, private or mixed actual production and delivery. Seven clusters include:

- a. **defence** against overthrow or capture;
- b. **peace and security** (law and order) to allow ordinary people to go about daily life largely free from, and protected against, interference by government through police, courts and legal system;
- c. provision of **basic infrastructure**;
- d. creation of an **enabling climate for economic activity**;
- e. provision of **basic services** with a thrust toward (near) universal access;
- f. access to **safety nets**;
- g. **collection of revenue** - to finance the above.

These service clusters have two things in common - economies of scale and external economies. Those are the conditions which (in orthodox economic theory) limit the usefulness (or possibility) of competition and justify state intervention to manage the market. Private armies or police forces competing with each other are hardly desirable; much infrastructure viable to the state and household/enterprise producers as a whole can only be financed by an entity benefiting from generalised growth results (e.g. the state via taxation), health-education-nutrition on a broad access basis pay macro economically and, once achieved, micro economically but are not attractive to enterprise providers (unless state financed)



It is quite wrong to identify the bulk of state spending - even excluding defence and debt service - as welfare or dispensable amenity. In high income countries 'welfare' broadly defined (inter household transfers) may dominate government (including local government) spending albeit netting out cross items arguably changes that picture. In Africa that pattern does not exist: education, health, household water, physical infrastructure, agricultural extension, police-courts-prisons (plus defence and debt service) are the big spenders. They are not - in principle, mistakes can be and are made and not only in SSA - alternatives to economic use of resources. They are the means to security and capacity to produce more now and in the future at sustainable costs.

Equally the issues of decentralisation, participation, accountability and procedure are long standing ones. The need for procedures which incorporate speed, uniformity and accountability and of professionalism is generally agreed even if a somewhat confusing demonisation of the word "bureaucracy" (usually in SSA as a criticism of its absence!) might suggest otherwise.

Real differences exist along the **range from monopoly state provision to state provision of enabling climate only**. However, except for defence and security the first has few serious proponents and the last virtually none (private armies, courts and tax farmers do not have much political resonance - for good analytical and practical reasons).

While not a sufficient condition, provision of acceptable levels and qualities of services - in SSA halting deterioration and with a plausible commitment to recovery and expansion - is usually a necessary condition for continued legitimacy of government (and in extreme cases state) and for socio-political stability. Service provision cannot avert political system crises flowing from other causes (e.g. Rwanda, Burundi) but its absence or ineptitude can contribute to them nationally (e.g. Sierra Leone, Liberia, Somalia) or provincially (e.g. Mali) and its rehabilitation to alleviating them.

**Public servants are the main means to providing public services.** This is as true of enabling policies as of direct provision. The majority of public servants (outside the army) are field and middle level professionals and technicians directly involved in service - including security and tax collection provision. **Unless this base is relatively motivated, trained, paid and honest, effective governance is impossible.**

In SSA a broad panorama (with distinct country divergences as to timing and levels) shows weak public services and service provision until the late colonial period. From then through the late 1970s numbers, training, professionalism and productivity expanded rapidly. The public service record mirrors that of public service provision and strategic forward planning.

**From 1980 this forward dynamic has gone into sustained reverse** - and in the worst cases freefall. Partial recoveries, usually associated with relatively successful, structural adjustment programmes have in most cases plateaued at levels well below 1980 (or other peak year). Massive recoveries have been limited to a few post-war situations and are of problematic sustainability.

In large part this record relates to an **inadequate conceptualisation of the relationship of public services to the economy** (as well as the polity) and a **mechanistic commitment to short termism** in respect to budgetary balances and to physical capacity. Because security, infrastructure, a literate and healthy workforce and enabling policies are crucial to household and enterprise production and especially to its growth this blind spot is antithetical to achieving a sustainable development dynamic. Because short term capacity bolstering seems most easily achieved by use of high cost imported personnel resources needed to recapacitate the public service are diverted and a decapacitation dynamic locked in place.

The way back requires parallel action on three fronts: **pay, productivity and professionalism**. The action does not require detailed fine tuning before first steps. The severity of the problem and urgency of an early turnaround suggest the reverse.

**Pay** is needed so that public servants can be present at workplace, working on public business and doing so with morale and morality and without collecting privatised generalised user fees.

Plausible initial pay targets are **two-thirds household absolute poverty line for entry emoluments of base level professionals** (\$50 to \$150 a month) with a **ceiling perhaps ten times as high**. Beyond the initial goal moving on to a base equal to that poverty line would appear appropriate. This - with a few exceptions - implies 25% to 100% increases to meet the initial targets.

**Parallel expenditure increases are needed for complementary inputs**. Without training, operating materials and mobility even paid, motivated personnel cannot be fully effective.

**Professionalism** is basically an enabling climate for public service productivity. Transparency, equity, internal and external accountability and security are among the main themes. The protection and impartiality, management of personnel and strategic planning for the service and for services are distinguishable. The first does require an independent commission (or commissioner), the second is a major civil service operational task and the third an area for key political level decisions informed by public service provided analysis.

The primary purpose of pay and professionalism is to achieve **productivity**. Too low pay reduces output so much as to increase unit cost of constant quality services. That is the typical position in SSA today and is economically as well as governmentally inefficient. **Being**

**at the workplace, working on public business plus meeting simple sector and unit targets as to output** are ways to raise productivity - as are retraining, refresher training and promotion **training**. They need not be complex, arcane or hard to identify and evaluate promptly.

**Sustainability** of public service reform for public services turns primarily on **financial viability**. The **cost** of short term reforms - on pay and complementary inputs - is likely to be **25% to 50%** of present constant price recurrent budgets in a majority of SSA economies. If, however, that cost is a priority reallocation and mobilisation - not accepting inability to act - is the appropriate response.

Reallocation from present domestic uses is possible in most countries in respect to **defence** and (via reduction of excessive interest rates) **debt service**. Reallocation on external account includes shifting funding from large capital intensive to smaller labour intensive infrastructure, and **switching funding from provision of high cost expatriates** (to replace departed or supplement demoralised domestic public servants lost as a result of low pay) **to recurrent budget support**.

**Mobilisation** turns primarily on writedown of external debt overhang, **collection of revenue at existing rates and coverage in full** (versus rarely over two-thirds to three-quarters) and reaping both short and medium terms **growth dividends**.

While makeup and levels vary significantly most SSA economies could free or raise **50% to over 100%** of present recurrent budget (including 6% a year revenue growth as a dividend on 4% output growth) by the end of five years. Thereafter at 5% to 6% growth of output 7½% to 9% real domestic fiscal flow growth is attainable.

While certainly not easy, the financing of public services reform for public services rehabilitation followed by a renewed dynamic toward universal access is fiscally practicable. To argue that it should **wait on achieving 6% growth is self-contradictory**. Without better infrastructure and human investment 6% growth will not be achieved; rather a growth plateau of 4% to 5% tending to slip back to 2% to 3% with real risks of social and governance implosion is the best likely prospect for most SSA economies.