



## INSTITUTIONS FOR FRAGILE STATES

An Initiative of Princeton University and the National Academy of Public Administration

Review Draft

### PROCEEDINGS

#### WORKSHOP ON INTERNATIONAL EXPERIENCES WITH CIVIL SERVICE REFORMS: *SOME LESSONS LEARNED*

A Project of  
The Bobst Center for Peace & Justice, Princeton University  
in collaboration with the  
National Academy of Public Administration  
May 13-15, 2007

These proceedings summarize information and judgments generated by a workshop at Princeton University's Bobst Center May 13-15, 2007, supplemented by the participants' written responses to questions sent to them in advance, their written observations posted during the course of the workshop, and information from a working paper that served as the starting point for discussion.

***Citation form:*** For these reasons, these proceedings are to be considered jointly authored by workshop participants and quotes should be referenced as follows:

**Proceedings, Workshop on International Experiences with Civil Service Reforms,** Princeton University, May 13-15, 2007, Bobst Center for Peace & Justice, Princeton University, in collaboration with the National Academy of Public Administration.

### WORKSHOP SPONSORS

**Princeton University's Mamdouhha S. Bobst Center for Peace & Justice** was established within the university's Department of Politics with a gift from the Bobst Foundation. The center's mission is "to advance the cause of peace, mutual understanding and respect for all ethnic traditions and religious faiths, both within countries and across national borders." It also serves as a "place where high-level and mid-level officials are able to visit...in order to reflect upon their own work and to think about new directions that may be promising." It works collaboratively with Princeton's Woodrow Wilson School of Public and International Affairs.

**The National Academy of Public Administration** was established in 1967 and chartered by Congress to serve as a preeminent independent, non-partisan source of trusted advice to governments on public management. The Academy is comprised of more than 600 Fellows elected on the basis of their distinguished public service or for scholarly contributions to the advancement of public administration.

### WORKSHOP OBJECTIVES

This workshop is part of an *Institutions for Fragile States Initiative* to generate information useful for individuals and organizations directly engaged in building or re-building institutions of governance in fragile and post-conflict states. It is a partnership between Princeton University's Woodrow Wilson School and Bobst Center and the National Academy of Public Administration, and part of an international collaboration with many other institutions and organizations.

As a springboard for workshop discussions, a team at the National Academy of Public Administration produced a working paper summarizing extant case studies on "lessons learned" from efforts at civil service reform around the world. With this as a starting point, the workshop participants were asked to critique, refine, and expand the inventory of "lessons learned" as they might apply to fragile and post-conflict states, and to recommend necessary "next steps" to produce operationally useful information on the topic.

**NOTE: In these Proceedings, comments in unshaded boxes were deemed "lessons learned" by workshop participants. These are re-stated in Chapter IX. Text in shaded boxes illustrates relevant country experiences.**

## WORKSHOP PARTICIPANTS

### MODERATOR:

**Jennifer Widner**, Director, Bobst Center and Professor of Politics and International Affairs, Princeton University; author, *Building the Rule of Law*; *Francis Nyalali and the Road to Judicial Independence in Africa* and *Economic Change and Political Liberalization in Sub-Saharan Africa*.

**Mansueto Almeida**, Doctoral candidate, MIT; Brazil Ministry of Planning

**Enid Beaumont**,\*

Chair, International Standing Panel, National Academy of Public Administration; formerly Chief of Party, Institute of Public Administration's Macedonia Project.

**Eduardo Cobas**, Office of Evaluation & Oversight, Inter-American Development Bank; formerly Uruguay Office of Budget and Finance.

**Salo Coslovsky**, Doctoral candidate, MIT; Brazil Ministry of Environment

**Donald Klingner**\*, Professor of Public Administration, University of Colorado; co-author *Public Personnel Management*.

**Filloreta Kodra**, Member of Albanian Parliament; former Director, Albanian Department of Public Administration.

**Chester Newland**\*, Professor of Public Administration, University of Southern California; former Director, Federal Executive Institute.

**Barbara Nunberg**, Head, Public Sector Reform, East Asia and Pacific, World Bank.

**Roberto Pires**, Fulbright Fellow, MIT; Joao Pinheiro Foundation, Brazil

**Gary Reid**\*, Lead for Public Management, World Bank

**Geoffrey Shepherd**, former Director for Latin America, World Bank; formerly with the University of Sussex, United Kingdom.

**Hannah Sistare**\*, Fellow, National Academy of Public Administration; former Executive Director, *National Commission on Public Service Implementation Initiative*.

**Judith Tandler**, Professor of Political Economy, Massachusetts Institute of Technology; author, *Good Government in the Tropics* and *Inside Foreign Aid*.

**Clay Wescott**, Director, Asia-Pacific Governance Institute; formerly with Asian Development Bank and UN Development Program

**Ralph Widner**\*, NAPA coordinator, *Institutions for Fragile States Initiative*; author, *Consequences of Corruption in the Republic of Georgia*.

*Support;*

Bobst Center, Princeton University: Diane Price, Nancy Danch, Daniel Scher

\* *Fellow, National Academy of Public Administration*

## **CONTENTS**

I. Background: Civil Service Reforms and International Assistance	Page 5
Seven Questions for Workshop	7
II. Context	8
1. Prerequisites for Civil Service Reform	8
2. Typologies of Context	9
• Cultural and Political Context	9
• Institutional Context and Doorsteps to Reform	11
• Evolution of Institutions and Context	12
3. Toward a Decision Tree	14
• Decision Tree graphic	20
III. The “Universal” Model and Indigenous Reforms	21
• The "Universal" Model in OAOs; A Word of Caution	21
• "Personal" vs. "Impersonal" Selection in LAOs	21
• Indigenous Latin American Examples	22
• Indigenous African Examples	23
• Indigenous Asian Examples	24
• Transitional Countries	26
• Conclusion	26
IV. Strategies and Implementation	28
• State Building in Failed States	28
• Strategies for Reform in Basic and Mature LAOs	29
• Design Conundrums	30
• Top Down or Bottom Up?	32
V. Recruiting and Retaining Top Talent	34
• Recruitment	34
• Career Path and Tenure	40
• Compensation	41
VI. Performance and Accountability	45
• Measuring and Monitoring Overall Reform	46
• Measuring and Monitoring Unit Performanc	48
• Measuring and Monitoring Individual Peformance	54
• Accountability, Transparency and Corruption Control	55
VII. Retrenchment	57
• Main Lessons	59
VIII. Privatization, Outsourcing, Decentralization and Voice	62
• Core/Periphery	63
• Outsourcing	66
• Privatization	66
• Decentralization and Voice	67
• New Organizational Forms	68
IX. Concluding Observations and Summary of Lessons Learned	70

## 1. BACKGROUND: CIVIL SERVICE REFORMS AND INTERNATIONAL ASSISTANCE<sup>1</sup>

*“A third of the world’s poor live in countries where the state lacks either the will or the capacity to engage productively with their citizens to ensure security, safeguard human rights, and provide the basic functions for development... (Long term stability) will only be achieved when governance and institution-building are built in to the approach.”*

—Organization for Economic Cooperation and Development  
FSG Work Program, 2007-8

*“ There are few quick fixes on the path to stability. Elections might give voice to the disenfranchised, but they don’t necessarily translate into effective governance. High oil or commodity prices may fill government coffers, but they don’t build strong institutions. By contrast, steps that capture few headlines—the appointment of independent judges, the development of a competent civil service, and the implementation of anti-corruption campaigns—are often the keys to improving a country’s foundations... For all the talk about technology and globalization, basic governance remains a huge challenge for many states.”*

—Foreign Policy & the Fund for Peace, *The Failed States Index*, May/June 2006

Over the past five decades, one of the truisms of international development assistance has been that, while reforms to promote civil service competence and efficiency, deliver public services effectively, control corruption, and increase accountability may not guarantee economic and social progress, “without them improvement is a lot less likely.”<sup>2</sup>

On this presumption, international and national donors financed hundreds of civil service reform projects in developing nations and, beginning in the early 1990s, in states transitioning from the collapse of the Soviet Union. Yet government administrations in many developing and transitional countries remain corrupt and incapable, operating as a source of political patronage and control by those in power, and as an employer of last resort (“a second best welfare policy,” as Geoffrey Shephard has put it), rather than as a public service and facilitator of national development.<sup>3</sup> Most international donors now freely admit that results have been disappointing, and that their learning curve has been as steep and protracted as it has been for recipients of their aid.<sup>4</sup>

Fukuyama has argued that where donors took the lead in instigating civil service reforms, particularly in sub-Saharan Africa, they actually left the recipients worse off because the aid undercut or postponed development of any indigenous capacity to sustain the changes once the assistance ended.<sup>5</sup> Often-cited successes of meritocratic civil service reforms, such as those in Botswana, Brazil, Chile, Malaysia, Singapore, South Korea, and Taiwan, were undertaken by these countries on their own initiative. As much as possible, they kept donors in a strictly supportive role.

Others assert that what Shephard terms the “universal model” of civil service reform promoted by donors was wrong from the start. He suggests that the principles of “entrance to the civil service based on competitive exams, protection from arbitrary removal, protection of political neutrality, and policing of the service by an independent body”—was arrived at by the western democracies from remarkably divergent starting points and over substantial periods of time.<sup>6</sup> There is often a profound mismatch between the values embedded in this “universal model” and the cultural context of developing countries. He remarks acerbically, “the policy community, dominated by technocratically-inclined expertise, has proven deficient in political and historical expertise.”<sup>7</sup>

Still others suggest that the approach to international assistance has been wrong-headed. Carothers, for one, comments that those providing aid should act as facilitators and enablers “who try to stimulate change from within,” rather than requiring or imposing it from without as a condition of aid.<sup>8</sup> He calls for “a change in mindset”—a total re-thinking of how donors should provide aid to promote institutional reform.

There are instances in which some countries have been able to post periods of impressive economic growth despite the deficiencies of their civil services. Wescott has pointed out, for instance, that “Indonesia in the 1970s and 1980s achieved monetary stability and rapid economic growth, despite an inefficient civil service and slow and capricious legal system.” He also noted that in the 1970s, Hong Kong and Singapore suffered from significant corruption in their police and customs services even while their “economies boomed...And China had one of the world’s fastest growing economies in 1992, despite administrative opacity, capriciousness, and a traditional and overcrowded civil service.”<sup>9</sup> On the other hand, until very recently the “world’s most bureaucratic bureaucracy” (the “license raj”) has been the biggest obstacle to economic progress in India.<sup>10</sup>

Yet, at some level, governments in all these countries eventually concluded that civil service reform is one of the keys to their future economic and social development. On that premise, Singapore made itself a model of meritocratic reform. China mounted an intense merit-based recruitment and incentive campaign in order to improve performance of its central administration in the face of the country’s economic liberalization.<sup>11</sup> The heavy hand of India’s bureaucracy, after helping to stifle that country’s economic growth for decades, is lightening its grip in some of the country’s states, prompting calls for bureaucratic streamlining on up through the federal system.

Governments that assign a high priority to national economic and social development—whether democratic, autocratic, capitalist, interventionist, non-interventionist, socialist, or communist—eventually come around to the self-evident conclusion that they cannot achieve their aims without a public administration capable of carrying out their policies and programs. Westcott argues that no matter where a country falls on the political/economic development curve, civil service reform deserves high priority in order “to ensure sufficient capacity for high quality public policy formulation and execution, and to ensure that essential services and facilities, such as education,

security, health, water, sanitation, transport, and communication are provided dependably and equitably.”<sup>12</sup>

Nonetheless, the international landscape remains littered with dysfunctional civil services. In its 2006 report, the Inter-American Development Bank—maintaining that the weaknesses of bureaucracies in Latin America “have been one cause of the ineffectiveness of development policies in the region”—ranked the “functional capacity” of the bureaucracies in the Dominican Republic, Ecuador, Bolivia, El Salvador, Guatemala, Nicaragua, Peru, Panama, Paraguay, and Honduras as having a “minimum level of development.”<sup>13</sup> The World Bank similarly attempts to gauge public sector management capabilities (along with five other sets of economic and social factors) using admittedly highly subjective *Worldwide Governance Indicators*.<sup>14</sup> All but eleven of the sub-Saharan countries in Africa come up short in the ability of their public services to meet the needs of their population and to promote economic and social progress. Six or seven countries in Asia/Oceania, many of them cited earlier, fall in the same category, despite the meritocratic examples of the so-called “Tigers” in that region.

#### *Workshop’s Seven Questions*

Reviewing more than a half-century of experience, workshop participants were asked to address seven questions:

1. Can we identify the elements of *context* that most strongly affect the appropriateness of civil service reform?
2. Can we point to indigenous models of reform?
3. Have we learned anything about the best *strategies* to encourage, support, and implement civil service reform in fragile states?
4. What options to recruit and retain a senior corps of talented civil servants have proven workable in fragile states?
5. What have we learned about how to enhance and monitor civil service performance?
6. Do we know anything about the best ways to manage retrenchment of the public wage bill in countries where economies are weak and there are few ways for people to earn a living?
7. What have we learned about the pros and cons of privatization and outsourcing in fragile states?

They were then asked what are the “lessons learned” and what the next steps should be to capsulize operational information useful for practitioners attempting to institute public administration reforms in fragile and post-conflict states.

## II. CONTEXT

### 1. Prerequisites for Civil Service Reform

Discussions began with the premise that our ultimate goal is to be able to answer the question a civil service reformer on the ground in a fragile or post-conflict state might ask: “What are my options, given where I am and the context in which I am operating?”

The World Bank invested some thought on this subject in its 2004 World Development Report *Making Services Work for the Poor*. It focused on four questions related to context:

1. Is there support and political will for reform at the top? Are there political champions for reform who will allow certain actions to be taken that would be impossible without such support?
2. Is the country’s public administration essentially clientelistic, i.e., controlled by and for the benefit of a power elite, and based upon patronage and personal loyalty to those in power?
3. Is there pressure within the general populace for better performance from the civil service?
4. Is the society relatively homogeneous, or are there rivalries and conflicts rooted in diverse ethnic communities that impede any efforts to reform?

Participants were asked if there are elements they would add or subtract from the list. What about: level of income, level of violence, geographic dispersion of population, size of talent pool, and effects of health on turnover, political will, character of the service to be delivered?

#### *Reform of Public Service Delivery is Not Civil Service Reform*

While it was generally agreed that the four questions posed by the report are very much on point, several participants responded that it is striking how little the report was actually concerned with *civil service* reform. It focused upon reforms of *public service delivery*, which do not necessarily equate with civil service reform. The report proposed that *public services* should be reformed one-by-one, basing the reform model on the specifics of the situation. The report's thesis is that the nature of national politics, and the characteristics of services and “markets,” should guide decisions about the best ways to provide public services to poor people. The report suggested that where politics are clientelistic, and/or service quality is difficult to monitor, and/or clients’ preferences are heterogeneous, services are often best delivered by others, rather than directly by the central government, i.e., through privatization, contracting-out, community control, information provision, vouchers, etc.



Though this approach has a lot to recommend it in some instances, and is reflected at various points in the workshop's working paper, it is far from the whole story. For example, reforms of public service delivery do not handle core-of-government functions, especially financial management and policy making. In this respect, efforts in the United Kingdom and New Zealand to separate policy making (“core”) from policy execution (“periphery”), and to introduce managerially autonomous executive agencies to take care of the latter are instructive.

*We should look at strategies for civil service reform—i.e. improving the competence, efficiency, and cost-effectiveness of the public administration—on their own, and address public service delivery reforms as separate, though related, matters.*

The workshop then turned its attention to the contextual factors likely to disallow or facilitate public administration reforms.

## 2. Typologies of Context

Context is everything. As Almond and Verba—among many others—have pointed out, political institutions need to be congruent with political culture.<sup>15</sup> A recent Harvard study of American Indian governance found that communities adopting arrangements consistent with traditional structures performed better than public management arrangements “parachuted” in from the outside. Aaron Wildavsky stressed the differences between *formal*, managerial budgeting in developing countries, and the *informal* budgeting that tries to respond to their poverty, uncertainty, and differing political cultures.<sup>16</sup> Fukuyama, among several, has questioned the wisdom of trying to transfer to non-western societies Western public management models that draw on the language, practices, and values of business.<sup>17</sup>

### *Cultural and Political Context:*

It was suggested that we might think about context within a “cultural theory” framework, as proposed by Christopher Hood.<sup>18</sup> Hood suggests four cultural/political categories—the *hierarchist*, the *individualist*, the *egalitarian*, and the *fatalist*—which usefully describe the recurring patterns and recipes for public management and governance arrangements in different countries. He argues:

“Cultural theory helps us to understand why there is no generally agreed answer to the question 'who should manage whom and how' in government ... Cultural theory can provide a basis for analyzing the variety of ways that control can work in, over, and by public service organizations. And it can help us to explore the variety of rhetorics—persuasive stories and analogies linked with 'recipes'—which are applicable to public management, by identifying the sorts of stories and metaphors that go with each organizational world-view.”<sup>19</sup>

### A SUMMARY OF HOOD'S "PUBLIC MANAGEMENT" FRAMEWORK

<b>Hierarchist</b> Watchword: 'steering' Stress on: expertise, forecasting and management	<b>Individualist:</b> Watchword: 'enlightened self-interest.' Stress on: individuals as self-interested rational choosers.
<b>Fatalist:</b> Watchword: 'resilience.' Stress on: unpredictability and unintended effects.	<b>Egalitarian:</b> Watchword: 'community participation.' Stress on: group and power structures.

The public management culture of few countries falls entirely within any one of these categories; most are hybrids.

*Many of the failures in public administration reform over the last five or six decades can be chalked up to attempts by international donors to impose a particular model of reform on cultures with many attitudes and values at substantial variance from those contained in the so-called universal, "modernizing" model of public management.*

Burkina Faso and Ghana serve as examples of the frustrations that flow from trying to graft an alien set of practices onto cultures with traditions that may run counter to some of its precepts. Both West African countries have struggled with reform of their civil services over a considerable period of time. In the eyes of scholars in each country, both have been frustrated in their attempts to make the "universal model" workable in its various guises, partly because the western model did not "fit" the accustomed patterns of life and lines of authority in the country.<sup>20</sup>

*Where there have been successes, reforms have almost always incorporated some of their accustomed lines of authority and decision-making. The challenge for any group attempting public administration reform in a fragile or post-conflict state is to customize the strategy to fit what the context currently allows, fully recognizing that further adaptation will prove necessary as the character of the country's political system evolves in response to external conditions and demands for change within the society itself. There is no hope for reform unless we move away from the donor model. To succeed, reform must be an indigenous process, rather than one of transfer and absorption. "Best practice" is not an appropriate term when designing a reform. What we are looking for is the best experience that might be adapted to the country's cultural and institutional context. An adaptable, flexible, and incremental approach is essential. It is equally vital to allow sufficient time for changes in organizational culture and learning. Time must also allow building national sovereignty and government capacity. Empowerment and accountability are key.*

### Context and Reforms in Albania

Albanian successes occurred in instances in which a central institution answerable to the Council of Ministers—the Department of Public Administration—was responsible for implementation. Albania was accustomed to this kind of centralized authority. The Department had the technical capacity to execute the reforms. However, the *Civil Service Commission* and *People's Advocate* (Ombudsman) created under the law were northern European concepts and Albanian traditions simply did not accord with the purposes originally intended and failed to accomplish their original purpose.

### *Institutional Context and "Doorsteps" to Reform*

Hood's framework does not tell us anything about a country's *capacity* to accommodate and manage reform. Douglass C. North and his colleagues, argue that developing countries are *limited access orders* (LAOs)—

"Their fundamental basis in *personal* exchange as the means of organizing both politics and economics means that [LAOs] cannot be easily or incrementally adjusted in a way that produces *impersonal* exchange in either politics or economics. The complex set of interdependent relationships...is an impediment to reform."<sup>21</sup>

Many of the developed states have achieved *Open Access Order* (OAO) "characterized by open political and economic competition and *impersonal* access to political and economic privileges based upon citizenship, rather than *personal* relationships with and loyalty to those in power, as in LAOs."<sup>22</sup>

*Countries must meet a number of "doorstep" conditions before civil service reforms become feasible. Often donors tried to push governments in LAOs to adopt practices of OAOs before they met these "doorstep" conditions, the first and most important of which is the control of violence.*

### *Doorstep Condition #1: Control of Violence*

One of the indicators of a failing or failed state is that it does not have monopoly control over the use of force.

North and his colleagues argue that in LAOs, powerful elites with access to "violence specialists" must be brought together—or voluntarily come together—in order to provide sufficient stability and security so that state-building can take place. It is necessary for these violence specialists to recognize that it is in their self-interest to do so because their privileges and "rents" are jeopardized if violence continues or is allowed to erupt again. It is in the self-interest of such "violence specialists" to cooperate with the ruling coalition rather than to fight. At this stage, reform is extremely tricky. If it threatens the rents and privileges of these elites, it will be resisted, sabotaged, or subverted.

"...For much of the world, the relevant alternative to [an LAO] is not an OAO ...but a descent into the hell of disorder. In countries where citizens fear disorder, rent creation through limited economic entry, is an important element in providing stability. Non-elites may have just as much incentive to prefer stability to disorder as the elites, since it is they who will do most of the suffering and dying if social order breaks down."<sup>23</sup>

Although reform may be threatening to “violence specialists” in all types of LAOs, there are different reform possibilities depending upon where a country stands on the institutional capacity curve. We might think of four levels of LAO, depending upon the institutional capacities in each country—failed, fragile, basic and mature.

*In failed LAOs (e.g., Afghanistan, Haiti, Liberia, Somalia, Timor Leste), the challenge is not reform, but state building, since institutional capacity is virtually non-existent.*

As we move up the scale from failed LAOs to those with institutions in place, strategies can shift from emphasis upon state building to strategies for reform of those institutions, though broad changes may not be achievable.

*In most mature LAOs (e.g. Thailand, Malaysia), and basic LAOs (Ghana, Cambodia), there are "windows of opportunity" for reform, but capacity for reform differs significantly. Categorization of LAOs or fragile states without differentiation lumps apples and oranges. There is a world of difference between Bolivia and the West Bank and Gaza. The solutions need to be very different, depending upon both context and capacity.*

#### *Evolution of Institutions and Context*

To make the challenge even more complex, few political systems are static in an age of global interaction. They change in response to both internal and external pressures—some more rapidly than others, and some for the better and some for the worse. Public personnel systems tend to evolve through each of these stages in the context of the dominant value(s). The “drivers” are pressures for change that lead to evolution from one stage to the next:<sup>24</sup>

STAGE OF EVOLUTION	DOMINANT VALUE(S)	DOMINANT SYSTEM(S)	PRESSURES FOR CHANGE
I-Elites Govern	Elites control "Rents" Personal loyalty	Government by elite	Rise of political parties; patronage
II-Party Patronage	Party loyalty	Govt. by party	Public pressure for modernization
III-Merit	Efficiency Individual rights	Civil service + patronage	Responsiveness Effective govt.
IV- Mature Mixed	Efficiency Responsiveness Limited govt.	Privatization+ Civil Service+ Collective bargaining+ Patronage	Dynamic tension between pro- and anti-govt. values & systems

**Source:** Klingner & Gault, **International Public Management Review**, v.7, Issue 1.

Evolution from Stage I to Stage II may occur with transition from charismatic personal leadership to party-based leadership.

*When patronage is based upon parties, rather than charismatic personalities, a different calculus for change exists. Once organizations outlive their charismatic leaders, certain "doorstep" conditions for reform may emerge. Parties eventually organize around issues. They generate public expectations and pressures. This, in turn, can lead to public demands for better services, more effective performance. The electoral process may become more functional and Stage III might begin. (If you have cooperation of the few, some get rich. If you have cooperation of the many, more get richer.) Ultimately problems with perceived "rigidities" in the merit/tenure-based civil service may emerge in Stage III and some countries may evolve to the extremes of Stage IV—as in the case of New Zealand's managerialist or "new public management" reforms. Reform initiatives must take into account this evolutionary dimension, as well as the cultural/political and institutional capacity dimensions, of context.*

The endless string of failed efforts—at donor behest—for large, one-off retrenchments of public employment in order to cut the public wage bill illustrates failure of donors to fit reform proposals to either the political, cultural, or institutional context or capability of a country. Efforts to introduce Stage IV "managerialist" or "performance management" techniques in countries, such as Mongolia, where even Stage III Weberian-style, meritocratic personnel management had yet to take root (a precondition for any "new public management" reform), were disastrous.

### 3. Toward a Decision Tree

With cultural, political, and institutional contextual considerations in mind—and assuming that violence is under sufficient control to permit reforms—is it possible to sketch a "decision tree" for individuals or organizations attempting to reform the civil service in a fragile or post-conflict state? The list of considerations in the World Bank's 2004 report might be expanded as follows —

1. *In the present political, cultural and institutional context of the country, are there "windows of opportunity" for reform to help improve the competence, effectiveness, efficiency, or public responsiveness of the civil service?*
2. *Does political or ethnic polarization in the country foreclose any such reform?*
3. *Is there a high level political champion for reform with both the will—and the skill—to carry it off?*
4. *Is there a high level technical champion with the capacity to actually effectuate the reform?*
5. *Can the entrenchment of patronage networks be overcome sufficiently to allow the reform to take place and to persist?*
6. *Do the dynamics of the existing bureaucracy offer any windows of opportunity for reform?*
7. *Are there opportunities to generate public support by linking public administration reform with a "hot issue," such as anti-corruption or EU accession?*

#### Windows of Opportunity

Is there a "window of opportunity" for reform? In order to discover whether there is any political will for reform, we have to look at the many elites that comprise a ruling coalition. Somewhere in that constellation there may exist sufficient consensus for a limited reform consistent with the best interests of the coalition. Even in systems where there is not much support for overall reform there may be support for a limited reform. Maybe there is support only for information technology, or improvement in personnel management, maybe linking it to the payroll system—maybe a shift to paying people through electronic deposit or by check, rather than cash, in order to reduce face-to-face opportunities for corruption. Sometimes if you do a bunch of little things, the reform process can build up steam.

*Reform initiatives may not need to come from the top. In many cases, pressures "from the bottom" may present some of the greatest opportunities for reform in many countries. The heavy hand of the "license raj" in India, for example, may be lightening up as some of the states in that country have reformed their public administration order to stimulate economic development. Similarly, opportunities for civil service reform in Indonesia could conceivably bubble up from the bottom as pressures for improved public service delivery increase in the country's communities and regions.*

## **Political or Ethnic Polarization**

Do political or ethnic polarization foreclose any reform? In Macedonia, the patronage network included many competent people. Many of them accepted the ideas behind a proposed meritocratic civil service reform, but eventually the country's historical heterogeneity became a factor and the reforms were halted because one ethnic group or another thought its interests were threatened.

In Bolivia, three different parties agreed to limited civil service reform, but then the political demands of the indigenous peoples of the country stymied what could be done.

## **A Political Champion**

Is there a political champion for reform? From late 1998 through late 2002, the Albanian reforms benefited from an extremely favorable constellation of prerequisites for success; namely the existence of both top political and top technical leadership committed to the reform effort. The reforms were sufficiently narrow in scope to keep the political costs small enough for the champions to bear the costs and overcome resistance and to achieve some visible results within the short time horizons of politics. The civil servants themselves, having developed a new sense of their unique status, became a key pillar of support for the reforms, along with much of the populace.

## **A Technical Champion**

Is there a technical champion for reform? In Pakistan, the new Government taking power in 1999 launched a process of decentralization reforms to: "(i) break the political and administrative hold of traditional elites, (ii) pass effective political and fiscal power from the federal and provincial levels to newly empowered local governments, and (iii) make local governments accountable to the Public". The reforms were formally instituted following the conclusion of local government elections in 2001. Among the reasons for slower than expected implementation since then has been the challenge of ownership. Although the reforms have the full support of the Head of State and the powerful National Reconstruction Board, they were not initially fully supported by key officials at the provincial levels. Since then, extensive consultation has taken place with the concerned officials, and as a result implementation progress was improving until the present crisis.

## **Patronage Networks**

Is political patronage so entrenched that fundamental reforms threaten those at the bottom as well as at the top?

Ghana has been struggling with civil service reform since the mid-1980s and has really gotten nowhere. Resistance to fundamental change is huge. Everyone in the public service is linked to elites at the top. Any real reform would threaten those at the top and the distribution of their "rents." To satisfy the international donors, Ghana established all

the requisite institutional facades and procedures, but at the end there has been little to show for the funds received.

Civil service reform in Indonesia confronts almost intractable obstacles because *everyone* is involved. Lower level people have to pay to get positions, and then, when they are there, they pump money up the hierarchy. An anti-corruption drive caught corrupt judges and this created a “hook” to generate popular support for reforms, but the momentum dissipated in the face of overwhelming challenges. The biggest problem was that the overarching organization responsible for executing reform did not have the capability to carry them out. A technical champion was lacking. In addition, there has been relatively little exposure to models of civil service elsewhere. This lack of example further inhibits reform. The whole country is decentralizing and this presents a possible framework through local reform in much the way that state reform in India is generating pressure for reform at the national level in that country. There is a lot of pressure from local communities in Indonesia to deliver services, so the two potential “hooks” to generate popular support for reform in Indonesia are service delivery and anti-corruption.

Mexico is in the top tier of LAOs trying to transition into an OAO. One source of pressure for reform is that, at any one time, ten percent of Mexico's labor force is working in the U.S.. This is not a constant group. The tide ebbs and flows across the border. This movement has generated expectations and pressures for change. The response is often one step forward and two steps sideways.

### **Bureaucratic Support or Opposition**

Is the bureaucracy a major obstacle to reform, or is it amenable to change? Even in a developed country like the U.S., bureaucratic resistance can stymie reform. Efforts to adopt performance-based pay were construed by the employee unions as an effort to reduce their influence and many civil servants felt they were better off under a more predictable system than under a “reformed” system. Additionally, there were perceptions of favoritism and envy.

Associations of professionals can be very obstructive. On the other hand, they sometimes have reform factions within them that may have ideas about how to accomplish reform. We should not think of them as spoilers and neglect the role that they can play. Working with and through them sometimes much can be accomplished. This is about process, and how you support groups and give them technical assistance to do so, rather than expecting to come to reforms proposed from the outside. Try to understand what values within these groups are important. Involve the professionals, recipients and users of services, politicians and all sorts of actors.

In Africa and Latin America, professional associations form a space in which people can talk about reform. They network and exchange ideas. This informal structure is an incubator for reform. Bear in mind, that it was just such informal networks of engineers and others in the American Midwest that prompted many of the American civil service reforms of the 19<sup>th</sup> century, particularly at the municipal level.



## Public Support

Is there public pressure and support for civil service reform? It is hard to generate public pressure and support for civil service reform simply because so many of the results seem invisible to the general public except when expected public services are not delivered, or are poorly delivered. Reformers must try to link the cause of reform to a “hot” issue about which there is great public interest or concern, e.g., corruption, or EU accession.

In the Republic of Georgia, Eduard Shevardnadze ended a civil war in the mid-1990s by bringing the warring factions into a government coalition. Having done so, however, he was stalemated in reforming the country's civil service. The rents of the "violence specialists" in the coalition were threatened by any thorough-going reform. (However, this did not stop his government from paying lip service to donor entreaties and proffered funding by creating a commission to supposedly reform the country's public administration.)

An additional obstacle was a long-standing Georgian cultural tradition to place trust only in personal relationships of family and friends. During the Soviet period, this was further reinforced by not knowing whom one could trust. (When you don't have the rule of law, it is difficult to trust someone you have not met.) Eventually, the young people of the country rebelled against this closed system, and its attendant corruption, in their "Roses Revolution." Now the new government itself is criticized for its failure to curb continuing corruption in the public administration.

A similar story in Albania: During the communist era, there were many civil servants who were competent and did their job. When the system collapsed, and a new government came in, many of the most talented fled the government for the private sector. In accordance with past tradition, new people were selected based on political criteria, so political parties nominated their loyalists. Whatever professionalism existed under the old regime was undermined.

Soon the public was upset about the declines in performance and services and a reform administration was elected. A law was passed to enforce meritocracy in the system. For the ensuing five years Albania implemented a civil service system based on merit selection. People grew used to it. When the former president who opposed these reforms was reelected, he tried to change this system, but could not for lack of a majority vote in the parliament. People are challenging his efforts to dismiss merit-selected civil servants and are taking the government to court. Nonetheless, reformers admit that their greatest failure was to keep the public informed continually about the progress of reforms.

*If each of the foregoing seven questions can be answered affirmatively, a second "doorstep" question arises: is there sufficient institutional capacity and continuity to enable the reforms to persist through changes in political administration?*

*Doorstep Condition #2: Institutional Continuity and Capacity*

To succeed, a reform must carry over from one government administration to the next. A very large number of LAOs are “patrimonial,” i.e., the political system and government administration center upon a charismatic individual for whom the civil service is a source of political patronage and power.<sup>25</sup> In many instances, public administration reforms proposed from the outside (with money attached) receive lip service support from such leaders in order to secure these funds, but reform efforts quickly evaporate once the funding ends. There is a vested interest in *not* reforming. Neither the will, nor the capacity to actually effectuate reform, remain once international assistance dries up. In all too many cases, “reforms” instituted by a charismatic leader evaporate with his departure.

There are successes, however. Economic and financial reforms institutionalized under a military dictatorship in Chile in the late 1970s were retained when democratic administrations gained power in the 1990s. In Costa Rica, over a period of several decades a strong leader and political party were able to institutionalize public administration and stability over several decades, though not in accordance with the “universal model” of reform advocated by international donors.

Reforms in Singapore, Malaysia and other Asian “Tigers” can be attributed to the long tenure of admittedly “charismatic” leaders whose central focus was upon national development, rather than purely personal aggrandizement.

Obviously, an impersonal, meritocratically-based civil service is easier to develop if the country’s leadership is non-patrimonial, rather than charismatic. Botswana steadily implemented a systematic stream of public administration improvements over a period of almost 50 years, thanks to the fact that its first leader *institutionalized* rather than *personalized* his office and government functions.

*Reforms take 15-20 years to fully mature, so the motivation for civil service reform must be institutionalized if it is to succeed.<sup>26</sup> A clear vision, such as Botswana's, of the desired outcomes for reform must carry over from one government to the next for several decades before they are firmly entrenched.*

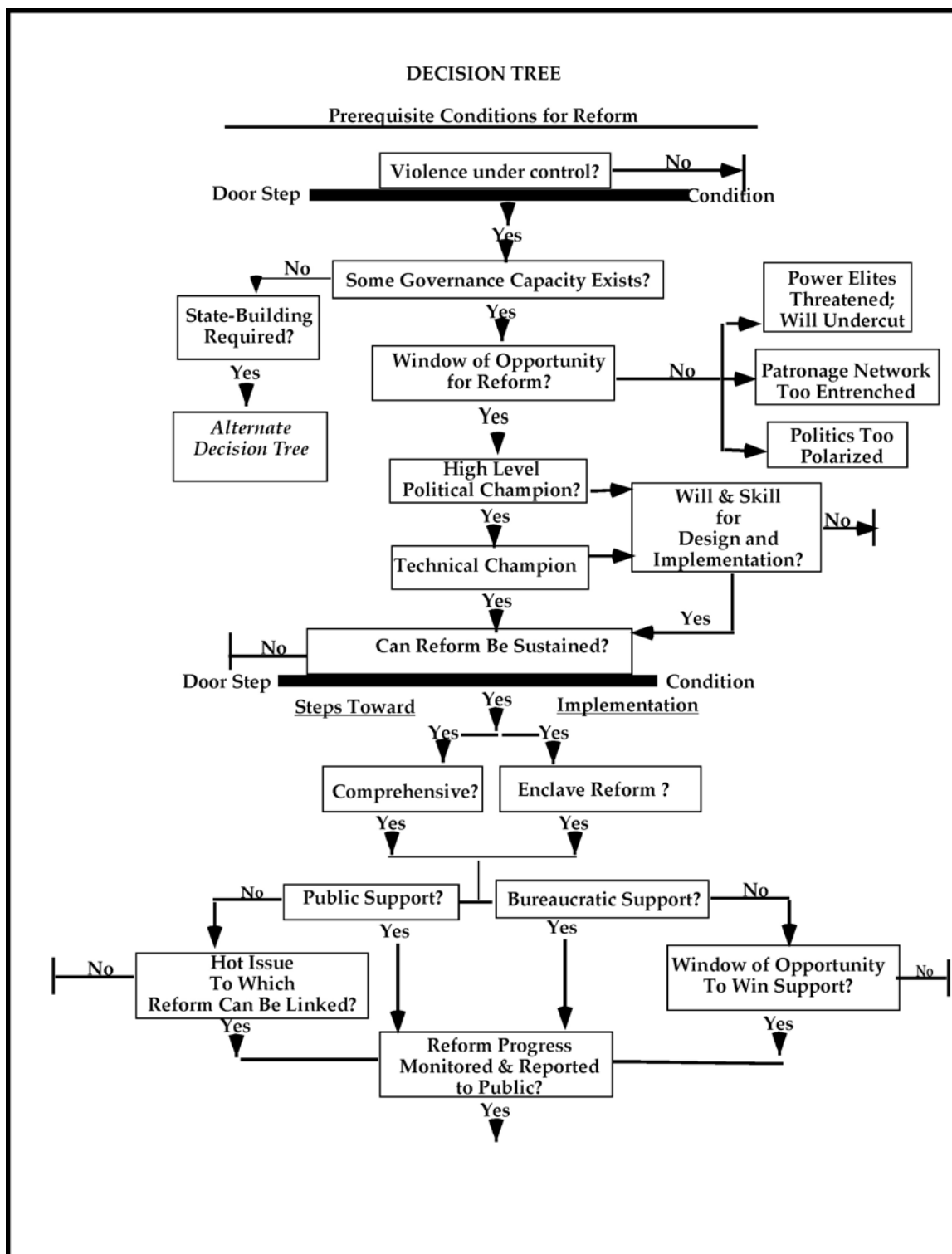
The *capacity* to actually implement a reform must also exist, a condition difficult to meet in even some of the basic or mature LAOs.

**Tunisia: Crossing the Capacity Doorstep**

While international donors have assisted Tunisia financially and with advice, the Tunisian government and its leadership have initiated and conceived civil service reform efforts on their own, and have had the political will to keep trying even when it discovered that the capacity to implement the reform was lacking.

The first attempts from 1970 to 1974 yielded few returns because the government failed to plan implementation in advance, or to negotiate acceptance from some of the chief stakeholders who then actively opposed the reforms. New reform efforts between 1975 and 1980 focused on decentralization and de-concentration of public services, but again the plans for execution were deficient. The decrees that required the transfer of officers from central ministries to the regions could not be carried out because the ministries lacked the staff and competence to carry them out. An ensuing set of reforms from 1980 to 1986 suffered the same fate for the same reasons.

However, starting in 1986, these lessons from past experience were taken into account. Reforms were scaled back to fall within the capability of ministries to implement them. The leadership then attempted to separate the policymaking role of central government from the delivery of services at the local level. At the same time, ministries were required to evaluate all the tasks they were required to perform, the length of time and staff required to carry them out. Based on these evaluations a significant proportion of central staff was found to be redundant. They were re-deployed to local authorities. Additionally, the government determined which of the public services could and should be converted to commercial operations. Tunisia then turned its attention to reforming compensation, the structure of the central civil service, and modernizing its personnel management.



### III.

#### THE "UNIVERSAL" MODEL AND INDIGENOUS REFORM

Are there examples of well functioning indigenous civil services that draw upon cultural, political and institutional traditions significantly different from the so-called "universal" model? Have they produced the level of competence and commitment to public service necessary to facilitate national stability and development?

##### The "Universal" Model in OAOs; A Word of Caution

Even in the U.S., the so-called "universal model" applies quite imperfectly. We should not forget George Washington's government of appointed "gentlemen" who served the United States in its early days after the American Revolution. Through the 1950s, almost all US government agencies retained significant numbers of individuals identified by "old school ties," or family, or religion. There was a good deal of clientelism, but the public interest was served for the most part and the nation developed. Nevertheless, in the meantime a lot of young talent was blocked from appointment by this kind of "personal" system. Even in 1996, Kettl and his colleagues still found the U.S. "uniform merit system is neither uniform, merit-based, nor a system. It now covers barely more than half—56 percent—of the federal government's workers. Only 15 percent of the federal government's new career employees enter through the system's standard testing and placement service."<sup>27</sup>

Shephard has pointed out that, while there has been some convergence among OAOs over time on some of the principles of merit-based civil service, in actual practice there are profound differences. While the concept of "civil servant" in France can be traced back to the French Revolution and farther, it was not until 1946 that today's merit-based French civil service, with political protections and tenure, was put in place. The centralized, statist, interventionist and elitist character of the French civil service offers many contrasts with the Westminster and American examples, as do the Dutch and Scandinavian systems.<sup>28</sup> Each approach has its advantages and its problems.

The dividing line between "political" officers and professional civil servants varies widely among the OAOs. The system in the United Kingdom, since replicated with variations in the other "Westminster" countries—Canada, Australia, New Zealand, etc—pushes "civil servants" *up* far higher into the political policy-making hierarchy than in the U.S. In the U.S., as Newland comments, political appointments reach much farther *down* (and are moving still more deeply) into the bureaucracy.<sup>29</sup>

##### "Personal" vs. "Impersonal" Selection in LAOs

Since most LAOs may not be at a stage of cultural, political, or institutional development at which they can substitute *impersonal* for *personal* relationships for appointments to the public service, are there examples of patronage-based systems that

emphasize competence and performance nonetheless? We shouldn't throw out 'intelligent patronage' models if they work. One World Bank report asked, why not have hybrid appointments? Create a pool of merit-selected candidates and then draw upon them based on political allegiances. There is a rich literature on governance by mutual obligation. We need to know more about tribal civil services, like those in Yemen and Jordan. In Kenya, Charles Karanja ran the Development Authority during the Kenyatta presidency. He appointed individuals on the basis of political ties, but then fired them if they failed to perform.

We should not be blind to the fact that there is a huge cadre of people: drivers and tea ladies—who make up a pool there for politicians to hire and fire at will. These are “escape valves” for governments transitioning toward a merit-based system.

### Indigenous Latin American Examples

#### **Brazil: Public Pressures for Performance**

Though it is hardly a fragile state, Brazil has a very deep system of political appointments—too deep and corrupt—but politics make it a meritocracy. The government finds it difficult to appoint dodos because the public will get angry. The system mixes merit and political appointments, and luckily the country has a large labor market of people who are used to moving around between universities and the private and public sectors. Such an idiosyncratic “intelligent patronage” model is interesting, but it would not work in less developed countries where the institutional capacity and labor market are too shallow to support such an approach.

#### **Mexico; Transition from Patronage**

Mexico under PRI was an example of a non-meritocratic, party-based patronage civil service. It worked ok, but it was sub-optimal simply because it ruled out many talented and competent individuals because they weren't party loyalists. Once PRI was out of power, of course, this system broke down.

The question is whether the country can transition from this system to an impersonal, meritocratic system. The Fox administration's decision (2000-2003) to propose civil service reforms was not made easily. Many of Fox's supporters advocated—at least privately—reducing the power of unions and avoiding the negative implications of civil service by progressing directly from patronage to performance contracting. In the end, though it was acknowledged that it would limit the flexibility of the administration to control the administration's reform agenda. The benefits of a professional and politically insulated federal bureaucracy prevailed.

In April 2003, the Mexican national legislature approved a Professional Career Service Law (*Ley de Servicio Profesional de Carrera*) providing for the implementation of a career civil service system managed through the Office of the President. The law encountered powerful resistance within and outside government. There is as yet no guarantee that a class of professional, apolitical public managers can be created. It will prove equally difficult to bring corruption within the government services under control.<sup>30</sup>

***Chile: Continuity of Reform Through Regime Change***

Chile is a case in which some reforms were institutionalized under a military dictatorship, but were retained when democratic administrations gained power. From 1973 to 1990, the Pinochet junta shifted the government from serving as owner and provider of services to that of regulator, and from centralized to decentralized service provision. Using the existing professional civil service, the military government emphasized merit in hiring, centralized fiscal controls, unified compensation scales, and decentralized some services, while farming out other functions to the private sector. These reforms brought economic stability to the country, but were less successful in improving the allocation and delivery of services. The record on human rights was horrific. Yet, with election of democratic governments beginning in 1994, the economic reforms initiated during military rule were preserved while additional reforms were introduced to help improve the delivery of public services. Reforms continue down to the present with leadership continuing from the very top.<sup>31</sup>

***Costa Rica: Institutionalizing Security and Services***

Costa Rica represents another instance in which a strong leader and political party were able to institutionalize public administration and stability, though not in accordance with the “universal model” of reform advocated by international donors. It organized a new, “corporatist” public administration consisting of many autonomous service delivery agencies. By the 1980s reliance upon so many autonomous agencies led to difficulties in formulating and implementing coherent national policies and programs.<sup>32</sup>

**Indigenous African Examples**

***Botswana: A Meritocratic Plan***

Though it started from a public administration inherited from the colonial period, since independence in 1966 Botswana has borrowed and adapted ideas from many international sources to build its public administration (e.g. its organizations to control corruption and to promote quality performance from Singapore). But it tailored its methods of decision-making and public communication to its own special context and cultural traditions. A major overall theme of Botswana reforms is the importance of communicating the strategy to citizens and to secure agreement on objectives, performance indicators, and working relationships through long-standing traditional forums. Within this context, over a period of nearly 50 years, the country built a public administration based upon merit and performance, adapted to its own cultural context.<sup>33</sup>

***Mali: Reform Through Decentralization?***

A former U.S. Ambassador to Mali thinks that he has decried early signs of self-initiated governmental reform budding in Mali that takes advantage of the country's special cultural context.<sup>34</sup> As in the case of Botswana, it attempts to adapt decision-making, lines of authority, and communications with the citizenry to context. It is not yet an attempt to reform a centralized, clientelistic civil service.

In 1991, a military dictatorship was overthrown. A national assembly representing all social classes proposed a secular constitution that, among other provisions, called for the decentralization of authority, *mara segi so* ("bringing power home")—a return to a long-standing cultural tradition. The centerpiece of the tradition is the epic of *Sunjata Keita*, who founded the Mali Empire in the 13th century, a Homeric-style saga widely circulated in West Africa. De-centralization of power away from the centralized administration inherited from the colonial period may lead to more responsive government, though civil servants in the capital resist it and insist that it has only decentralized corruption. While it is far too early to tell, some observers believe nonetheless that the example in Mali is rubbing off on other countries on the continent.<sup>35</sup>

The devolution of functions and de-centralization of authority is a potential strategy for reform in many countries (e.g., India and Indonesia).

**Indigenous Asian Examples**

The origins of merit-based bureaucracy go much farther back than Max Weber and western models of meritocratic public administrations. The so-called "Asian Tigers"—once they emerged from military occupation or colonial control—drew from the same meritocratic, interventionist model for their public administrations as Japan. Shephard suggests that maybe their predilection for merit-based bureaucracy can be traced all the way back to Confucius.<sup>36</sup> For Asian countries not heirs to the Confucian tradition, such as India, Pakistan, Indonesia, and the Philippines, the story has been quite different, and it shows. All built upon the system they inherited from the colonial powers. Upon independence, India laid on top of the colonial administration inherited from the British *raj*—which, as in the case with all other colonial governments, was organized primarily around the concept of "control"—an ideology that called for extensive state intervention in every aspect of economic and social life. Pakistan, Indonesia and the Philippines drifted into clientelism, which imposed still another kind of barrier to national development.

***Singapore: Tailoring Its Own Approach***

Singapore is a singular example of a country that tailored its approach to its own unique needs and context, even while borrowing and adapting ideas from elsewhere. As Chesterman and his colleagues describe the undertaking, "Singapore was careful to ensure the relevance of the project to its needs. The state made clear its own diagnosis ... It received the most useful assistance from successful implementers of similar programs in their own countries. In seeking to implement these plans, Singapore combined its own administrative elite with specifically selected foreign experts who, in many cases, remained to assist Singapore for extended periods."<sup>37</sup>



***Malaysia: A Civil Service for a Knowledge-Based Economy***

Like Singapore, Malaysia strove to develop its own indigenous merit-based civil service. The government service was seen as the “point of the spear” to develop the country’s economy and a heavy stress was placed on merit selection and competence in performance. That emphasis has continued down to the present. The government has put forward a *Knowledge-Based Economy Master Plan* that not only proposes to re-cast the civil service, but the structure of education and economic activity in the country as a whole. It is based on the expectation that more and more of the world’s economic growth will be “knowledge-based,” rather than involved in the production of goods, upon which Malaysia has concentrated so successfully since independence.

The plan recognizes that “transforming a work culture fostered and acculturated over many decades will require massive unlearning and re-learning,” as well as substantial re-structuring of the government away from hierarchical management “which can be a liability in the K-based environment because they slow down decision-making and are inappropriate for many of the multi-faceted and changing tasks at hand.” The plan suggests that “matrix or network forms” of organization may be more appropriate, particularly at middle levels. Civil servants must become “information suppliers and knowledge enablers.” “This requires a fundamentally different mind-set and approach from that which prevailed in the security-dominated thinking of post-independence years.”

The plan calls for initiatives that make government “the employer of choice.” It proposes more exacting standards of recruitment with the stress on competence in knowledge-based skills. Ministries are required to develop competency profiles for every function. The civil service classification and compensation system will then be based upon them.<sup>38</sup>

***China: Politicians as Civil Servants***

In 1993 China’s Communist Party designed reforms aimed at making the public service more “market friendly,” boost the quality and integrity of the civil service, and improve its performance. All newly recruited civil servants were to be selected through open competitive examinations limited to university graduates. Under the reforms, civil servants were to be provided with a career structure and stable employment. Personnel management systems were to be performance-oriented. Compensation was to be competitive with remuneration in the market. Finally, all civil servants were expected to serve with high integrity.

The government has succeeded in attracting the “best and the brightest” to service in the central government, which is highly sought after and prestigious. *However, the CPC included political leaders in its definition of “civil servants”—the Premier, Vice Premier, state councilors, ministers and provincial governors, vice ministers and vice governors. During the five years from 1993 to 1997, CPC extended the personnel management system (competitive hiring, performance evaluation, salaries and benefits) to the CPC itself and to the Party’s Central Committee-controlled nomenklatura, including the legislature and judiciary.*<sup>39</sup>

### ***The Case of Vietnam***

As in China, Vietnam's efforts at economic decentralization, increased civil service accountability, and citizen participation—albeit, while maintaining an authoritarian political setting—offer a unique case study of efforts to adapt reforms to context without upsetting stability and inciting violence. The results have been mixed. On the one hand, policy statements, decrees and new laws have clarified and codified functional responsibilities across different levels of party and government. As in other parts of Asia, local authorities are increasing their role in investment promotion and streamlining business regulation to facilitate cross-border market-driven links and production networks.

On the other hand, a small number of party members continues to wield great power on all major issues, at all levels of government, only loosely accountable through internal controls. There is a dynamic interplay between hierarchical and network organizations in Vietnam as stakeholders seek to better define the respective roles and authority of the party, the government and other public, quasi-public and private organizations at different territorial levels. Rapid economic growth has generated a rush of lucrative opportunities for well-placed entrepreneurs within or closely linked to the party network.

### **Transitional Countries**

The Soviet system's massive public administration was based upon party loyalty. Nonetheless, it insisted upon—and mustered—considerable competence in critical sectors of the public administration. Corruption and the breakdown of excessively centralized decision-making brought it down. For a time, Russia surveyed international experience with merit-based bureaucratic management to chart its future course, but it is difficult to tell at the moment what that course will be. In Macedonia, many people claimed to be happy with the old system based on nepotism and patronage because they received the services they wanted, but the younger generation viewed the system as unfair, exclusionary, inequitable, and corrupt. Unfortunately, merit-based reforms to open up the system collapsed in the face of ethnic resistance. The drive for EU accession has brought some of the transitional countries along in civil service reform, but the picture is still mixed. The Albanian case study provides some of the more relevant lessons for transitional countries.

### **Conclusion**

*Though they may differ from the so-called “universal” model in their approaches to decision-making, and in their lines of authority, most of the successful examples of indigenous civil service reforms involve some form of meritocratically-based entry and promotion in at least some of the most critical sectors of the public administration. Countries want to globalize and be part of the world market. The empirical literature on the management factors that contribute to effective public administrations provide quite strong evidence that the most significant factor is meritocratic personnel management, and, in particular, competitive, meritocratic recruitment and selection. Moreover, the longer such meritocratic practices are in place, the more effective are the public administrations. The matter of job tenure is more problematic. Often it is more a matter of “due process,” i.e., protection from being fired arbitrarily.*

It is a red herring to suggest that civil services should either be politicized or non-politicized. The issue, really, is how to draw the line between a de-politicized, meritocratically-managed civil service, and the cadre of political appointees. That line has to exist somewhere. In the U.K., it has been drawn between the Minister and the entire rest of the bureaucracy. In the U.S., the boundary is much lower down the hierarchy. It can work either way. The challenge is to work out the roles and ‘terms of engagement,’ so to speak, so that the political appointee cadre and the civil service cadre can work together productively. Each has its role and advantages, not possessed by the other.

It is at the core of government that the political-administrative interface is most important (getting elected officials and civil servants to work together, while protecting the latter from politics). It is possible to argue for a “hybrid” model for top managers in the core: people can be chosen, on political grounds, from a pool of personnel who have been selected on a merit basis. The top echelon of the civil service must have the full confidence of the political masters to whom it reports, i.e., to the elected or politically appointed leaders of the entity within which they are employed. Upon being removed from such a position for non-disciplinary reasons, such top-level civil servants might be guaranteed re-entry in to the rest of the civil service in order to prevent the political masters from simply purging the civil service.

Tenure is more problematic because it traps governments into future fiscal obligations and it makes it easier for civil servants to become powerful, change-inhibiting, public-sector unions. “Due process” to protect civil servants from arbitrary dismissal certainly makes sense. For the periphery of service provision (e.g., education, health, etc.), the argument for merit appointments (as opposed to hybrid appointments) is strong, but the case for full career tenure is even weaker than for professionals in the core.

#### IV. STRATEGIES AND IMPLEMENTATION

##### 1. State Building in Failed States

In failed LAOs, such as Timor Leste, *state building*, rather than *reform*, is required. Little or no indigenous capacity exists, so it is a challenge to decide where to begin—and with what?

*In the instance of such failed states, we should be careful in using the term "ownership of reform." The trick is for outsiders to help create a credible vehicle for indigenous leadership to decide upon state-building measures, and then to provide essential external technical and financial support on call, while at the same time developing capacity for an indigenous public administration. This, by definition, is a long-term proposition. International assistance is required for at least 10-20 years.*

The most systematic civil administration reconstruction initiative currently underway is in Afghanistan. As a RAND study comments, "an entire generation of civil servants was lost during the 1980s and 1990s and cannot be replaced quickly."<sup>40</sup> The effort is commendable in the way it enabled indigenous leadership to craft governance reforms for the country through a *loya jirga*, but where could the country find the skilled personnel it needed to staff the new government?

##### *Diasporas*

In most failed, post-conflict states, the best people to help build the state might be professionals from the Diaspora, but this can lead to problems. In Afghanistan, people who come back are called "dog washers" (the best job they could get overseas). Chile calls them "the 14<sup>th</sup> province"; Cuba calls them "worms." But Afghanistan relies on people like that (and so, too, to some extent, does Iraq). Attracting the Diaspora back on a short-term basis might work, but the Soros Foundation funded people to go back to their home country at high salaries and created a deeply resented "enemy."

*One way to use professionals from the Diaspora would be as facilitators, rather than as administrators. They would not be resented or envied (because of salary) so much if they acted in this kind of transient capacity. The challenge is to distinguish between "dog washers" and professionals whom people can respect. In Cambodia, there are people who were educated in the U.S. and very confident, but they keep a low profile and let local people take credit.*

Globalization is changing the character of Diasporas, as the Asian Development Bank found in a recent investigation. People are networked today in ways they have never been in the past. Furthermore, talent flows from LAOs to OAOs and back again, largely a result of economic emigration and immigration and the international reach of western universities.

*We should take a close look at the Ashoka social entrepreneur program to see if it provides a model for training up capacity for failed states. It is country-focused, but has an international diaspora dimension through which all of the grantees are networked worldwide. In consequence, these social entrepreneurs are not just doing something for their own country; they are part of a global talent pool and communications network. It is easier to get these individuals to share ideas and work together and network than it is to get international and national donors to do so. We can apply this to new ways of networking, e.g., idealist.org and linkedin.com.*

Unfortunately, in many failed states, international interveners purposely destroyed whatever little institutional capacity existed (e.g., Haiti and Iraq), and were then compelled to re-create it from scratch with considerable expense and time.

## **2. Strategies for Reform in Basic and Mature LAOs**

In contrast with circumstances in failed states, in many basic and mature LAOs, some institutional capacity already exists.

*The trick for reformers is to—*

- *Keep an eye out for windows of opportunity, such as the emergence of new political and technical champions, and quickly mobilize support to address those opportunities whenever and wherever they arise.*
- *Hook any reform effort to a politically salient issue, such as anti-corruption, EU accession, better service, etc.*
- *Mobilize domestic constituencies to support the reform—e.g., civil servants, citizens victimized by corrupt, unresponsive, bureaucratic, and inefficient public entities, businesses hampered by high transactions costs created by a regulatory environment that fosters corrupt, unresponsive, bureaucratic and inefficient public regulatory bodies.*
- *Monitor and publicize systematic evidence of progress. This needs to start either before or, at the latest, at the beginning, because progress needs to be judged against the starting point, rather than against an unrealistic “best practice” standard.*

### *First Steps*

Once a window of opportunity opens up, a good first step would be to undertake a civil service census in order to determine where capacity is needed, where it exists, and where it does not. Then, turn the question back to the leadership and ask: “What are the core competencies that you want to build?” If they think in terms of core *competencies* they might be more successful than starting with *institutions*.

Even in the least capable states it is possible to find some possible centers of excellence where leadership, merit, performance, and enthusiasm about the work offer a seed bed for reforms which can then spread elsewhere. Even in the most failed state, there are people there who want to improve the situation, so it is a matter of looking for and mobilizing entrepreneurs inside and outside the government..

One of the first priorities might be to build up core competency in WTO trade areas and work backwards. What kind of core competency do they need in finance, customs, etc. How can they get it?

*Most LAOs urgently need to rebuild conventional administrative capacity at the central core (policy making, financial management). The distinction between core and periphery provides a useful framework with which to decide what kinds of reforms are appropriate and where. Required services (e.g., education and health) might be addressed along the lines suggested in the World Bank's 2004 World Development Report.*

Experience indicates that one of the early windows of opportunity is almost always on the public finance side. The World Bank's 1998 *Public Expenditure Management Handbook* begins by stressing "getting the basics right." Drawing on Schick's notion that countries should control *inputs* before seeking to control *outputs*, account for cash before moving to accrual accounting, and operate a reliable budget for inputs before moving to budgeting for results. Establish a reliable accounting system before trying an integrated system, and a reliable financial auditing system before trying performance auditing.

#### *Pitfalls*

*At the same time, reformers should avoid several pitfalls—*

- *Setting unrealistic expectations: Reforms are often sold as if they are going to turn a completely dysfunctional bureaucracy into a "best practice" nirvana within 3-5 years. Those results, of course, never materialize and the effort is discredited.*
- *Failure to monitor and publicize systematic evidence of the reform's progress: Very few reform efforts monitor anything more than the actions which have been undertaken. As such, it is impossible for the public, or the government, or the affected civil servants to assess whether progress is being made. As a result, interest and support flags. In Albania, the biggest mistake was a failure to keep the public continually aware of progress or lack of progress with the reforms. As a result, awareness in the public mind faded and opened up the opportunity for a newly elected president opposed to the reforms to undercut the reforms.<sup>41</sup>*
- *Reforms that provide significant financial benefits to reforming entities or their staff in exchange for undertaking the reforms: It sounds ideal in the abstract; but—with few exceptions—such approaches fall prey to political pressures to ensure nobody fails to benefit from the proffered rewards. There are things that can be done to address such risks, such as keeping such financial rewards modest and involving credibly independent parties (e.g., external supporters of the reform) in the decisions as to which entities and/or staff will actually receive the promised financial rewards. But these checks are a hard thing to sell to in-country reformers.*

### *Design Conundrums*

Every reformer faces several conundrums.

*Unavoidably, reforms must be undertaken in bits and pieces over an extended period of time, depending upon when windows of opportunity open and close. But the sequence of actions should not be inherently contradictory. (For example, do not introduce significant salary improvements before undertaking a major retrenchment effort.) Yet this implies that there is a long-term strategy, or vision. Obviously, it is extremely difficult for leaders of most LAOs to think long-term, so mired are they in the present crises.*

It is possible, of course, to specify a *strategy* for reform, including an integrated menu of important elements and sequencing. But neither the ruling coalition, nor the populace, may be willing to accept such a vision, though willing to acquiesce in a limited reform. Even if it is possible to develop a long-term vision for reforms, any such strategy is contingent fundamentally on factors that cannot be fully addressed in advance. No single, optimal route to success can be specified beforehand.

*Comprehensive reforms are rarely feasible, even in OAOs. Certainly in most LAOs, there is no alternative but to seize upon targets of opportunity when they present themselves. Unfortunately, limited ad hoc reforms rarely amount to anything. People move on and governments change. So even though the comprehensive approach rarely works, the piecemeal approach often doesn't work either. The fundamental reason for this is that such enclave reforms create envy and resentment within the rest of the "non favored" public administration. Additionally, such enclaves require the cooperation of the rest of the public administration if they are to have any impact.*

Nevertheless, enclave reforms are almost unavoidable in post-conflict situations if any progress is to be made, but they pose a very difficult dilemma. They are often required for short run progress, but are inevitably inimical to sustainable long run impacts. Unfortunately, there is no simple rule for deciding when an enclave's likely benefits are likely to outweigh its risks. Along the way, some efforts will fail. The key is to learn from the failures, so that the overall effort can succeed. Expect the effort to take many years, particularly in countries whose institutional arrangements and capacities are especially problematic and weak at the beginning of such a reform process.

Given the unavoidable importance of contingent factors over time, results will be extremely difficult to achieve in the early stages, and even more difficult to sustain, since progress will only be possible on a limited number of fronts. Reformers have to "fill the gap" in strategically important areas for which a "window of opportunity" for reform has yet to open (e.g., maintain pressure for reform progress until a domestic constituency has evolved.). *Implementation matters more than design.*

## **Top Down or Bottom Up?**

Some stress the need for a "top down," politically driven, all-encompassing reform process. Werlin cites the example of countries such as Korea, arguing that reforming central bureaucracies is primarily a problem of political will and government capacity to effectively use persuasive and manipulative (rather than coercive and corrupting) forms of power.<sup>42</sup>

Esman, on the other hand, advocates a "bottom up" approach. He claims that system-wide reforms disrupt familiar routines and threaten established centers of powers without demonstrating convincingly their effectiveness. He prescribes, instead, incremental, confidence building measures, such as training, new technologies (e.g., e-government), introduced with staff participation and focused at the level of individual programs or organizations.<sup>43</sup> Brautigam makes a related argument that reforms should concentrate on a few critical functions, shifting politically important patronage opportunities to less vital agencies.<sup>44</sup>

### ***Bottom Up: Brazilian Prosecutors***

A good example of a bottom up reform is the action taken by Brazilian prosecutors to gain office through a merit system, rather than political patronage. Analogous to U.S. Attorneys, there is a prosecutor in every Brazilian state. From the point of view of government, they are a pain. But the public likes and respects them. It all started in the 1930s under a dictatorship. Prosecutors were unhappy with their low status and low salaries. As soon as the dictatorship fell and a new constitution was adopted in 1946, they succeeded in having provisions inserted that enhanced their role enabling them to actively intervene and change public policy. They wanted to reform themselves and wanted a higher status. They wanted to do away with a lot of political meddling in the conduct of their offices. They fought for and achieved an entrance exam. They outlined the prerogatives they wanted and, in return, promised a high level of public services. In the eyes of the public, they have succeeded. They are prosecutors, but also represent public and civic interests in class action suits when the necessity arises. If they have objections to a piece of legislation under consideration, they are able to lobby against it. They are now a meritocracy. Seven thousand candidates apply for 50 positions. Once they get in, however, seniority governs. Everyone knows the year you got in and the score you received on the exam.

We might expect that they are wary of prosecuting police and politicians, but that is not the case. However, when political cases are brought before the courts, there is a tug of war. Sometimes political influence wins against the prosecutors in court. So there is some question of whether Brazil yet meets a third "doorstep" condition: that all members of the government and ruling elites are subject to the rule of law.



***Top Down: The Case of Albania***

While there was no past tradition in Albania of a civil service based on merit entry and promotion, its judicial and administrative system was sufficiently “European” that the populace and the civil service did not find the concepts of a merit-based civil service totally alien. In the last days of the communist government, while civil servants were required to be party members, a highly specialized bureaucracy was created with some appointees even having European experience. These were the first to leave office for private sector employment once the communist government collapsed.

Then in came people nominated politically for their jobs. However, this came at just the time when a series of financial pyramid schemes collapsed and severely undercut the country’s economy. As a result of public outrage over the scandal, a new political party came into power. In the wake of the collapse, the Albanian population demanded civil service reform as a way to curtail corruption. There was widespread popular desire to curb the privileges and rents of the old elites and the old civil service.

From late 1998 through late 2002, the Albanian reforms benefited from an extremely favorable constellation of prerequisites for success; namely the existence of both top political and technical leadership committed to the reform effort. The reforms were sufficiently narrow in scope to keep the political costs small enough for the champions to bear the costs and overcome resistance and to achieve some visible results within the short time horizons of politics. In 1999, the parliament adopted a new *Law on the Status of the Civil Servant*.<sup>45</sup> Prior to its passage, all public employees were managed at the discretion of politicians. The new law mandated transparent, competitive recruitment and selection procedures and a new salary structure. The civil servants themselves, having developed a new sense of their unique status, became a key pillar of support for the reforms along with much of the populace. However, the reforms were not monitored and publicly reported in a way that kept the public informed, interested and supportive. The effort faded from the public's radar screen and the public pressures for reform diminished. In 2002 a Prime Minister was elected who had opposed many of these reforms. Under his tenure, by 2004 the incidence of Secretaries General recruited in compliance with the new law declined to 67 percent, but among the broader range of civil servants de-politicization seems to be holding.<sup>46</sup>

Assuming that, in the top down or bottom up case, a coherent strategy is being followed, either viewpoint can apply. Reforms need to move “...as fast as possible when circumstances permit, and as slow as necessary when accountability needs to catch up, absorptive capacity to grow, or public tolerance to be rebuilt...” Implementation may need to proceed in many small stages. Some of these can be planned, and scheduled based on priorities and complementarities. Others will proceed based on targets of opportunity. Unfortunately, the information we have on what works and what does not is spotty. We can do an evaluation on the provision of health services. If community health improves, we have clear evidence that it has had an impact. But it is different with civil service reform. More often than not, the “evidence” is anecdotal. What we are looking for is the best experience that might be adapted to a country's cultural and institutional context.

## V. RECRUITING AND RETAINING TOP TALENT

In some cultures and countries, top-level civil servants are viewed as a valued elite, e.g., Singapore, Malaysia, Japan, China's central administration, Botswana, Britain, France. Talented people compete to enter such civil services, placing considerable value on the prestige, in addition to other benefits. But how do you recruit and retain a top cadre of talented managers in an LAO?

### 1. Recruitment

#### *Three Strategies*

- One approach to recruitment—which we might characterize as the “French,” or ENA, model—is to establish a prestigious “feeder institute” to produce an elite cadre of managers and leaders with clearly delineated career paths.
- Another is to create an elite cadre, a “senior executive service,” to which talented, ambitious civil servants might aspire. The careers of such senior managers are tied to the government as a whole, rather than a single agency. Their compensation is higher and more flexible.
- A third, more general, strategy is to rely on market competition and provide compensation, benefits, and due process protections, together with unique working opportunities, for the upper levels of the civil service that are competitive with the private sector.

#### *The “Feeder” Approach*

A merit-based system requires a steady supply of trained talent, a difficult challenge in many LAOs.

*Unfortunately in fragile, low capacity contexts with no depth of educational institutions, the “feeder institute” approach has been used as a way to guarantee employment to graduates, fueling over-employment, low pay, etc. (e.g., Senegal, Egypt), distorting both the economy and the civil service.*

Though not a fragile country, Brazil's mixed experiences with recruitment offer a number of useful lessons. It has tried both the “elite” feeder institution approach, based upon the French model, and more pragmatic approaches which draw upon the broader resources of its educational establishment and labor market.

**Brazil: Lessons from Mixed Experience**

In the 1980s, Brazil created the National School for Public Administration (ENAP). ENAP's mission was to prepare public servants to perform the highest managerial tasks, but it was also charged with responsibility to address inflexibilities within the government service, managerial and technical capacity-building, improving the management and delivery of public services, and to develop a personnel policy for the government. With all these assignments, ENAP quickly fell into confusion. Its first recruits were frustrated by the failure of the government to provide any career path for them once they graduated. There were no clearly stated doctrines or values promulgated for the program. It failed to establish strong links with universities and other educational institutions in the country. There were many turnovers in leadership. Some have argued that ENAP failed because "myopic feudal lords, captives of an intra-organizational ideal in which loyalty to the house and to the values of internal culture take precedence over the needs and demands of the society as a whole."<sup>47</sup>

More pragmatically and more recently, the Minister of Labor realized that promising candidates who had gone to elite schools would be garnered by private firms. So his strategy was to recruit for prosecutorial positions students who graduated from second tier schools and who were unlikely to get private sector mega-offers. They worked out well, and half of them were retained for the long term.

Providing a country possesses the requisite educational institutions, recruitment from a broader array of universities and training centers has proven far more workable and likely to succeed than to rely upon a single "elite" feeder institution. Even in France, there appears to be a growing conviction in the electorate that the elite "Enarques"—graduates of the *Grand Ecole*, who dominant the top of the French civil service and political leadership—have lost touch with the needs of the citizenry.

**China: Recruiting the Best and Brightest**

In its concerted campaign to recruit the "best and brightest," China has increased its recruiting campaigns at its universities and through the internet. From 1994 to 2004, the number of applicants for each post nearly doubled. Quietly, however, it has introduced competition into the training and education of the pool from which it draws its management talent. The government arranged with Harvard's Kennedy School to train top level bureaucrats in order to confront the CPC's training schools with competition and expose them to the concept of performance-oriented service.<sup>48</sup>

*Scholarships for Bonding to Public Service*

Many countries have tried to recruit top talent by offering scholarship support for education and training in exchange for a stipulated period of civil service.

***Singapore***

After independence in 1959, Singapore's new government set about to attract the country's "best and brightest" to the civil service. To compete in the labor market for the best candidates, the Public Service Commission offered attractive undergraduate scholarships to candidates who did well in the Cambridge General Certificate of Education Advance Level examinations. Once they graduated, these scholars were "bonded" to work in the Civil Service for a fixed number of years. A candidate is assigned a "Currently Estimated Potential" (CEP) by the Commission, which helps determine the speed of promotion, taking into account the norm for persons of similar potential. Because of these procedures, many ministerial officers in Singapore are in their 40s. Civil servants are promoted on the basis of experience, merit and qualifications, rather than seniority. Retention is high because compensation is among the best among civil services around the world and the positions are considered prestigious.<sup>49</sup>

***Botswana: Education in Exchange for Commitment<sup>50</sup>***

Upon independence in 1966, Botswana reorganized its Directorate of Public Service Management to emphasize training for the public service. Most training took place in Botswana at the University of Botswana, the Botswana Institute of Administration and Commerce, the Institute of Development Management, the Roads Training School, Meat Inspection School, National Health Institute, the Teacher Training College, the Police College, and the Botswana College of Agriculture. More recently, the Botswana Center for Accounting Studies, and the Botswana Productivity Center have been added.

Training opportunities were also arranged at the Universities of Dar-Es-Salaam, Nairobi, Zambia and Zimbabwe. Still others were sent abroad for graduate and post-graduate studies. Up until 1990, education and training outside Botswana was financed almost entirely by international donors. However, in that year the Directorate instituted direct funding for external training and education. At one stage in the country's development, the government snared so much of the country's talent that the development of the private sector was stunted. So for a time, the government relaxed its near-monopoly on the trained talent. As development advanced, however, the government returned to an emphasis upon recruiting and training talent for the public service.

There has been an attempt to provide more training in-house and to limit foreign training to the SADCC countries. The question then arose whether students receiving financial assistance for such education should be "bonded" to public service. All students receiving government financial aid were encouraged to work in the public service for a period at least as long as the period of their education. A resolution was adopted that bonded those receiving in-service education to public service. Despite this, many left government service to work in the private sector, or for parastatals, for more pay. The bonding agreement was thereupon strengthened to require full, lump-sum repayment of the financial assistance if a recipient left government service before the required period of service expired. This, and a slump in economic activity in the early 1990s, helped improve retention.

Unfortunately, most LAOs have neither the depth of educational institutions, nor the depth of skills available in the labor market, nor the financial resources, to emulate Singapore's approach. It is a challenge for African countries to pursue Botswana's early strategies, as well. There was a period, at the end of the colonial period in Africa, when there were efforts to build up centers of excellence in the universities, often using expatriots as some of the faculty. Most of that capacity has been lost (though a group of foundations is attempting to re-build that capability in Sub-Saharan countries). Now, a lot of training for policy elites has been globalized. Young people are getting degrees at universities in developed countries. Unfortunately, this training often fails to match the basic needs for public administration skills in their home country. Further, a large proportion decides not to return home and are lost permanently to their country of origin.

The competition between the private and public sectors for talent grows more intense as an LAO climbs up the development curve. In the earliest stages of development, the government is likely to be the major source of employment. The challenge is to ensure that its monopolized call on talent does not stifle development in the private sector. As development advances, however, private competition often threatens to deflect most talent away from government service. At this juncture, compensation and benefits for the upper echelons of the civil service are a matter of strategic concern. So, too, is the meaningfulness of the work and protection from arbitrary dismissal.

#### **Brazil's "Mixed" System**

For many non-protected environmental positions in Brazil, for example, the government is willing to pay 100% of the amount earned in a comparable private sector position, but has a difficult time recruiting for these jobs because of the threat of arbitrary political dismissal. When there is a change in political leadership, very talented people are ousted from these posts. For lack of adequate labor market information, it is not easy for them to find a private sector job comparable to their old government post.

Yet, at the same time, economists in one of the merit/tenure-protected enclaves of the civil service may get many private sector offers and not take them. The whole package of benefits from public employment, plus the meaningfulness of the work, is what counts. An economist in the Central Bank earns around \$60,000 per year. He could make \$600,000 in a private bank, but few of these economists move to the private sector. Most can retire at 50 and then move to private employment with a lot of experience under their belt.

### Senior Executive Services

What about the second strategy to recruit and retain talent: creation of a senior “elite” cadre?

*Often, experience with senior executive cadres has been disillusioning as well. First, because ministries fight hard to hold on to “their own,” and resist managers who are imposed on them from the outside. Secondly, many fail because governments often do not provide a clear career path for members of the cadre outside of the traditional agency-centered road to promotion. It is difficult to separate the powerful magnetic attraction between a career manager and the agency in which his/her career has developed. As a consequence, most efforts to create an elite corps of managers whose loyalty is to the government, rather than the agency, have failed. Unless appropriate government-wide career paths are developed for senior managers, and the full weight of top political leadership actualizes them, they are unlikely to succeed. In the instances where such an elite cadre exists (e.g., France), its status and influence can become a political issue, particularly if the populace and elected political representatives feel that the senior elite have “lost touch” with the citizenry.*

#### **Argentina: A Failed Experiment**<sup>51</sup>

In the 1980s, many Latin American countries addressed the shortcomings they perceived in the management of their public services. A number singled out senior managers for special attention. In 1984, Argentina set about to create an elite corps, the *Administradores Gubernamentales* (AGs), recruited through a very strict, competitive system after a complex selection process and a specialized educational program. Upon entering the corps, AGs, who were assigned to various staff, consulting, and managerial positions in the public service, were responsible to both the Secretary of the Public Service and the official in charge of the unit to which they had been assigned.

This approach was seen as a way to bridge the endless sequence of military and civilian governments during which top managerial positions had been filled at the whim of short-lived regimes. It was hoped that by putting a new breed of public manager into critical positions, a tradition of professional, apolitical service could be diffused throughout the government. However, the country’s fiscal difficulties during the ensuing years reduced the number of candidates who could be selected for the corps each year. Worse, adoption by the government of an “Executive Positions” regime cut AGs out of careers in government management, leaving them to serve mainly in the roles of trouble-shooters and consultants. The original objective to create a cadre of senior managers was not met and the once-prestigious AGs were demoralized and marginalized.

Even in the most developed countries, experience with senior executive services to attract and retain top-flight talent has not proven entirely satisfactory. The U.S. Senior Executive Service has failed to achieve its original objectives, partly because, as Administrations changed, high-level champions were lost. There was no clear career path

for SES members, so they wound up continuing to spend most of their career at one agency. Similarly in New Zealand, agencies were reluctant to lose their most talented and promising managers to other agencies and were hostile to any of the cadre coming in from the outside.

### *The Issue of Envy*

A Soros Foundation initiative in Albania encouraged young Albanians studying abroad to come and work within the Albanian administration. It was a complete failure because it created gross income inequality within the administration. Young and inexperienced people were paid double or triple the salary of others who might have served 20-25 years in the civil administration. The new entrants were not asked to perform any special functions and were unevaluated. Likewise, in Japan, Algeria, and Romania, the roles that such specially trained personnel were to play were not clearly enough defined and demarcated. Kazakhstan appointed juniors into senior roles generating profound inter-generational envy.

*In LAOs, this issue of envy from the rest of the public administration is a challenge entirely different from developed countries, where senior cadres have typically developed out of an existing, de-politicized, meritocratically managed civil service with effective due process protections and redress mechanisms. Too often in LAOs, such reforms are typically proposed and launched as the starting point for reforms, rather than as the capstone. This dramatically alters and magnifies the implementation challenges, and more often than not leads to incapacitation of the senior cadre, as the staff they are supposed to manage and work with simply refuses to cooperate. Thus, it is wiser to embed any effort to develop a special cadre of talent within a broader reform agenda that can command broader support politically and inside the public administration. As in the case of every other kind of reform, there must also be high-level political and technical champions with sufficient authority and determination to address this resistance.*

*It sounds ideal in the abstract, to provide significant financial benefits to specially identified managers and professionals in exchange for reform and performance. However, with few exceptions, such an approach falls prey to political pressures to ensure nobody fails to benefit from the proffered rewards.<sup>52</sup> There are things that can be done to address these risks, such as keeping such financial rewards modest and involving credibly independent parties in the decisions as to which entities and/or staff will actually receive the promised financial rewards. But these checks are a hard thing to sell. In short, such reforms are very appealing on a priori grounds, but extremely difficult to get to work as intended.*

## **2. Career Path and Tenure**

### *The Matter of Tenure*

One of the biggest enemies of recruitment and retention is the prospect of being fired arbitrarily when political administrations change. Yet the closer to the top in the civil service, the more vulnerable an incumbent is to this risk.

Even in OAOs, OECD surveys find that many senior managers aspire to move into high policy-making roles toward the culmination of their careers. In the United Kingdom, that avenue is open to them. In the U.S., where the trend has been toward deeper penetration of political appointees into the bureaucracy, it would be necessary to reverse the direction, with professional civil servants moving up into what heretofore have been considered political posts. In some OECD countries, the most common solution is the creation of a “pool” system. Merit criteria are used to select entrants into the pool. They are then available for appointment to “political” posts. This pool system ensures that civil servants participating in it are not faced with redundancy when political administrations change. (In Canada, Deputy Ministers serve at the pleasure of the Crown. In the event of dismissal, convention dictates that a position be found, or that a voluntary retirement package be arranged. Similar arrangements exist in Germany.)<sup>53</sup>

Tenure is a problematic dimension of the “universal” model. It can help make the civil service a major obstacle to reform when change is needed. In most LAOs, it is not so much an issue of tenure as it is of due process. What is needed is protection from arbitrary dismissal for political reasons. For civil servants who reach the highest levels sensitive to changes in political leadership, alternative employment options are necessary in order to forestall the loss of talent from the country’s public life. In Albania, for example, it may well be that some high level civil servants should leave when the government changes. But what is to be done with these talented people? Why not send them to policy research centers where their talents can continue to serve the country, as seems to be the case in the U.S.?

In the U.S., many top administrators and policy analysts who lose their posts when political administrations change are often taken up by universities and policy research centers. Few LAOs offer that opportunity. In Brazil, there are a few research centers integrated into schools that serve as incubators of talent for the public sector, but there are not nearly enough to absorb the ebb and flow of talent in government. The international community has underwritten a modest network of such institutions in Central and Eastern Europe—“National Institutes of Public Administration and Public Affairs.” They have neither the scope nor the scale to meet the problem, but they offer a seed concept for a network of institutions in Africa, Asia, and Latin America that could combine policy research and education akin to that provided by “think tanks” and research universities in the U.S. However, we should be realistic about what can be achieved. In the mid-1990s, a very energetic leader of a new school of public administration achieved some results in Poland. But to insert that into a sea of underpaid civil servants, where the education level is generally low, is quite difficult.



### **3. Compensation**

Surveys by OECD find that senior managers are more likely to stay in government service if they find their work challenging and their responsibilities commensurate with that work. They do not respond to compensation incentives alone. Nonetheless, at the end of the day we come back to money. If we think about long-term development strategies, we need reasonable financial incentives to attract people into the right jobs at the right level. If we attract people through reasonable salaries we are more likely to develop long-term depth.

Certainly in “new states,” like East Timor, there is an issue of trying to put in place a salary system that the country can live with down the road. It must be sustainable and sufficient to attract people over time.

#### **The Albanian Case**

The Albanian effort targeted only about two percent of the central public administration; namely, the professional and managerial cadres of the central ministries, immediately below the political appointees. Credibility of the reforms was ensured through a number of devices, including: (i) the competitive recruitment and selection procedures; (ii) the redress mechanism; (iii) the visible commitment of the Prime Minister to these reforms; (iii) the hard-nosed implementation of these reforms by the technical level “champion”. It was an integral element of the broader civil service reform effort in Albania, and it was narrow enough in its coverage to make it possible to meet the financing requirements and overcome political resistance.

These basic design features are applicable in other transitioning and fragile states – competitive recruitment and selection, tiered screening processes for those competitive recruitment and selection actions, competitive salaries, etc.

Different labor markets pay different amounts. A salary structure that recognizes this is key. In many civil services there is a drive towards egalitarianism. Most surveys find that most skill sets at mid-level in the civil service receive pay comparable to that in the private sector. The higher up we go, the bigger the discrepancy between public and private compensation. This makes it harder to attract top talent into the public service. Unfortunately, in many LAOs, the data has not been generated and is hard to get.

Clearly there are other parts to compensation than salary. Many LAOs offer extensive “benefits” to supplement salary in order to attract and hold top managers (e.g., housing, autos, opportunity to “moonlight,” etc.) A study of high performing public organizations in Ghana found that high overall pay levels (rather than pay differentials), and merit-based hiring criteria were the key factors that distinguished them from weak performers. A UN multi-country capacity building study found similar results, along with the importance of good, team-based management.<sup>54</sup>

Andrew Shrink, at New Mexico University, studied a reform in the Dominican Republic that aimed at recruiting inspectors with law degrees. Basically, the state could not afford to pay competitive salaries, so the government allowed these lawyers to 'moonlight' in the private sector. Albania permits some of its civil servants to work in the private sector on a "sabbatical" for three years. Brazil makes many of its high-talent positions competitive and attractive through non-compensatory benefits: flexibility in work hours, special leave, and even the opportunity to take a five-year "sabbatical" for work in the private sector.

But when you start generating a lot of incidental benefits, the actual cost of the civil service gets more and more impenetrable and unsustainable. Eventually, there is less and less correlation between the actual compensation (including benefits) an individual receives, and the level of responsibility and performance.

The objective should be to try to get a consistent salary structure. What is the right comparator to judge if you are equally competitive? It is not necessary to shoot for 100% comparability, but it is necessary to decide what is an affordable and sustainable wage bill, then see what talent you can attract for that. It may be necessary to downsize the civil service in order to finance the critically important managerial and professional slots.

***Botswana: Public Wages and Private Salaries***

By 1981, it was clear that, in building the public service, the government of Botswana was monopolizing the call on the country's scarce, trained talent, and that it was necessary to share educated personnel with other sectors. The pace of localization of the public service was lessened so that other sectors could compete for and attract educated personnel. However, as this policy was implemented, public service wages and salaries began to diverge noncompetitively from those in the private sector. In November 1991, a weeklong strike of 13,000 workers pressured the government to raise salaries at lower levels by 16-23.4% and by 15% in the middle and higher grades.

A Presidential Commission on Incomes Policy pointed out that professionals, technicians, and artisans had regressive salaries compared to the private sector during the 1980s. It recommended enhanced salary scales and promotion procedures for these categories of public service workers in parallel with those of administrative and management cadres. A new compensation and promotion scale for the public service resulted. Its intent was to manage promotion on the basis of performance and productivity. With the increased revenues from diamond production, salary increases were adjusted to reflect the rate of inflation.

***China: How Can a Uniform System Be Financed Nationwide?*<sup>55</sup>**

China uses a single uniform pay scale for its civil service. Actual compensation consists of four components: a basic wage, a post wage, a grade wage and a seniority wage. The basic wage is the same for all civil servants from bottom to top. The post wage refers to the post that an incumbent occupies divided into 14 increments based on length of time in the post. The grade wage intends to reflect the capacity of the individual. These post wage and the grade account for most of a civil servant's monetary compensation. The seniority wage is a relatively small share of total compensation. These wages are quite low compared to comparable non-governmental compensation for comparable positions.

However, much of the difference is made up with generous benefits, the provision of which had been invisible until recent reforms monetized the benefits for junior and middle level civil servants. Because average wages in the richest parts of the country are at least double the average wages in the poorest, civil servants receive cost-of-living adjustments. Until 2003, nearly all civil servants received housing at subsidized prices. However, as part of the civil service reforms, the provision of housing has been replaced with cash payments. The existing housing has been sold off steadily to civil servants since the mid-1990s at highly favorable prices.

High rates of civil service corruption at the local levels are, in part, a consequence of low civil service wages. Civil service costs at the local level represent a considerable burden, representing 70-80 percent of total local government expenditures. This burden has been aggravated further by the increased salaries for civil servants mandated in China's reforms. Poorer local governments have reacted by levying additional fees and charges on the local population. This has contributed to increasing local restiveness in these communities.

***Singapore: Center and Periphery*<sup>56</sup>**

Once Singapore's economy began to develop and generate the necessary revenues in 1972, the government attempted to offer salaries and working conditions for civil servants that are competitive with the private sector. In 1989, after earlier surveys had found wide discrepancies between compensation in the private and public sectors and that this accounted for some of the loss of talent from the civil service, Singapore raised salaries of senior civil servants so that they ranked among the highest in the world. This was possible, in part, because of Singapore's decision to cap the size of its civil service.

Secondly, a distinction was made between efficiency in the use of resources and the delivery of public services. This frees the chief executive and the ministry to consider alternate ways to deliver a service on the one hand, and efficient use of resources on the other. Chief executives are freed from almost all controls over their inputs allowing them to try alternative ways to deliver a service in order to meet output objectives. The centralized management of the civil service was abolished and the chief executives of the agencies became the employment authorities, free to negotiate performance pay agreements.

***Malaysia: Pay for Performance***<sup>57</sup>

In 1992, Malaysia adopted a “New Remuneration System” based on pay for performance and increased flexibility to reward performance rather than seniority. The aim was to enable the civil service “to participate effectively in the process of nation building.” The emphasis has shifted from defining “tasks” of the civil service to proficiency delivering in delivering the final service.

Under the system, compensation is based on the rate for the job according to its classification, the qualifications and training of the employee, a variable “non-permanent component” based upon performance that supplements the basic salary and fixed allowance components. Under a “matrix” salary schedule,” compensation is held flat for unsatisfactory performance, within-grade for satisfactory performance, allowed to progress vertically for good performance, and may proceed “diagonally” to higher levels for the service if performance is excellent. Classifications have been streamlined and certain “critical” services identified on the basis of their “contributions towards national growth and development, competition for the skills in the labor market, and qualifications and abilities needed to perform the service. Premier and special grade posts for policy formulation and management are also identified.

## VI. PERFORMANCE AND ACCOUNTABILITY

Performance-based systems are extremely difficult to implement anywhere; but particularly in fragile states. Often the most promising “window of opportunity” for performance-based reform is to take advantage of a country’s desire to compete and participate in the global economy.

China in its own slow and peculiar way is slowly moving to de-politicize some of the civil service cadres that are very much tied into the globalized sectors of the economy where the government wants to make sure it gets good performance (e.g., matters related to the WTO etc.).

Vietnam is doing very much the same thing. In those functions where it must meet external demand and competition, the government is moving toward performance evaluations closely akin to those used in the West. The same phenomenon can be seen in Laos. They all learned lessons from the Asian financial crisis. Despite all the corruption and crony capitalism, the power elites saw that competence is key if they are to maintain their stake.

Eastern European countries, have adopted performance evaluation as a part of the larger reforms they are undertaking integral to their accession into the European Community.

In African countries, the two windows for performance-related reform are the desire to alleviate fiscal strain and ambitions to gain competitive entry into world markets. But context matters; achieving a civil service with a strong emphasis on performance is not easy in cultures accustomed to authoritative leadership styles where the control of resources, rather than performance, is the driving custom.<sup>58</sup>

Performance and accountability need to be introduced and stressed at three levels:

- In the overall reform effort itself;
- In Work units; and—
- Among individual civil servants

The impacts of reform, particularly changes in organizational behavior, need to be measured in relatively short increments of time, simply because this kind of information is key in order to sustain support for the reforms both inside and outside the government.

Typical mistakes on the monitoring side are: (i) *no monitoring* (rare); (ii) *monitoring activities only* (almost always); and (iii) *monitoring final outputs and outcomes of public programs and policies*, such as service delivery quantity and quality (often advocated; occasionally done).

No one doubts that it is a mistake to forget to monitor anything. Monitoring of reform activities, on the other hand, is ubiquitous, both because it is easy, and because it helps to manage the reform effort, at least with respect to ensuring that planned activities are actually undertaken. But it is insufficient. Final outputs and outcomes of the targeted programs and policies need to be measured and monitored. Reforms must pay off for the government and for the public.

### Measuring and Monitoring Results of Overall Reform

Monitoring overall civil service management practices is essential in order to ensure that the reform actually focuses on its underlying objectives, rather than more narrowly on just execution. The impacts of civil service reforms depend not simply on easily specified reform activities; rather, they depend incredibly heavily on *how* those reform activities are undertaken.

This is true of any institutional reform. The impact of such reforms is affected by the attitudes and judgment calls of the persons and organizations who undertake them. You cannot engineer those attitudes and judgment calls. In order to know whether they are being undertaken well, you need to monitor the direct impacts of the reform activities on the actual management of civil servants. Monitoring impacts of reform on management serves at least two core functions: (i) holding the reform effort to account to deliver on its promises; and (ii) managing the reform effort itself. Evidence from such monitoring should both feed into management decision-making, as well as made publicly available, so that interested constituencies can mobilize behind reform successes, and put pressure on authorities to correct shortcomings in the execution. This was the mistake in Albania—the public was not kept informed about the progress and results of reform and public interest and support was allowed to fade.

*Four essentials should be covered by any effort to measure and monitor overall management and implementation of the reform—*

- *The extent to which recruitment and retention have been de-politicized.*
- *The extent to which merit is applied in recruitment, retention and promotion.*
- *The success with which competent staff have been attracted and retained.*
- *The sustainability of the wage bill.*

There are several halfway decent means to measure each.

#### *De-politicization*

De-politicization is easiest to monitor through changeover rates when political administrations change. A World Bank study seven years ago found that the degree of politicization matched perfectly with degree of turnover. For example, an 80% turnover rate at change of government in Bolivia is a dead giveaway of a clientelistic civil service. However, we would also want to monitor for the political appointees and other types of staff, and see how those patterns differ over time.

### **Measuring Progress in Albania**

Turnovers were monitored in Albania from 1999 through 2004. During that time, there was a change in government, but of the same party. During that ruling period, turnover rates averaged 2.7%, and 11% for political appointees. But when a new government came in, there was about a 20% or 25% change over. That called into question whether the civil service reforms adopted earlier were sustainable. The fact that the data existed enabled the international community to call the new government to account. So having the data is important strategically. There are those who have argued that such a strategic use of turnover data would not work in a country like India because nobody leaves civil service, people get transferred. However, that can be met by monitoring transfer rates, watching for spikes.

### *Merit-based Management*

There are two ways to measure progress on merit-based reforms:

- **Recruitment and selection**
  - Positions filled through advertising, etc.
  - High incidence of requests from ministers to grant positions on ‘urgent contracts.’ If this is too high, they can be slowed down through increased screening, policy response.
- **Performance**
  - Is the government doing performance evaluations?
  - Do the evaluations actually reflect performance (or is everyone getting the same grade?)

### *Attracting and retaining qualified staff:*

- How does remuneration compare to comparable private sector compensation?
- Does the overall salary structure match the levels of responsibility and skill required?
- What is the vertical compression ratio, (i.e., ratio of highest salary to lowest salary within a cadre)?
- Monitor the average number of qualified candidates who make the ‘long list.’ Take the simplest cut at the number of qualified candidates, if that actually goes up, that is a good sign.
- Monitor the percent of civil servants reflecting the lowest rung of the performance evaluations and whether they leave or not.

### *Wage Bill*

- What is the fraction of GDP expended to support the civil service compared to other comparable countries? Is it sustainable?

## 2. Measuring and Monitoring Unit Performance

Holding organizational units accountable for their performance is a prerequisite for holding their staff, and their managerial staff, in particular, accountable for their performance.

Besides monitoring management practices, each public administration unit needs to operate within a set of disciplining rules and assignments of authority that focus each unit on achieving agreed, observable organizational objectives. Capacity building can be more effective if accountability for results is with the unit being built up.

### ***Botswana: Performance Through Quality Circles and Personnel Audits***<sup>59</sup>

In the 1980s, Botswana established an Inspectorate to audit the utilization and productivity of personnel in each ministry. The main purpose was to ensure that the personnel profile of each ministry matched its missions and functions and that personnel were deployed to achieve maximum productivity.

To improve productivity, the government launched two initiatives in 1993: Singapore-inspired Work Improvement Teams (WITS); and the Botswana Productivity Center. WITS are an adaptation of the Japanese Quality Improvement Circle concept designed specifically for the public service. A Team consists of a group of civil servants who meet regularly to solve problems, and ways to improve operations and services. The Botswana Civil Service Commission solicited assistance from the Government of Singapore to establish the public service productivity initiatives in Botswana. During the 1990s, Singapore and the Commonwealth Fund for Technical Cooperation helped train facilitators and team leaders for WITS. The objective was to have 1150 WITS in the public service by 2001. The Botswana National Productivity Center (BNPC) provides in-service education and training for civil servants on measures to help improve productivity.

### *Inputs and Outputs*

Performance in public agencies may be defined in terms of both effort (input) and results (output). Measuring effort often is much easier than measuring outputs and outcomes. While measuring and recognizing effort often is important for morale, there are many reasons why hard work—even if it can be measured accurately—may not translate into expected results, including the difficulty of tasks and multiple agent coordination, and the influence of unexpected and uncontrollable external events. In addition, hard-working individuals and teams may find that, even though they followed rules, regulations and procedures in using inputs and delivering outputs in the proper manner, the resulting outputs and outcomes are less than desired.<sup>60</sup>

Thus, there has been much recent attention to the sequence of events leading to results, through “results-based management,” which typically includes: (i) a focus on desired results; (ii) indicators to measure progress made toward those results; (iii) the ability to use information on results to manage operations and resources to improve



future performance; (iv) holding relevant staff accountable for results; (v) recruitment and promotion of staff based on merit; and (vi) staff awareness and ownership.

***Chile: Modernization Agreements and Performance-Based Pay<sup>61</sup>***

In 1994, Chile introduced the concept of modernization agreements negotiated between the President and heads of agencies. Indicators of performance and an evaluation system were introduced and performance-based pay was adopted.

***United States: Productivity Measurement System<sup>62</sup>***

A U.S. Federal Agency Productivity Measurement System was introduced in 1970 and collected data from 62 national government agencies covering 64 percent of the workforce. The output measures were to be used to help managers determine budgets and personnel requirements, enabling them to set up performance targets for employees and programs. They were supposed provide the basis for employee performance awards and bonuses for outstanding performance and permit comparisons between agencies and different components within agencies.

Beginning in 1993, the Government Performance and Results Act (GPRA) required each agency to prepare a strategic plan for at least five years, updated every 3 years. The plan was supposed to define long-term goals, including outcomes, and describe how the agency intended to achieve them. An annual performance plan must contain performance indicators to measure outputs, service levels for each program in the agency.

But what “outputs” are to be used to measure performance? While it may well be true that civil service reforms should not be equated with public service delivery reforms, the citizenry is much more interested in receiving services than in who is hired and fired. As a result, many governments measure performance in terms of service delivery.

***United Kingdom: Public Service and Service Delivery Agreements<sup>63</sup>***

In 1998, the government of the United Kingdom instituted Public Service Agreements between ministers and the treasury. It set out the government’s priorities for delivery of services and its spending decisions. Each agreement is based on a three-year budget allocation. It states the policy outcomes and objectives the department aims to achieve and the indicators it will use to measure the results. The treasury and cabinet office developed a framework for performance information. Public Service Agreements are underpinned by Service Delivery Agreements spelling out how the department will accomplish its objectives in more detail. Within the departments, they are used to set targets for the subordinate units and the personal job plans of individuals.

***New Zealand: Performance Agreements and Outcomes<sup>64</sup>***

With its “managerialist” reforms, New Zealand essentially abolished its civil service. Apolitical chief executives were appointed for five-year terms to serve under a performance agreement prepared by each chief executive and the minister under whom he or she serves. Performance of each chief executive is assessed annually by the State Services Commission based upon measures of the output in public services that he or she manages. The ministry is evaluated based on whether desired outcomes have been achieved.

China's measurement of "outcomes" extends well beyond the range of cause and effect that can be attributed fairly to the performance of an agency and its bureaucracy.

***China: Measuring Performance by Economic Outcomes***<sup>65</sup>

In its reforms, New Zealand measures performance of civil servants by the public services outputs they deliver. China measures performance of the ministries by the economic and social outcomes of the policies and programs for which they are responsible. Local governments and their leaders, on the other hand, are measured by the economic outcomes (GDP, gross value of industrial output, gross value of agricultural output, income per capita, taxes and profits remitted, retail sales, etc.). Of 18 performance criteria used for these assessments, only three are non-economic. Dissatisfaction with these criteria has led to calls for reform. Some pilot projects incorporate new criteria, such as the delivery of public services, environmental impacts, and market supervision.

This kind of "overreach" in the selection of performance indicators undercuts agency and individual motivations for reform because of the tendentious connection between what an agency and its staff can be expected to accomplish and how they are judged.

*It is necessary to guard against the risk of selecting indicators that are "soft" targets too easy to reach. It is also necessary to avoid indicators that are too costly to measure, and which require scarce capabilities. Finally, in the quest to achieve measurable results, there is a risk of quick fixes that are not sustainable, attaining measurable targets of questionable benefit (e.g., downsizing staff and rehiring the same staff as consultants), and setting up unreasonable expectations for change that can not be met.*

There is also the risk that perception will diverge from reality. Laws and regulations enacted may not be enforced. Anti-corruption units may focus on eliminating political opponents. Policymakers may ventriloquize commitment to donor-supported policy changes, giving the impression of local ownership of reforms; yet their actual views may be directly opposite. Expatriate advisors may be used not to train counterparts, but to carry out policy formulation and coordination roles, thus sidelining counterparts, who are seen by insecure rulers as potential threats if they know too much. Staff given specialized training may be transferred to assignments where the training is irrelevant for the same reason, thus perpetuating problems of low government effectiveness. Thus, one needs to be careful what results one measures, and what inferences are drawn.

Finally, there should be some external checks on the information generated by the government in order to ensure that it is accurate and reliable. Credibility is enhanced if there are independent "outside" auditors.

*Civil Service Reform and Public Service Delivery*

It can be argued that monitoring service delivery quantity and quality is an inappropriate means to gauge the impact of civil service reforms. Reforms of service delivery require investments in the production function of the service delivery ministries.

Civil service management is simply a support function, not a production function. To be sure, service delivery quantity and quality needs to be monitored; but as part of service delivery reforms, not as part of civil service reforms.<sup>66</sup>

However, the public does not particularly care about who is being hired and fired. It *does* care about what is happening on the street. And consequently, so do government leaders. So many performance measures gauge improvements in the delivery of services. Civil service reforms may often lead to improved service delivery, even if no investment is made in the production function. Correspondingly, public service delivery reforms often lead to civil service reforms through the back door.

**The Hawthorne Effect in Hyderabad: Elevating Visibility and Prestige**

The Hyderabad (India) Metropolitan Water Supply & Sewerage Board uses its Single Window Cell (SWC) to reduce corruption for new connections. Previously, applications were made to one of 120 section offices, and then forwarded to 14 other staff before approval, each requiring "speed payments." Under the SWC, the application process is centralized in one public place, with applications recorded on computers that are difficult for corrupt officials to alter. Staffs are motivated to provide good service with distinctive uniforms, modern offices and individual computer terminals. Their service improvement has been praised extensively in the media, which further improves staff motivation (Davis 2004, 62-63).

**Cambodia: Combined Public Service and Civil Service Reform**

Public financial management reforms have worked better in Cambodia than reforms that address civil service personnel processes alone. With support from consultants, Cambodia produced its first national budgets, including institutional framework for expenditure control, establishment of the monthly revenue and expenditures projections, annual budget review conferences, rules and procedures for revenue collection and expenditure operations) the development of macroeconomic tools and framework for budget analysis, the monthly reports for the Cabinet, line ministries and provinces in the 90s.

Yet in 2002, Cambodia met only three out of 16 benchmarks, less than the average of six for 24 countries surveyed. A ten-year public finance management reform program was approved by the government in 2004. Early results are positive. The budget deficit has been cut from 6.9% (2003) to 2.6% (2006). An assessment in 2005 found that Cambodia now met five of the benchmarks, a modest improvement, and far better results than could be achieved through civil service reform alone, given Cambodia's horrific post-conflict situation, and the resulting exceptionally weak initial capacity for financial management. Admittedly, among the reasons for the relative success seems to be merit-based posting of staff in key positions, good team leadership in the Ministry of Economy of Finance, and incentives for these key people comprising a mix of donor paid benefits, salary top ups, and supplemental benefits (e.g. privileged information, help for family members in setting up businesses).

### *Collaborative Evaluation*

Under many performance measurement systems, managers worry that they do not fully understand the criteria by which they are being judged. There is a widespread belief that they are being distributed unfairly.<sup>67</sup>

*Ideally, those in the unit being evaluated should have a hand in designing the methods used to measure and monitor performance—collaborative evaluation. By investing in the evaluation process itself, they will value the results and their role in it more highly.*

Shelly Rothman examined the transition of Estonia, Hungary, and Romania as they struggled to develop some collaborative indicators that would enable them to respond to the requirements of EU accession. Sometimes, a measure can be quite simple, such as photographing streets on a regular schedule to see whether garbage has been picked up. Some cities in the U.S. collect data to measure and monitor performance in just this way. For example, how long does it take for the appropriate unit to locate and fix a pothole? The report is written up and submitted to the mayor, who then calls the unit head on the carpet to explain the reasons for the performance.

Collaboratively developed measures show great promise. Experience in Australia, where it is used extensively, warrants attention. However, application on any scale is not yet realized. There appear to be cultural/political factors that get in the way in countries accustomed to different lines of authority and decision making. Thailand's Transport Ministry had great difficulty, for some reason, to develop collaborative indicators of whether highways were being built and maintained. The Thais involved all of the parties, engaged in delivering the service, but the effort kept going around in circles. They adopted one set of indicators, only to come back six months later to re-assess whether they were the right ones.

Collaborative strategies, in which government engages the affected citizenry directly in problem solving and service delivery decisions, have often proven effective. Roberts looked at the strategies that public officials used to cope with "wicked problems" in Afghanistan in the 1990s—notably previous to the attack on the U. S. of 9/11/02 and the subsequent war against the Taliban government, and then al Qaeda led terrorists that followed this attack. Three coping strategies—authoritative, competitive, and collaborative—were found to be important. Based on the level of conflict present in the problem solving process, the distribution of power among the stakeholders, and the degree to which power was contested, she believed collaborative strategies offered the most promise illustrated in her case study of the relief and recovery efforts in Afghanistan in the late 1990s. From this case Roberts foresaw implications for using collaborative strategies to deal with wicked problems around the world.<sup>68</sup>

### *Citizen Satisfaction and Reporting*

Another approach is to measure citizen satisfaction. As Kettl has suggested, reforms should certainly aim at fitting government services better to the needs and wants of the citizenry.<sup>69</sup> A citizen reporting system in Bangalore has a high degree of credibility with the public. In Uganda, the government was not using money it had been provided for local development. When the World Bank provided public information about the money the local communities were supposed to receive, the funds abruptly began to flow. However, as Kettl has commented, citizen satisfaction alone does not ensure accountability, nor sound performance and coherent policy. It is essential that reforms find a balance between these three objectives.<sup>70</sup>

#### **Citizen Charters**

In 1991, the government of the United Kingdom sought, through issuance of a “Citizen’s Charter,” to raise the quality of public services by encouraging public agencies and privatized utilities to formulate and publish public service standards. Modeled on business management reform movements current at the time that emphasized the importance of “customer service,” the Charter called for total quality management: more flexible working hours, new services and information for users, more stringent systems of inspection, and new public complaint mechanisms.

The charter was widely emulated in countries around the world. While some of its elements, such as the right of a citizen or citizens to take legal action against unlawful acts by public service workers were enacted into law, most of it was not legally enforceable. While the charter itself is now “archived,” the thinking behind it influenced thinking around the globe about how to strengthen the public service orientation of civil services.

#### ***Chile: Measuring Service to the Public***<sup>71</sup>

Chile attempts to measure the public impact of its social programs using five instruments under its MIDEPLAN system:

A National Socio-Economic Profile (CAsEN—*Caracterización Socio-económico Nacional*)

- A National Investments System
- A Follow-Up on National Goals
- Public opinion surveys
- Monitoring programs and projects.

The CAsEN survey:

- Measures the impact of social programs on income redistribution.
- Evaluates social programs on how well they are targeted to aid the poorest.
- Assesses poverty levels and living conditions of the poor.
- Profiles the social health of the country.

### 3. Measuring and Monitoring Individual Performance

*Some public sector organizations have tried to boost performance by allocating financial bonuses to their best performing staff. For many reasons, there is little evidence that such bonuses in the public sector help to improve performance in either developed or developing countries.*

*First, because public sector jobs are diverse and multidimensional, it is almost impossible to compare the accomplishments of staff to one another by a common metric.*

*Second, in the public sector tasks tend to be performed by teams and not by an individual. The award of bonus to one individual within a team is likely to occasion considerable resentment amongst other team members. Results are more often positive if the awards are given to teams instead of individuals.<sup>72</sup>*

*Third, public sector employees are importantly motivated by the values of their organization as well as by their financial compensation. For public officials focused on financial gain, a significant portion may come after they leave public sector employment, and parlay their expertise and contacts for the benefit of the private sector. Bonuses received during public sector employment are typically too small to motivate performance, and risk causing damage to teamwork and the feeling of making a valuable public service contribution.*

*Performance-based promotion has proven to be a better bet. In most countries performance criteria have little to do with output. Bonuses may also be effective when they are offered to staff doing a very similar job.*

#### *Individual Evaluations*

For the most part, evaluations of individuals by supervisors have not worked very well.

- First, evaluations, more often than not, concentrate on inputs: Is he honest? Has he taken training etc..
- Secondly, agencies tend to award very large percentages of their employees with high evaluations.
- Thirdly, nearly all outputs or outcomes are the product, not of individual performance, but of unit performance.

*So long as units are held to account for their performance, peer pressure from within the unit upon individuals to perform may be the best guarantee of performance, providing, of course, that the rewards and the measures of performance are judged to be fair.*

In Albania, the original civil service reform did set up some performance standards for individuals. The trouble was that 66% were receiving “excellent” ratings. When the political administration changed to one that had been hostile to the reforms from the start, the performance system was discontinued, despite its existence in the law, but no one is criticizing the government because no one is losing his or her job because of poor performance.

In China, performance of civil servants in government agencies is measured on the basis of behavior-oriented criteria and “moral integrity” (which includes the extent to which the civil servant has contributed to advancement of CPC policy during the period.) Civil servants rated as “outstanding” performers are rewarded with a bonus equal to one month’s salary.

#### **4. Accountability, Transparency and Corruption Controls**

*The challenge, of course, is to create a system that holds units and their constituent members accountable to ensure that both inputs and outputs go where they are intended and are diverted not siphoned off through corruption. The system should be reformed so that civil servants are neither motivated nor have many opportunities to engage in corrupt behavior. Some of the actions that should be taken include:<sup>73</sup>*

- *Establishing pre and post-audit processes that holds managers accountable.*
- *Creating appropriately compensated jobs that people value and want to keep.*
- *Monitoring assets and income of senior officials to control high-level corruption that incentivizes corruption down through the system.*
- *Minimizing the necessity for face-to-face financial transactions between the citizenry and public officials.*
- *Abolishing unnecessary procedures and licenses.*
- *Simplifying the tax system.*
- *Ensuring that as much public business is conducted in the open as possible.*
- *Installing rigorous accounting and auditing procedures that hold managers to personal account for managing finances within their purview.*
- *Actively prosecuting all instances of bribery and graft.*

#### ***Botswana: Performance and Financial Audits<sup>74</sup>***

In Botswana, civil servants are directly accountable for expenditures within their sector....(A) warrant, sub-warrant audit system enables the government to trace the misuse of public funds to the officer ultimately responsible. There is also an unfettered and independent audit which reports to the National Assembly."

The National Assembly serves as a watchdog over government expenditures. An Auditor General serves as its adviser. Each year, the Auditor General issues a report. Together with reports from the Assembly's Public Accounts Committee, a basis for inquiries and investigations into the financial and administrative affairs of government is provided. Through its Public Accounts Committee, the Assembly has direct access to the Accounting Officers in any ministry. The Accounting Officers are extremely wary of having any financial matters in their respective ministries questioned by either the Auditor General, or the Public Accounts Committee. Thus, there is a premium on performance and attention to detail. Government funds are considered to be better protected by the well-trained Accounting Officers in the ministries of the central government than they are in the local District Councils where there is still room for improvement in the training and supervision of staff.

To prosecute and enforce its anti-corruption laws, Botswana adapted Singapore's model.

Accountability and transparency go together. An influential study in Cambodia found that government expenditure was reaching schools when channeled through the “priority action program,” meaning that post-audit practices were used rather than conventional pre-audit controls. Transparency, such as that applied by the World Bank in Uganda to alert local communities about the international funds they should be receiving from the central government (and were not), works well in ensuring accountability.

Control of corruption requires transparency, new ways of doing transactions, and punitive enforcement.

***Singapore: Rigorous Enforcement and Prosecution***<sup>75</sup>

One of the principal goals of the newly elected Singapore government after independence in 1959 was to eliminate the culture of corruption that existed in the colonial civil service. It began to eliminate both the incentives and opportunities for corruption within the bureaucracy. At the start, the country’s economy did not allow for substantial increases in civil service salaries in order to reduce one of the motivators for corruption. Instead, the 1960 Prevention of Corruption Act (POCA) defined corrupt acts, strengthened the hand of enforcement agencies, raised the penalty for corruption to imprisonment for five years and/or a fine of S\$10,000. Those convicted of taking bribes also had to pay the amount of the bribes in fines. The Corrupt Practices Investigation Bureau (CPIB), located within the Prime Minister’s office, was granted expanded powers of enforcement, including powers of search and arrest. Prosecutors could authorize the CPIB to investigate any bank account, share account or purchase account” of any suspect, or spouse or child or agent of the suspect.

***Republic of Korea: Battling Corruption in Contracting II***<sup>76</sup>

An Integrity Pact (IP) between the city government of Seoul and companies competing on bids for contracts with the city is designed to control corruption. All bidders must sign the pact in order to compete. Any violators are banned from for a period from six months to two years and their existing contracts are terminated. Those who report violations are rewarded and protected.

***Ecuador: Battling Corruption in Contracting***<sup>77</sup>

In the early 1990s, Ecuador agreed to undertake an “enclave” or “island of integrity” approach to control some of the corruption endemic to its government. With the assistance of Transparency International, it embarked on a new bidding procedure for government contracts. Under the procedure, any company that wins a contract must make full disclosure of all payments to third parties with respect to the contract and all performance bonuses paid to staff in connection with it. Unsuccessful tenders are then given the right to sue the successful tender and try to prove that corruption was a factor in the award. They may also sue for the loss of profits. NGOs and the public may observe the whole process.



## **VII. RETRENCHMENT**

In the 1980s, the civil service wage bill in many countries, particularly in Africa, appeared to be far larger than they could sustain over the long haul. The short-term, narrow focus of donors promoted retrenchments, some of which were ill considered or misdirected. However, the size of the public workforce is not necessarily the major factor that determines how well a country will perform. For example, Botswana—one of the best models of state building in the developing world—has never seen fit to retrench its civil service. Still, for many LAOs, the cost of their public administration remains problematic.

Depending upon a country's context and stage of development, it may be unwise to aim prematurely for a "small state" before an expanding private sector exists. Wagner's law suggests that the size of the government grows with the size of the economy. Using GDP as a measure, a civil service wage bill of 2.3% of GDP is low among LAOs. The highest percentage shares are found in the Middle East and Africa—over 9%. The average across all LAOS is closer to 4.5%.

Brazil has spent a stable 2% of GDP on civil services for the last 15 years, yet the cost of government has risen from 25% to 38% of GDP, most of the increase going to the size of social security and other entitlements, rather than to support the civil service.

It is not the percentage of GDP, but the percentage of revenues consumed by a country's public administration, that should be used to judge whether the size of the civil service should be reduced. However, that alone should not be used as a prod for reduction. In many cases, governments deem reductions in the public payroll to be unwise in their present context because it will promote instability.

In the Palestinian Territories, for example, retrenchment was impossible because the Palestinian Authority was the employer of last resort in a territory with few employment alternatives. Nevertheless, some actions to reduce costs were still possible by taking advantage of retirements and attrition.

In post-conflict Timor Leste, the question arose of what to do with ex-combatants who were on the payroll. The Timorese government did not want to go down the African route of having too many civil servants and wanted to trim. However, the UN started bloating the rolls with its own workers in the interim administration, and that set the tone for what followed. Now the Timorese government is over-staffed.

In Poland in the early 1990s, many "ghost workers" were on the payroll, but the philosophy of the government was to keep people employed (to achieve social inclusion) during a time of transition. The Hungarian government felt it could not reduce its wage bill during a time of transition for similar reasons. In Kazakhstan, it was argued that

reductions in the public payroll tended to promote the underground economy and warlordism and gangsterism (ironically using Russia as a case in point).

Yet, retrenchment often makes sense for either financial reasons or in order to restructure the civil service. However, such reductions should be approached in much the way we might evaluate weight-loss diets. One-shot employment reductions are akin to going on a severe diet. A better approach is long-term, balanced nutrition.

Empirical research on retrenchment and time series patterns of public employment reveal that rapid, one-off employment reductions that yield sustained reductions in the public sector work force are often achieved through privatization of state owned enterprises, rather than reductions in the civil service itself.<sup>78</sup> Employment reductions in Eastern Europe and Central Asian countries occurred during the first half of 90s, but actually occurred in state-owned enterprises, not the core public administration.

*Significant, sustained reductions are rarely achieved in general civil service employment; but, when they are, they are almost always achieved through long, gradual attrition, rather than through major, one-off retrenchment exercises. In short, to achieve significant, sustainable reductions in overall levels of civil service employment, it is more promising to focus on strengthening controls on the size of the overall wage bill and to rely on attrition, partial employment freezes and similar devices over a longer period. Such measures should be complemented by efforts to improve policy-making so that the government can say “no” to unproductive use of public resources.*

Some countries—Ukraine, Albania, several others—actually did reduce their overall levels of government employment, but incrementally over the course of a decade—the “healthy” diet. Until 1991 in Albania, one quarter of the population was paid by the state. In that year, there were 150,000 public employees. In 1992-93, there were 120,000. Today there are only 109,000. Unfortunately, because of the financial collapse in 1996, none of the retrenched employees received severance pay. Any government that wants to create a stable market economy needs a plan for what to do to help retrenched workers.

Many African countries, under donor pressure, did the “crash diet,” with mostly unfortunate consequences. There are some exceptions to the “one off retrenchment doesn’t work” lesson. For example, Hungary did a one-off 10% reduction in civil service employment, as did Chile, under Pinochet. In both cases, the results were beneficial.

*Part of the reason many retrenchments have gone poorly is both governments and donors had to learn how to do them. Where they have succeeded (Brazil), they have been executed quietly and over time. The shady way to do it is through supplements to wages that apply more in some ministries than others (Peru). These costs add up, but are hidden. Sometimes it is not a bad thing; the countries are doing the best they can.*

A less shady way is through a well-designed wage model—for example, delivery of salaries or benefits via ATM cards, or in other ways. This is a way to get at the problem of ghost workers and of corruption. But it is important to be careful about advocating

such technical approaches when we are talking about fragile states. Some countries have to manage just with spreadsheets.

We have accumulated substantial experience about what works and does not.<sup>79</sup>

***These are the main lessons:***

Targeting (voluntary or non-voluntary retrenchment): Sometimes retrenchment can cause the best people to leave first. Before proceeding with retrenchment, analyze the skill sets available in the affected ministries in order to be sure that critical assets are not eliminated. Be selective in order to avoid the best people leaving, and the worst people staying. (This puts a limit on the extent to which voluntary retrenchment is desirable.) Identify three categories of workers: a) a group who must leave because their skills do not contribute to the organization's objectives; b) a group who must not leave because their skills are essential for the organization (these people will not be offered the severance package); and c) an intermediate group who can stay or leave. Selectivity is important, otherwise the government may have to rehire many of the people who were dismissed.

Once retrenchment is achieved, implement strong measures to keep the size of the civil service under control. Sometimes retrenchment hasn't saved money and hasn't improved workforce skills. It is essential to create and maintain strong control mechanisms, such as a census-based register linked to the Ministry of Finance's financial control system.

Do not overcompensate retrenched employees. There's not as much difficulty as once thought in retrenched people finding new jobs. Over-compensation will make retrenchment programs fiscally untenable over time.

Do not waste money on mandatory training for displaced workers. It is more effective to give the worker the money and allow them to decide how to spend it. It is hard to get people the right kind of training.

Follow-up studies of retrenched public servants in several African countries in the 1980s and 1990s found two striking results that were contrary to conventional wisdom:

- Most retrenched staff quickly found employment in the private or informal sector; often because they were already moonlighting while they remained in the public administration—in short, post-retrenchment unemployment was not the problem everyone feared.
- Cash severance payments were both more popular and more effective in helping retrenched workers to re-integrate into the labor market, than were re-training, job-search counseling, or other programs designed specifically to assist retrenched workers find new employment. Workers tend to take the cash rather than the training if they're given a choice. It's a good idea politically to offer training and/or counseling because it looks good, but not very many people will take it. It's also important for the government to give credible commitments that they will give the cash; if a non-credible government is in office it should give the money up front. Small business loans to help them set up an enterprise is a possibility, but it's hard to figure out who is credit-worthy.<sup>80</sup>

### **Lessons from Ghana**

From 1978 through 1991, an average of 12,000 staff in Ghana were retrenched per year with increased real pay and widening of pay range (from 1:4 to 1:13) for the remaining staff. The 1:13 pay range was better or equal to the ranges in peer countries Benin, Niger or Nigeria in mid-90s (World Bank, 1996). There was modest real wage improvement 1987-92 (2.1%) while reducing the proportion of wages to total expenditure from 27% to 24% (Kiragu & Mukandala, 2004). The reforms succeeded in reducing the civil service from 140,000 to 80,000 by 1993 with no visible reduction in civil service output/ productivity, but much of this staff reduction was nullified by increases in the rest of the public service. The net retrenchment for the public service is estimated at 3% p.a., mainly staff from the lowest pay quartile, which was nowhere near enough to compensate for the cost of pay increases.<sup>81</sup> (Kiragu & Mukandala, 2004).

### **Lessons from Cambodia**

In Cambodia, a headcount conducted in 1995 and found 142,000 civil servants, excluding military and security forces, but no early progress on reducing the numbers of staff, increasing salaries, or rationalizing ministerial tasks. Initial work was done on demobilization of soldiers in 1997 and 1999. A sub-decree mandated compulsory retirement at 55 years, and there was a modest pay increase in 1999, and a computerized pay system was installed in five ministries (with EU support) (World Bank and ADB 2003).

Subsequently, the government conducted a civil service census in 2000 that identified a reported 9,000 “ghost” workers. Civil service identification cards were issued, An automated payroll system (with automatic production of payroll lists) was installed as part of a Human Resource Management Information System, A civil service law was enacted in 2004. All this with extensive international donor support, yet in 2007—after a decade of such support—the size of the civil service was about 165,000 and salaries average \$45 per month, or 1.6 times the per capita income of the country.

These examples are typical of the challenges facing retrenchment policies in fragile and low income countries. There has been some recent success in both countries in trying to expand the merit-based performer group in key sectors such as health and education, while trying to bring along the others. However, bear in mind that these key staff work in public services with mostly low performing, poorly paid staff, and with many hired for political-ethnic-kinship reasons. Donor driven attempts to transform this “bottom of the pyramid” to high performance in these countries have not achieved expected results.

In Guinea-Conakry, they keep a reserve of idle civil servants that are severely underpaid, rather than fired. A World Bank Civil Service Modernization Project for Yemen was trying to implement a civil service fund which would be a pool for placing inactive civil servants prior to their being given a severance package. This suggested an intriguing idea: if civil servants have zero marginal productivity, why not pay them a sum less than their salary to do nothing? Why not, thereby, openly recognize the second-best-welfare-policy nature of civil-service employment? (And perhaps there is even a way, eventually, of replacing public employment-of-last-resort by social security.)

Retrenchment can be a challenge for middle income countries as well.

**Lessons from China**

Public administration reforms in People's Republic of China since the late 1980s initially focused on aligning government structures and practices with the needs of a market economy. This has included corporatizing government departments producing goods for the market, and reducing the number of State Council ministries and commissions from 40 to 29 between 1998-2001. New personnel practices have also reduced the average age and raised the educational level of cadres, and made the selection process more competitive. Downsizing efforts have not been successful. The number of public employees increased by 16% from 1991-9. By another measure, between 1980-96, administrative costs increased 14.6 times.<sup>82</sup>

**Brazil: Some of the Best are Lost**

Under the previous government, Brazil's civil service was cut by 100,000. However, because the retrenchment was voluntary and no criteria were established to retain critical skills, many of the most capable civil servants were lost. Now, the present government is trying to re-build the merit-based part of the government through the entrance exams, a long and unpredictable process.

OAO experiences with retrenchment have also been mixed:

**The United States: A Lesson Learned**

In the 1990s, the Clinton Administration tried to improve efficiency by getting 250,000 employees off the government payroll, though some were from the military-civilian sector. Much of the cut was achieved by incentivizing early retirement with a \$25,000 package. In hindsight, it appears that the government lost personnel with critical skills. The realized reductions were largely in human resources and policy analysis, where impact takes a long time to show up. The results have been negative. Core policy analysis functions are now all too often performed by consultants.

## **VIII.**

### **PRIVATIZATION, OUTSOURCING, DECENTRALIZATION, AND VOICE**

Once governments have privatized or contracted out, it's harder to retrench because the huge enterprises that they contract with are much more powerful than unions. This kind of growth of government is rampant. Retrenchment feeds into bigger and bigger government and government spending.

The Weberian hierarchical model of centralized bureaucracy is under challenge in both OAOs and LAOs. In some OAOs, where the so-called “universal” model has been in place for some time, “managerialist” or “new public management” reforms distinguish between “core” function that must remain within government and “periphery”—services and functions that need not be delivered directly by the government. In both OAOs and LAOS, functions once thought to be inherent responsibilities of the state are being outsourced, privatized, or decentralized. In transitional countries, state-owned enterprises have been, and continue to be, privatized.

Other than in the case of privatizing state-owned enterprises, privatizing and outsourcing are about different approaches to getting better performance from public servants—a “supply side,” rather than “demand side” strategy. Broad civil service reform may not be achievable, but if we look at the characteristics of the goods and services produced and develop an organizational strategy that delivers them in a different way, the outcomes desired might be achieved more readily. Worldwide, governments are caught up in the search for workable personnel systems in the face of these changes. “Service delivery vs. core functions” provides an important analytical framework to use in thinking about the best prescription for their public administration.

#### **Albania: Retrenchment Forces Hard Choices About Privatization**

Retrenchments in Albania eliminated kindergarten education. At present, there is no government-financed kindergarten education in the country. There is private kindergarten education, but many families cannot afford it. The same is true in hospitals. Services are lacking because many nurse positions were eliminated. Most families cannot afford the private clinics where these nurses now work. Ministries provide licenses to private activities, but the ministers take money from those to whom they award the licenses. So the great debate in Albania at present is: “What kind of state are we constructing? One based on private services, or do we want to have a welfare state like most European countries? Outsourcing is under discussion, so is decentralization.

But we should add “voice” to the equation. Voice is when, what the 2004 World Bank Development Report calls the “long route” of accountability fails, you can take the “short route,” giving citizens quite a lot to say about how and when a service should be delivered.

## 1. Core/Periphery

LAOs need to build up conventional administrative capacity at their core (policy making, financial management). Public services at the periphery (such as education and health) sometimes might best be addressed, as suggested in the *World Development Report 2004*, through such options as corporatizing them using the “managerialist model, outsourcing them, or privatizing them. However, many LAOs have not reached the point at which they can simply skip the meritocratic, depoliticization step and move directly to the managerialist model. Research has found that where existing institutional capabilities are least robust, there is a statistically significant *negative* relationship between avowed “managerialist” practices and performance—where performance is measured as the inverse of the extent of bribe-taking. In short, it is doubtful that fragile states can skip depoliticization and meritocratic reforms and go straight to “managerialism.”

### ***Mongolia: How Not To Do It***

In 1990, Mongolia attempted to adopt the “managerialist” model developed in New Zealand, Australia, the United Kingdom and several other countries. Such reforms require the existence of a vibrant private sector. While the initiative may have helped Mongolia’s national government organize itself, the reform failed spectacularly because it did not take into account the country’s institutions, or administrative and political culture or capacity to implement such an ambitious undertaking.<sup>83</sup>

*In general, outcomes are most likely to be successful when governments have a civil service that can rationally plan, manage, and evaluate any outsourcing and privatization of functions. They must be able to: (1) select services or functions which have clear objectives that can be measured and monitored; (2) use in-house or external competition and avoid sole source contracting (if they are outsourcing); (3) develop adequate cost accounting systems to compare service alternatives and monitor contractor performance; and (4) consider negative externalities such as impacts on an existing work force, impacts on the local economy, other governments or functions, governmental policies, or certain societal groups. All these require a different set of competencies than those found in the traditional services of the past. When services are outsourced or privatized, the core civil service is “overseeing and managing”, rather than “delivering.” Accountability is far more complex. Until you have internal accountability and capacity within the civil service, it is difficult, if not impossible, to hold contractors accountable for their performance.*

Governments attempting to devolve a public service or function to private contractors, NGOs, or lower levels of government often encounter internal, as well as external, resistance. In education or health or sanitation, resistance often comes from unions, though there are instances where unions or employee associations have played a constructive role in supporting reform. For example, professional groups in primary health have often helped to push reform forward; the issue is often inefficient government hospitals.

**Brazil: Resistance from Treasury**

In a 1995 plan, Brazil's federal government hazarded an interesting, if mostly failed, experiment to differentiate the core and the periphery of government, not only to separate policy making and policy execution, but also to place size limits on the public service, whose statute assures tenure and generous pensions to public servants. The idea was to hive off large parts of service delivery to "social organizations" (NGOs certified to deliver publicly-financed services), and to executive agencies (public-sector organizations, which would be allowed to employ people under private labor law). The idea failed because, in the end, it was opposed by the Treasury (fearing a loss of fiscal control), the civil-service unions, and the Congress. The reform has had a little more success at the level of state and municipal government, especially in the health sector.

There are instances also in which a service delivered successfully by a private, non-governmental, or community organization has been taken back or captured by government, with unfortunate consequences. Peruvians had a wonderful healthcare system. It was taken over by the government and the system collapsed. The civil service proved incapable of managing the system.

**Cambodia: A Possible Loss of Voice?**

In Cambodia, through a project called *Carari*, the UN hired some skilled community facilitators to work with the local communities to identify local infrastructure needs (e.g. wells, roads, other community facilities), on a participatory basis, and then to build them using as much community labor as possible. Eventually, the government involved itself. Government officials supervised meetings, though the community itself was still involved in the decision-making. About six years ago, Cambodia had commune council elections. Increasingly these elected officials involved themselves. Now the Ministry of the Interior wants to take over the project. Currently, the community facilitators work for the UN, though their annual performance reviews are signed by the government (about 50 per year are let go). If the 1500 facilitators are going to become government employees, will they continue to have performance reviews, a process disdained by the Cambodian government? What will happen to the program and the "voice" it provides for the local population?

Finally, even in the most advanced managerialist reforms, such as in New Zealand, the central government has found it much more difficult to develop coherent policies and programs because functions are splintered among autonomous entities outside the main framework of policy-making and governance.

**Costa Rica: Policy Fragmentation vs. Public Welfare**

Costa Rica created a large number of autonomous agencies to deliver public services starting in the 1960s. However, by 1980 the virtues of this structure of government came into question. Managing a collection of autonomous agencies, operating without regard for others, posed many policy-making and management problems. The government began to privatize some of these functions. However, as the country drifted away from its welfare state model, gaps between incomes of the country's elite and the rest of the population widened. In 2000, a large part of the population opposed the reforms.



## 2. Outsourcing

*At a minimum, the viability of outsourcing depends on several key factors:*

*Capacity of the public body responsible to hold vendors accountable for effectively and efficiently meeting the terms of the outsourcing contract, whether that be for support services (e.g., cleaning services, catering, etc.) or for final public services (e.g., health care, schooling, etc.). Most developing and post-conflict countries are very ill equipped to meet this requirement.*

*Competitiveness of the private sector in the market in which outsourcing is undertaken. Obviously, in a monopolistic private sector market, outsourcing is likely to fall prey to that monopoly power, particularly if the public entity is ill prepared to be a strong negotiator, since such a situation results in the equivalent of a market with one firm and one regulator/customer. Of course, it is often the case that an NGO, rather than a private contractor, is the vendor. While the danger of monopoly is lessened, it still may exist.*

Some LAOs have had significant success with outsourcing to NGOs.

### ***Senegal: Contracting Out To NGOs<sup>84</sup>***

In the 1980s, the government of Senegal struggled with profound economic structural adjustment problems and unrest stemming from high unemployment. It concluded that government agencies and public enterprises could not mount construction and service programs quickly enough to stem this unrest. It created AGETIP, (*Agence d'Execution des Travaux d'Intérêt Public*) to which it delegated responsibility to manage public works construction projects. The main objectives were to create temporary new jobs, increase the capacity of the construction industry and invest in economically useful subprojects. It was intended to be a temporary agency to demonstrate the feasibility of such an approach.

By early 1996, AGETIP had executed more than 1250 subprojects and created almost 18,000 person-years of employment. The number of engineering firms in the country increased from 80 in 1991 to more than 300 in 1996 and the number of registered construction firms soared from 350 in 1990 to 1900 by 1996. As its successes increased, it assumed additional functions, such as managing a micro-enterprise credit fund. AGETIP's success were such it efforts to replicate it elsewhere in Africa (e.g., Mali, Niger) and a special relationship was established with countries in Latin America.

An evaluation found that AGETIP was well managed and quite successful in involving and developing the capacities of municipalities, small construction firms and engineers, the fourth and largest group of beneficiaries—the local people—felt left out of selecting and planning many of the projects. There was a consequent lack of a sense of ownership and maintenance of the projects suffered. Thus, the benefits that were expected from the projects may not prove sustainable.

### **Cambodia: Health Services**

Health services in Cambodia are officially provided through government facilities, but when a citizen goes to a government hospital, the doctor may tell the patient that his/her problem is complicated and that they should go to his private clinic. The government contracted out management of government health services to NGOs in five districts randomly selected. The clinics' fees are higher than those at the government facilities, but lower than the private facilities operated by the doctors. Targeted outcomes improved by about one baseline standard deviation relative to comparison districts. The program increased the availability of service, reduced provider absence, and increased supervisory visits. The program involved increased public health funding, but led to strongly offsetting reductions in private expenditure.

The politics of outsourcing and privatization can sometimes prove counter-intuitive. For example, in Nicaragua, part of impetus for the post-Sandinista government's *el duco* program, was to de-centralize the functions which the Sandanista's had centralized. Many of the country's mayors were pro-Sandinista, so the new government wanted to bypass them. So every Sandinista commandant formed an NGO, many serving as consultants to the anti-Sandinista. At first blush, this might seem to be a perfect recipe for instability, but, in fact, it helped stabilize what could otherwise have been a very fractious situation.

A similar phenomenon occurs in Brazil. When a government changes, competent people are removed from the public administration. But then the government draws upon consultants from the opposition, though not the overtly party activists. When the Colombian government attempted to decentralize, the unions were said to be the big obstacle. Yet when the Minister of Education was asked from where the agenda for decentralizing came, she said from the technical people in the unions.

### **3. Privatization**

*The outcomes of privatization are more likely to be positive if there are competitive bidders, a public policy process that relates government effectiveness to larger societal issues, and a cadre of professionally and technically qualified public administrators to develop adequate contract specifications and monitor private sector performance. In any case, privatization in less developed countries is not likely to reduce costs and provide better service unless the country has:*

- *A regulatory system in place that ensures some reasonable degree of accountable corporate governance.*
- *A process of privatization that is not simply a means to transfer assets to a few favored insiders.*
- *Some kind of independent stock market in which assets can be market-priced and sold competitively. Simply giving shares of an SOE to large numbers of citizens (either employees of the enterprise, or some other well defined constituency) means that the country will fall into the traps of crony capitalism, military intrusion into the civil economy, or administrative formalism.*

“Fire sales” of state assets in many post-socialist countries after the collapse of the Soviet Union drove many of them into one or more of these traps, at least for a time. The sell-off of state enterprises in Honduras fell into the hands of a drug-running military.

In a globalizing economy, there are some positive aspects to privatization. Much as the rule of law developed incrementally, based upon practice and precedent, globalization is generating reform pressures. China’s current embarrassments and responses in meeting international standards in the global economy is a case in point. In Kazakhstan, the banking system had to reform in order to take part in the world financial system. Multi-national corporations, through their franchise systems and quality control requirements establish *de facto* rules, regulations and standards which governments have no alternative but to recognize in order to stay in the global competitive game. Sometimes privatization, even if unplanned, can solve a problem of gridlock within governments.

#### **Inadvertent Privatization in Mexico City**

A good example is the gradual privatization of public transport systems in Mexico City. As the urban area around Mexico City grew into one of the world’s largest, most populous urban regions, the transport system was unable to cope. Mexico City is theoretically responsible for transport, but only within its limited boundaries, not the whole metropolitan region. The city government has few independent financial resources. (Unlike the U.S., where 80 percent of government expenditures are by local governments, in Mexico, the central government controls 80 percent of government expenditures.) In its efforts to deal with the regional transportation problem, Mexico City faced powerful union opposition to any reforms in the transportation system. So incrementally, private or contractor-based jitneys began to meet more and more of the urban region’s transportation needs.

### **4. Decentralization and Voice**

Still another strategy is to turn to the citizenry itself to manage or deliver a service once deemed a function of the state. Hernando de Soto’s, *Other Path*, describes how communities set up governance systems in Peru, in many ways a failed state after Garcia’s first reign. In order for people to survive, voluntary community associations emerged to deliver services once deemed government functions. We should not maintain barriers between outsourcing, privatizing, decentralization and voice. They are all ways of dispersing power.

#### **El Salvador Primary Education**

During the civil war in El Salvador, people educated their children privately. The post-war government built on this with a system of community controlled schools which now educate 50% of the pupils in the country—the EDUCO system. Parents have a lot of say about hiring and firing teachers and there has been a reduction in the incidence of absentee tutors. In this case, the parents have more than voice, they have executive power. This, in turn, has affected the outcomes.

### **Community Control in Cambodia**

In 2002, Cambodia held its first election for commune councils of 3 - 5 people. This is the country's lowest level of government. Most of the elected Councilors had minimal education and skill levels. So the Asian Development Bank set up bank accounts for commune councilors so that they could contract directly with local people and pay for them to build local infrastructure. The objective was to make sure the central government didn't take a cut and insist on hiring its own contractors. There was a good deal of resistance from the Ministry of Finance and Ministry of Interior, but at the end of the day, they relented. Enough money was saved so that another 125 projects could be financed.

## **5. New Organizational Forms**

In the face of globalization and innovations in communications and information technology, new forms of non-hierarchical organization and networks (via the internet) are altering the way in which many public sector organizations function. Functions and authority are increasingly dispersed. The boundary between "public" functions and "private" functions grows hazier by the week.

The World Bank and the Asian Development Bank have moved to matrix management, to facilitate closeness to the client and direct "on the ground" knowledge. This may be a start back toward the "embeddedness" Carothers thinks international donors must adopt if they are to really assist fragile states. There was a time when very good, more or less permanent "ex-patriats" did this sort of thing, but most of them are gone. Instead, we have people rotated in and out of countries after two or three years barely able to manage the language or understand the local context.

Of course, here is great resistance as these changes take place. Brazil tried to break up the vertical silos of the ministries and discovered that they are huge centers of special interest highly resistant to change.

Governments are serving more and more as facilitators or referees, rather than as implementers. Rules governing standards, etc. are much more dispersed, and less susceptible to strictly internal control than in the past. Lateral entry into the system, rather than linear progression up the hierarchy, is the career path for more and more professional government employees.

There have been many efforts to describe the direction in which we are moving. Fred Riggs called it a process of 'gloculization.' He is talking about parallels between ways of organizing human activity, ways of organizing governance, and ways of organizing knowledge, management and communication amongst people. Two types of networks govern more and more of our activity: hierarchical (e.g., WTO) and networks of professionals, organizations, etc. Governments are searching for ways to meet these two types of demands at the same time, and from the top-down and bottom-up. For fragile states, institution-building at a time of such flux is challenging and confusing.

**IX.  
CONCLUDING OBSERVATIONS  
AND  
SUMMARY OF LESSONS LEARNED**

**Objectives of the Institutions for Fragile States Initiative**

If the primary objective of the *Institutions for Fragile States Initiative* is to provide quick “how tos” on its web site in response to inquiries from reformers “on the ground,” success is unlikely. The project cannot and should not operate as if it is a hierarchical, editorial board giving advice. Nor is it realistic to think we can organize a system that will enable people to set up and move forward on their own.

The most effective response to the need out there would be to enable “conversations,” and relate stories of various experiences. No story will ever quite fit the precise situation in a country, but those in the country can adapt lessons learned from these outside experiences to their own cultural, political, and institutional context.

We need to think in terms of building a “community” on the web—a network for communication and interchange among individuals and organizations around the world who are grappling with similar institution-building issues in fragile and post-conflict states.

Perhaps a “Wikipedia” approach commends itself. So does a listserv. Allow users to draw upon, add to, correct, or contribute material on the site. Inventory the vast amount of information on governance already out there on the web, distill it, and link it for easy access by the users we hope to serve. Add to it whatever information and lessons we can gather from practitioners on the ground and workshops like this one

Unfortunately, more often than not, much of the information and “lessons learned” generated in these workshops is likely to reflect the point of view of donors or outsiders. The challenge will be to gather and shape the information so that it is responsive to the needs of someone attempting reform from the inside. The proposed interviews and “oral histories” gleaned from practitioners on the ground could provide a corrective to this imbalance, and also result in a lot of “how we did it” information (both successes and failures) that is otherwise lost because it so seldom gets recorded.

**RECOMMENDED COUNTRY CASES FOR ORAL HISTORIES**

<b>Albania</b>	<b>Botswana</b>	<b>Brazil</b>	<b>Chile</b>
<b>China</b>	<b>Estonia</b>	<b>Ghana</b>	<b>Honduras</b>
<b>Hungary</b>	<b>Korea</b>	<b>Malaysia</b>	<b>Marshall Islands</b>
<b>Mexico</b>	<b>Philippines</b>	<b>Poland</b>	<b>Sierra Leone</b>
<b>Singapore</b>	<b>South Africa</b>	<b>Tanzania</b>	<b>Tunisia</b>

---

## **SUMMARY OF SOME LESSONS LEARNED**

### **CONTEXT**

**What are the key elements of context that shape outcomes in attempts to reform the civil service in any country, fragile or otherwise?**

- Some of the failures in public administration reform over the last five or six decades can be chalked up to attempts by international donors to impose a particular template of reform on cultures with many attitudes and values at substantial variance from those contained in the so-called universal, “modernizing” model of public management. Nonetheless, all of the successful “indigenous” models of civil service organization embrace recruitment and promotion based on “merit” for key positions.
- Where there have been successes, reforms have almost always incorporated some of the accustomed lines of authority and decision-making. The challenge for any group attempting public administration reform in a fragile or post-conflict state is to customize the strategy to fit what the context currently allows, fully recognizing that further adaptation will prove necessary as the character of the country’s political system evolves in response to external conditions and demands for change within the society itself.
- There is no hope for reform unless we move away from the donor model. To succeed, reform must be an indigenous process, rather than one of transfer and absorption. “Best practice” is not an appropriate term when designing a reform. What we are looking for is the best experience that might be adapted to the country’s cultural and institutional context. An adaptable, flexible, and incremental approach is essential. It is equally vital to allow sufficient time for changes in organizational culture and learning. Time must also allow building national sovereignty and government capacity. Empowerment and accountability are key.

**How should context influence choice of strategy and type of reform?**

- Two “doorstep” conditions must be met before civil service reforms can be implemented: (1) the state must hold the monopoly on the use of force and violence must be under control; (2) there must be sufficient institutional capacity and continuity to effectuate and sustain the reforms. Reforms take 15-20 years to fully mature, so the motivation for civil service reform must be institutionalized if it is to succeed. A clear vision, such as Botswana’s, of the desired outcomes for reform must carry over from one government to the next for several decades before they are firmly entrenched.

- In failed states (e.g., Afghanistan, Haiti, Liberia, Somalia, Timor Leste), the challenge is not reform, but state-building, since institutional capacity is virtually non-existent.
- In most mature LAOs (e.g. Thailand, Malaysia), and basic LAOs (Ghana, Cambodia), there are "windows of opportunity" for reform, but capacity for reform differs significantly. Categorization of LAOs or fragile states without differentiation lumps apples and oranges. The solutions need to be very different, depending upon both context and capacity. Affirmative responses to the following questions are prerequisite before undertaking reform of a public administration:
  - In the present political, cultural and institutional context of the country, are there "windows of opportunity" for reform to help improve the competence, effectiveness, efficiency, or public responsiveness of the civil service?
  - Does political or ethnic polarization in the country foreclose any such reform?
  - Is there a high level political champion for reform with both the will—and the skill—to carry it off?
  - Is there a high level technical champion with the capacity to actually effectuate the reform?
  - Can the entrenchment of patronage networks be overcome sufficiently to allow the reform to take place and to persist?
  - Do the dynamics of the existing bureaucracy offer any windows of opportunity for reform?
  - Are there opportunities to generate public support by linking public administration reform with a "hot issue," such as anti-corruption or EU accession?
- Reform initiatives may not need to come from the top. In many cases, pressures "from the bottom" may present some of the greatest opportunities for reform in many countries.

### **STRATEGIES AND IMPLEMENTATION**

**How can ownership of reform by the country's leadership be induced and sustained?**

- In failed states, we should be careful in using the term "ownership of reform." Because little or no state capacity exists at the outset, the trick is for outsiders to help create a credible vehicle for indigenous leadership to decide upon state-building measures, and then to provide essential external technical and financial support on call, while at the same time developing capacity for an indigenous public administration. This, by definition, is a long-term proposition. International assistance is required for at least 10-20 years.
- In fragile states where institutional capacity does exist, experience over the past five decades has proven that "ownership" of reform is accomplished best

if agents within the country itself design the reform, calling upon outside assistance and support as necessary.

- Though the successful “indigenous” reforms may differ from the so-called “universal” model in their approaches to decision-making, and in their lines of authority, most of the successful examples turn to some form of meritocratically-based entry and promotion for at least some of the most critical sectors of the public administration. Countries want to globalize and be part of the world market. The empirical literature on the management factors that contribute to effective public administrations provide quite strong evidence that the most significant factor is meritocratic personnel management, and, in particular, competitive, meritocratic recruitment and selection. Moreover, the longer such meritocratic practices are in place, the more effective are the public administrations. The matter of job tenure is more problematic. Often it is more a matter of “due process,” i.e., protection from being fired arbitrarily.

**What are the key issues of design that make a difference for outcomes?**

- The trick for reformers is to—
  - Keep an eye out for windows of opportunity, such as the emergence of new political and technical champions, and quickly mobilize support to address those opportunities whenever and wherever they arise.
  - Hook any reform effort to a politically salient issue, such as anti-corruption, EU accession, better service, etc.
  - Mobilize domestic constituencies to support the reform—e.g., civil servants, citizens victimized by corrupt, unresponsive, bureaucratic, and inefficient public entities, businesses hampered by high transactions costs created by a regulatory environment that fosters corrupt, unresponsive, bureaucratic and inefficient public regulatory bodies.
  - Monitor and publicize systematic evidence of progress. This needs to start either before or, at the latest, at the beginning, because progress needs to be judged against the starting point, rather than against an unrealistic “best practice” standard.
- Most fragile states urgently need to rebuild conventional administrative capacity at the central core (policy making, financial management). The distinction between core and periphery provides a useful framework with which to decide what kinds of reforms are appropriate and where. Required services (e.g., education and health) might be addressed along the lines suggested in the World Bank's 2004 World Development Report.
- In failed states, it is necessary to recruit talent to help set up the institutions the state itself will run once its development has been under way for a time. The most readily available resource is the country's Diaspora. One way to use professionals from the Diaspora would be as facilitators, rather than as administrators, so that they will not be resented or envied (because of salary and as interlopers) if they act in a transient capacity.



- We should take a close look at the *Ashoka* social entrepreneur program to see if it provides a model for training up capacity for failed states. It is country-focused, but has an international Diaspora dimension through which all of the grantees are networked worldwide. In consequence, these social entrepreneurs are not just doing something for their own country; they are part of a global talent pool and communications network. We can apply this to new ways of networking through such Internet sites as *idealist.org* and *linkedin.com*.
- At the same time, reformers should avoid several pitfalls—
  - Setting unrealistic expectations: Reforms are often sold as if they are going to turn a completely dysfunctional bureaucracy into a “best practice” nirvana within 3-5 years. Those results, of course, never materialize and the effort is discredited.
  - Failing to monitor and publicize systematic evidence of the reform's progress: Very few reform efforts monitor anything more than the actions which have been undertaken. As such, it is impossible for the public, or the government, or the affected civil servants to assess whether progress is being made. As a result, interest and support flags. In Albania, the biggest mistake was a failure to keep the public continually aware of progress or lack of progress with the reforms. As a result, awareness in the public mind faded and opened up the opportunity for a newly elected president opposed to the reforms to undercut the reforms.<sup>85</sup>
  - Reforms that provide significant financial benefits to reforming entities or their staff in exchange for undertaking the reforms: It sounds ideal in the abstract; but—with few exceptions—such approaches fall prey to political pressures to ensure nobody fails to benefit from the proffered rewards. There are things that can be done to address such risks, such as keeping such financial rewards modest and involving credibly independent parties (e.g., external supporters of the reform) in the decisions as to which entities and/or staff will actually receive the promised financial rewards. But these checks are a hard thing to sell to in-country reformers.

**What are the decision rules for undertaking comprehensive or partial reform?**

- Unavoidably, reforms must be undertaken in bits and pieces over an extended period of time, depending upon when windows of opportunity open and close. But the sequence of actions should not be inherently contradictory. (For example, do not introduce significant salary improvements before undertaking a major retrenchment effort.) Yet this implies that there is a long-term strategy, or vision. Obviously, it is extremely difficult for leaders of most LAOs to think long-term, so mired are they in the present crises.
- Comprehensive reforms are rarely feasible, even in OAOs. Certainly in most LAOs, there is no alternative but to seize upon targets of opportunity when they present themselves. Unfortunately, limited ad hoc reforms rarely amount

to anything. People move on and governments change. So even though the comprehensive approach rarely works, the piecemeal approach often doesn't work either. The fundamental reason for this is that such enclave reforms create envy and resentment within the rest of the "non favored" public administration. Additionally, such enclaves require the cooperation of the rest of the public administration if they are to have any impact.

### **RECRUITING AND TRAINING TOP TALENT**

**What options have proven to be most viable to develop and retain a senior corps of civil servants in difficult settings, particularly fragile states?**

- Some countries have attempted to use the French "feeder institute" approach to educate an elite cadre of public managers and leaders with a guaranteed career path. Unfortunately in fragile, low capacity contexts with no depth of educational institutions, the "feeder institute" approach has been used as a way to guarantee employment to graduates, fueling over-employment, low pay, etc. (e.g., Senegal, Egypt), distorting both the economy and the civil service.
- Similarly, experience with senior executive cadres has been disillusioning. First, because ministries fight hard to hold on to "their own," and resist managers who are imposed on them from the outside. Secondly, many fail because governments often do not provide a clear career path for members of the cadre outside of the traditional agency-centered road to promotion. It is difficult to separate the powerful magnetic attraction between a career manager and the agency in which his/her career has developed. As a consequence, most efforts to create an elite corps of managers whose loyalty is to the government, rather than the agency, have failed. Unless appropriate government-wide career paths are developed for senior managers, and the full weight of top political leadership actualizes them, they are unlikely to succeed.
- Based upon experience, it is wiser to embed any effort to develop a special cadre of talent within a broader reform agenda that can command broader support politically and inside the public administration. As in the case of every other kind of reform, there must also be high-level political and technical champions with sufficient authority and determination to address this resistance. Talent for the public service should be recruited from all sources, not just elite institutions. Insofar as possible compensation and responsibilities should be competitive with those in the private sector.
- Surveys by OECD find that senior managers are more likely to stay in government service if they find their work challenging and their responsibilities commensurate with that work. They do not respond to compensation incentives alone. Nonetheless, at the end of the day we come back to money. If we think about long-term development strategies, we need reasonable

financial incentives to attract people into the right jobs at the right level. If we attract people through reasonable salaries we are more likely to develop long-term depth.

- It sounds ideal in the abstract, to provide significant financial benefits to specially identified managers and professionals in exchange for reform and performance. However, with few exceptions, such an approach falls prey to political pressures to ensure nobody fails to benefit from the proffered rewards. There are things that can be done to address these risks, such as keeping such financial rewards modest and involving credibly independent parties in the decisions as to which entities and/or staff will actually receive the promised financial rewards. But these checks are a hard thing to sell. In short, such reforms are very appealing on a priori grounds, but extremely difficult to get to work as intended.
- The issue of envy from the rest of the public administration is a challenge entirely different from developed countries, where senior cadres have typically developed out of an existing, de-politicized, meritocratically managed civil service with effective due process protections and redress mechanisms. Too often in fragile, such reforms are typically proposed and launched as the starting point for reforms, rather than as the capstone. This dramatically alters and magnifies the implementation challenges, and more often than not leads to incapacitation of the senior cadre, as the staff they are supposed to manage and work with simply refuses to cooperate.
- Tenure is a problematic dimension of the “universal” model. It can help make the civil service a major obstacle to reform when change is needed. In most fragile states, it is not so much an issue of tenure as it is of due process. What is needed is protection from arbitrary dismissal for political reasons. For civil servants who reach the highest levels sensitive to changes in political leadership, alternative employment options are necessary in order to forestall the loss of talent from the country’s public life.

## **PERFORMANCE AND ACCOUNTABILITY**

### **What have we learned about how to monitor and enhance civil service performance?**

#### *Measuring Progress of Overall Reforms*

- Four essentials should be covered by any effort to measure and monitor overall management and implementation of a reform—
  - The extent to which recruitment and retention have been de-politicized.
  - The extent to which merit is applied in recruitment, retention and promotion.
  - The success with which competent staff have been attracted and retained.
  - The sustainability of the wage bill.
- De-politicization is easiest to monitor through changeover rates when political administrations change.
- There are two ways to measure progress on merit-based reforms:
  - **Recruitment and selection**
  - Positions filled through advertising, etc.
  - High incidence of requests from ministers to grant positions on ‘urgent contracts.’ If this is too high, they can be slowed down through increased screening, policy response.
  - **Performance**
  - Is the government doing performance evaluations?
  - Do the evaluations actually reflect performance (or is everyone getting the same grade?)
- Monitoring Attraction and retention of qualified staff
  - How does remuneration compare to comparable private sector compensation?
  - Does the overall salary structure match the levels of responsibility and skill required?
  - What is the vertical compression ratio, (i.e., ratio of highest salary to lowest salary within a cadre)?
  - Monitor the average number of qualified candidates who make the ‘long list.’ Take the simplest cut at the number of qualified candidates, if that actually goes up, that is a good sign.
  - Monitor the percent of civil servants reflecting the lowest rung of the performance evaluations and whether they leave or not.
- Monitoring the Wage Bill
  - What is the fraction of GDP expended to support the civil service compared to other comparable countries? Is it sustainable?

*Monitoring and Measuring Unit Performance*

- Performance in public agencies may be defined in terms of both effort (input) and results (output). Measuring effort often is much easier than measuring outputs and outcomes. However, it is results—outcomes—that matter. Measuring outcomes typically includes:
  - . (i) a focus on desired results; (ii) indicators to measure progress made toward those results; (iii) the ability to use information on results to manage operations and resources to improve future performance; (iv) holding relevant staff accountable for results; (v) recruitment and promotion of staff based on merit; and (vi) staff awareness and ownership.
- While civil service reforms should not be equated necessarily with public service delivery reforms, the citizenry is much more interested in receiving services than in who is hired and fired. As a result, many governments measure performance in terms of service delivery. Civil service reforms may often lead to improved service delivery, even if no investment is made in the production function. Correspondingly, public service delivery reforms often lead to civil service reforms through the back door.
- It is necessary to guard against the risk of selecting indicators that are “soft” targets too easy to reach. It is also necessary to avoid indicators that are too costly to measure, and which require scarce capabilities. Finally, in the quest to achieve measurable results, there is a risk of quick fixes that are not sustainable, attaining measurable targets of questionable benefit (e.g., downsizing staff and rehiring the same staff as consultants), and setting up unreasonable expectations for change that can not be met.
- There should be some external checks on the information generated by the government in order to ensure that it is accurate and reliable. Credibility is enhanced if there are independent “outside” auditors.
- Under many performance measurement systems, managers worry that that they do not fully understand the criteria by which they are being judged. There is a widespread belief that performance rewards are being distributed unfairly. Ideally, those in the unit being evaluated should have a hand in designing the methods used to measure and monitor performance—collaborative evaluation. By investing in the evaluation process itself, they will value the results and their role in it more highly. A promising approach is *collaborative* performance monitoring in which the employees of a unit participate directly in the design and implementation of a monitoring system. Sometimes, a measure can be quite simple, such as photographing streets on a regular schedule to see whether garbage has been picked up. Experience with collaborative monitoring and measurement in Australia, where it is used extensively, warrants attention.

- Another approach is to measure *citizen satisfaction*. However, citizen satisfaction alone does not ensure accountability, nor sound performance and coherent policy. It is essential that reforms find a balance between these three objectives

### Measuring and Monitoring Individual Performance

- For the most part, evaluations of individuals by supervisors have not worked very well.
  - First, evaluations, more often than not, concentrate on inputs. (Is he honest? Has he taken training etc.)
  - Secondly, agencies tend to award very large percentages of their employees with high evaluations.
  - Thirdly, nearly all outputs or outcomes are the product, not of individual performance, but of unit performance.
- So long as units are held to account for their performance, peer pressure from within the unit upon individuals to perform may be the best guarantee of performance, providing, of course, that the rewards and the measures of performance are judged to be fair.
- Some public sector organizations have tried to boost performance by allocating financial bonuses to their best performing staff. For many reasons, there is little evidence that such bonuses in the public sector help to improve performance in either developed or developing countries.
  - First, because public sector jobs are diverse and multidimensional, it is almost impossible to compare the accomplishments of staff to one another by a common metric.
  - Second, in the public sector tasks tend to be performed by teams and not by an individual. The award of bonus to one individual within a team is likely to occasion considerable resentment amongst other team members. Results are more often positive if the awards are given to teams instead of individuals.<sup>86</sup>
  - Third, public sector employees are importantly motivated by the values of their organization as well as by their financial compensation. For public officials focused on financial gain, a significant portion may come after they leave public sector employment, and parlay their expertise and contacts for the benefit of the private sector. Bonuses received during public sector employment are typically too small to motivate performance, and risk causing damage to teamwork and the feeling of making a valuable public service contribution.
- Performance-based promotion has proven to be a better bet.

## **RETRENCHMENT**

**Do we know anything about the best ways to manage retrenchment in countries where economies are weak and there are few other ways for people to earn a living?**

- Significant, sustained reductions are rarely achieved in general civil service employment; but, when they are, they are almost always achieved through long, gradual attrition, rather than through major, one-off retrenchment exercises. In short, to achieve significant, sustainable reductions in overall levels of civil service employment, it is more promising to focus on strengthening controls on the size of the overall wage bill and to rely on attrition, partial employment freezes and similar devices over a longer period. Such measures should be complemented by efforts to improve policy-making so that the government can say “no” to unproductive use of public resources.
- Part of the reason many retrenchments have gone poorly is that both governments and donors had to learn how to do them. Where they have succeeded (Brazil), they have been executed quietly and over time. The shady way to do it is through supplements to wages that apply more in some ministries than others (Peru). These costs add up, but are hidden. Sometimes it is not a bad thing; the countries are doing the best they can.

### **The main lessons:**

- Targeting (voluntary or non-voluntary retrenchment): Sometimes retrenchment can cause the best people to leave first. Before proceeding with retrenchment, analyze the skill sets available in the affected ministries in order to be sure that critical assets are not eliminated. Be selective in order to avoid the best people leaving, and the worst people staying. (This puts a limit on the extent to which voluntary retrenchment is desirable.) Identify three categories of workers: a) a group who must leave because their skills do not contribute to the organization’s objectives; b) a group who must not leave because their skills are essential for the organization (these people will not be offered the severance package); and c) an intermediate group who can stay or leave. Selectivity is important, otherwise the government may have to rehire many of the people who were dismissed.
- Once retrenchment is achieved, implement strong measures to keep the size of the civil service under control. Sometimes retrenchment hasn’t saved money and hasn’t improved workforce skills. It is essential to create and maintain strong control mechanisms, such as a census-based register linked to the Ministry of Finance’s financial control system.
- Do not overcompensate retrenched employees. There’s not as much difficulty as once thought in retrenched people finding new jobs. Over-compensation will make retrenchment programs fiscally untenable over time.
- Do not waste money on mandatory training for displaced workers. It is more effective to give the worker the money and allow them to decide how to spend it. It is hard to get people the right kind of training.

- Most retrenched staff quickly found employment in the private or informal sector; often because they were already moonlighting while they remained in the public administration—in short, post-retrenchment unemployment was not the problem everyone feared.
- Cash severance payments were both more popular and more effective in helping retrenched workers to re-integrate into the labor market, than were re-training, job-search counseling, or other programs designed specifically to assist retrenched workers find new employment. Workers tend to take the cash rather than the training if they're given a choice. It's a good idea politically to offer training and/or counseling because it looks good, but not very many people will take it. It's also important for the government to give credible commitments that they will give the cash; if a non-credible government is in office it should give the money up front. Small business loans to help them set up an enterprise is a possibility, but it's hard to figure out who is credit-worthy.<sup>87</sup>

### **PRIVATIZATION AND OUTSOURCING**

**What have we learned about the pros and cons of the use of privatization and outsourcing in fragile states as strategies to achieve improved accountability and performance?**

- When services are outsourced or privatized, the core civil service is “overseeing and managing”, rather than “delivering.” This requires a different set of competencies than those found in the traditional services of the past.
- Accountability is far more complex. Until you have internal accountability and capacity within the civil service, it is difficult, if not impossible, to hold contractors accountable for their performance.

At a minimum, the viability of outsourcing depends on several key factors:

- Capacity of the public body responsible to hold vendors accountable for effectively and efficiently meeting the terms of the outsourcing contract, whether that be for support services (e.g., cleaning services, catering, etc.) or for final public services (e.g., health care, schooling, etc.). Most developing and post-conflict countries are very ill equipped to meet this requirement.
- Competitiveness of the private sector in the market in which outsourcing is undertaken. Obviously, in a monopolistic private sector market, outsourcing is likely to fall prey to that monopoly power, particularly if the public entity is ill prepared to be a strong negotiator, since such a situation results in the equivalent of a market with one firm and one regulator/customer. Of course, it is often the case that an NGO, rather than a private contractor, is the vendor. While the danger of monopoly is lessened, it still may exist.



- The outcomes of privatization are more likely to be positive if there are competitive bidders, a public policy process that relates government effectiveness to larger societal issues, and a cadre of professionally and technically qualified public administrators to develop adequate contract specifications and monitor private sector performance. In any case, privatization in less developed countries is not likely to reduce costs and provide better service unless the country has:
  1. A regulatory system in place that ensures some reasonable degree of accountable corporate governance.
  2. A process of privatization that is not simply a means to transfer assets to a few favored insiders.
  3. Some kind of independent stock market in which assets can be market-priced and sold competitively. Simply giving shares of an SOE to large numbers of citizens (either employees of the enterprise, or some other well defined constituency) means that the country will fall into the traps of crony capitalism, military intrusion into the civil economy, or administrative formalism.
- In a globalizing economy, governments are serving more and more as facilitators or referees, rather than as implementers. Rules governing standards etc. are much more dispersed and less susceptible to strictly internal control than in the past. These are revolutionary changes in governance that began back in the 1960s. The question for us now is: how can such dispersed or diffused authority work?

## NOTES

<sup>1</sup> Drawn from the workshop's Working Paper, **Civil Service Reforms and International Assistance: An Initial Framework for Lessons Learned**, National Academy of Public Administration, Washington, D.C.; May 2007.

<sup>2</sup> See for example: Simon Chesterman, Michael Ignatieff, & Ramesh Thakur (eds.), **Making States Work** (A Project of the International Peace Academy and the United Nations University), United Nations University Press, New York, N.Y.; 2005; Geoffrey Shephard, **Civil Service Reform in Developing Countries: Why Is It Going So Badly?**, paper before The 11<sup>th</sup> Annual Anti-Corruption Conference, Seoul, South Korea; 25-28 May 2003.; and Clay Wescott, *Civil Service Reform in Africa*, **Civil Service Reform in Latin America and the Caribbean**, World Bank Technical Paper 259; World Bank, Washington, D.C.; 1997. All cited in the workshop working paper, **Civil Service Reforms and International Assistance: A Draft Framework to Distill Lessons Learned**, National Academy of Public Administration, Washington, D.C.; 2007

<sup>3</sup> Ibid... Shephard.

<sup>4</sup> See for example: World Bank, **Civil Service Reform: A Review of World Bank Assistance**, Report 19211, World Bank, Washington, D.C.; April 27, 1999; and World Bank, *Civil Service Reform: Strengthening World Bank and IMF Cooperation, Directions in Development*, World Bank, Washington, D.C.; 2002.

<sup>5</sup> Francis Fukuyama, **State-Building; Governance and World Order in the 21<sup>st</sup> Century**, Cornell University Press, Ithaca, N.Y.; 2004

<sup>6</sup> Op.cit., Shephard.

<sup>7</sup> Ibid.

<sup>8</sup> Thomas Carothers, **Aiding Democracy Abroad: The Learning Curve**, Carnegie Endowment for Peace, Washington, D.C.; 1999: p. 201.

<sup>9</sup> Op.cit., Wescott, **Civil Service Reform in Africa**: p.217.

<sup>10</sup> Gurcharan Das, *The India Model*, **Foreign Affairs**, v.85, no.4, p.2 & ff.; July/August 2006; and, *Can India Fly?* **The Economist**, 3-9 June 2006; pp.50 & ff.

<sup>11</sup> Organization for Economic Cooperation and Development, **China Governance Project**, Organization for Economic Cooperation and Development, Paris, France; 2005.

<sup>12</sup> Op.cit., Wescott, *Civil Service Reform in Africa*, p.217.

<sup>13</sup> Inter-American Development Bank, **The Politics of Policies: Economic and Social Progress in Latin America, 2006 Report**, Inter-American Development Bank and David Rockefeller Center for Latin American Studies, Harvard University, Washington, D.C.; 2005.

<sup>14</sup> World Bank Development Research Group, **Worldwide Governance Indicators, 1996-2006**, World Bank, Washington, D.C.; 2007.

<sup>15</sup> G.A. Almond and S. Verba, **The Civic Culture: Political Attitudes and Democracy in Five Nations**, Princeton University Press, Princeton, NJ; 1963.

<sup>16</sup> Aaron Wildavsky, **Budgeting: A Comparative Theory of Budgetary Processes** (Revised Edition), Transaction Books, New Brunswick, NJ; 1986.

---

<sup>17</sup> Francis Fukuyama, *Why There is No Science of Public Administration*, **Journal of International Affairs**, v. 58, no.1:189-201; 2004.

<sup>18</sup> Christopher Hood, **The Art of the State; Culture, Rhetoric, and Public Management**, Clarendon Press, Oxford, U.K.; 1998.

<sup>19</sup> Ibid.

<sup>20</sup> Juliette Bonkougou, *Modernization of the Governance of Administration in Burkina Faso*, **Civil Service Reform in Francophone Africa**, Technical Paper 357, World Bank, Washington, D.C.; 1997; and Bamidele Olowu, *Redesigning African Civil Service Reforms*, **The Journal of Modern African Studies**, v.37, no.1, pp.1-23; March 1999; and Peter Fuseini Haruna, *Reforming Ghana's Public Service: Issues and Experiences in Comparative Perspective*, **Public Administration Review**; May/June 2003, pp.343 &ff.

<sup>21</sup> Douglass C. North, John Joseph Wallis, and Barry Weingast, **The Natural State, The Political Economy of Non-Development**, unpublished paper; March 2005.

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

<sup>24</sup> Donald E. Klingner and David Arellano Gault, *Mexico's Professional Career Service Law: Governance, Political Culture and Public Administrative Reform*, **International Public Management Review**, v.7, Issue 1, electronic journal; 1996.

<sup>25</sup> Mamadou Dia, **Africa's Management in the 1990s and Beyond: Reconciling Indigenous and Transplanted Institutions**, World Bank Development Series, World Bank, Washington, D.C.; 1996.

<sup>26</sup> Op.cit., Chesterman et al.

<sup>27</sup> Donald F. Kettl, Patricia W. Ingraham, Ronald P. Sanders, Constance Horner, **Civil Service Reform; Building A Government That Works**, Brookings Institution Press, Washington, D.C.; 1996.

<sup>28</sup> Op.cit., Shephard provides a very good précis of civil service evolution.

<sup>29</sup> Chester A. Newland, *The Facilitative State and Human Resources Management*, **Public Personnel Management**, International Personnel Management Association, p.639;1999.

<sup>30</sup> Op.cit., Klingner and Gault.

<sup>31</sup> Op. cit., Wescott in **Civil Service Reform in Africa**, p.217

<sup>32</sup> Abelardo Morales-Gamboa and Stephen Baranyi, *State-building, National Leadership and Relative Success in Costa Rica*, **Making States Work** (Simon Chesterman, Michael Ignatieff & Ramesh Thakur, eds.), United Nations University Press, New York, N.Y.;2005. pp.234-251.

<sup>33</sup> Op.cit., Wescott and Modisi.

<sup>34</sup> Robert Pringle, *Mali's Unlikely Democracy*, **The Wilson Quarterly**, Woodrow Wilson Center for Scholars, Washington, D.C.; Spring 2006.

<sup>35</sup> Dave Peterson, Director, Africa Program, National Endowment for Democracy, Letter to Editor, **Wilson Quarterly**, Woodrow Wilson International Center for Scholars, Washington, D.C.; Summer, 2006.

<sup>36</sup> Ibid.

<sup>37</sup> Op. cit., Chesterman et al.

<sup>38</sup> Malaysia Civil Service Commission, **Fast Forwarding the Public Sector into the K-Based Civil Service**.

- 
- <sup>39</sup> This summary is drawn from Organization for Economic Cooperation and Development, **China Governance Project**, Paris; 2005.
- <sup>40</sup> James Dobbins, John G. McGinn, Keith Crane, Rollie Lai, Andrew Rathmell, Rachel Swanger, and Anga Timilsina,, **America's Role in Nation-Building: From Germany to Iraq**, RAND Corporation, Santa Monica, CA; 2003, p. 144.
- <sup>41</sup> For an extended description of the Albanian reform experience, see Gary J. Reid, **The Political Economy of Civil Service Reform in Albania**, World Bank, Washington, D.C.; July, 2007.
- <sup>42</sup> H. Werlin, *Linking Decentralization and Centralization, a Critique of the New Development Administration*, **Public Administration and Development**, v.12.; 1992.
- <sup>43</sup> Esman, **Management Dimensions of Development: Perspectives and Strategies**, Kumarian Press, Inc., West Hartford, CT; 1991.
- <sup>44</sup> D. Brautigam, *State Capacity and Effective Governance*, B. Ndulu and N. Walle, **Agenda for Africa's Renewal**, Overseas Development Council, Transaction Publishers, Washington, D.C.; 1996.
- <sup>45</sup> Op.cit., Reid, **The Political Economy of Civil Service Reform in Albania**.
- <sup>46</sup> See also, Reid, Gary J. **The Political Economy of Civil Service Reform in Albania**, mimeo, World Bank, Washington, D.C.; June 2005.
- <sup>47</sup> Gileno Fernandez Marcelino, *The National School of Public Administration: An Experiment in Forming Management Teams*, Civil Service Reform in Latin America and the Caribbean, World Bank Technical Paper No. 259, World Bank, Washington, D.C.; 1997.
- <sup>48</sup> Op.cit., OECD, **China**.
- <sup>49</sup> Quah and UN Development Program, **Ten Best Practices in the Singapore Civil Service**.
- <sup>50</sup> Op. cit., Wescott and Modisi
- <sup>51</sup> Oscar Oszlak with Ernesto Gantman, *Senior Civil Service in Argentina: Creating an Elite Managerial Corps*, **Civil Service Reform in Latin America and the Caribbean**, World Bank Technical Paper No. 259, World Bank, Washington, D.C.; 1997; pp.205-210.
- <sup>52</sup> Reid, Gary J., *Performance-Oriented Public Sector Modernization in Developing Countries: Meeting the Implementation Challenge*, **Research in Public Administration**, Volume 5, edited by Jay D. White and James L. Perry (JAI Press, Inc.: Greenwich, Connecticut, 1999): 87-129.
- <sup>53</sup> Op.cit., Shephard.
- <sup>54</sup> M.E. Hildebrand and M.S. Grindle, *Building Sustainable Capacity in the Public Sector: What Can Be Done?* **Public Administration and Development**, v.15, Issue 5.
- <sup>55</sup> Op.cit., OECD
- <sup>56</sup> *ibid.*, Kaul
- <sup>57</sup> Malaysian Public Services Department, **Malaysian New Remuneration System**, and Mohan Kaul, *Civil Service Reforms: Learning from Commonwealth Experiences*, **Civil Service reform in Francophone Africa**, Technical Paper 357, World Bank, Washington, D.C.; 1997.
- <sup>58</sup> Op.cit., Wescott.
- <sup>59</sup> Op.cit., Wescott and Modisi

- 
- <sup>60</sup> C.G. Wescott and L.R. Jones, Managing for Results and Performance in Asia: Assessing Reform Initiatives in the Public Sector, *International Public Management Review*, 8,1:pp. 56-102; 2007.
- <sup>61</sup> Gary J. Reid and Graham Scott, *Public Sector Human Resource Management in Latin America and the Caribbean*, **Civil Service Reform in Latin America and the Caribbean**, World Bank Technical Paper No. 259, World Bank, Washington, D.C.; 1997.
- <sup>62</sup> Op.cit., Burdesky.
- <sup>63</sup> Op.cit., Manning & Parison.
- <sup>64</sup> Op. cit., Scott and Manning & Parison
- <sup>65</sup> Op.cit., OECD.
- <sup>66</sup> See Gary J. Reid, **Actionable Human Resource Management Indicators**, The World Bank; 2006.and **Monitoring Public Administration Reform Impacts**, The World Bank, 2006, for examples of how to monitor CS management practices.
- <sup>67</sup> Op.cit., OECD.
- <sup>68</sup> N. Roberts, *Coping with Wicked Problems: The Case of Afghanistan*, L.R. Jones, J. Guthrie, P. Steane, **Learning from International Public Management Reform**, 11B, Oxford:JAI-Elsevier Science, pp.353-376; 2001.
- <sup>69</sup> Donald F. Kettl, **The Global Management Revolution; A Report on the Transformation of Governance**, Brookings Institution Press, Washington, D.C.; 2000;
- <sup>70</sup> Op. cit., Kettl.
- <sup>71</sup> Alvaro Garcia Hurtado, *Chile's MIDEPLAN: A System for Programming and Evaluating Social Policy*, **Civil Service Reform in Latin America and the Caribbean**, World Bank Technical Paper No. 259, World Bank, Washington, D.C.; 1997.
- <sup>72</sup> Op.cit., Manning & Parison
- <sup>73</sup> Jeremy Pope, *Ethics, Accountability and Transparency*, **Civil Service reform in Francophone Africa**, Technical Paper 357, World Bank, Washington, D.C.; 1997; Guy de Lusignan, Summary and Conclusions, **Civil Service reform in Francophone Africa**, Technical Paper 357, World Bank, Washington, D.C.; 1997; and Ralph R. Widner, *The Human Consequences of National Corruption: A Case Study in the Republic of Georgia*, **Journal of Panetics**, v.6., no.4, International Society for Panetics, Washington, D.C.; 1997.
- <sup>74</sup> Op.cit., Wescott; and Modisi
- <sup>75</sup> Op.cit., Quah; Kaul; UNDP.
- <sup>76</sup> G. Shabbir Cheema, **Building Democratic Institutions: Governance Reform in Developing Countries**, Kumarian Press, Cloomfield, CT; 2005.
- <sup>77</sup> Op.cit., Pope
- <sup>78</sup> Gary J. Reid, *Human Resource Management Issues in ECA Countries*, background paper for **Eastern Europe and the Former Soviet Union Public Finance and Economic Growth: Lessons from Several High Growth Success Stories**, Poverty Reduction and Economic Growth Department, Europe and Central Asia Region, The World Bank, Washington, DC: April 2006); Gary J. Reid, **Civil Service Reform in Latin America: Lessons from Experience**, paper prepared for UNDP Regional Workshop on Public Sector Management Development in Latin America and the Caribbean, Santiago de Chile, 23-25 March 1992 (The World Bank: March 1992).

---

<sup>79</sup> See: Martín Rama: *Public Sector Downsizing: An Introduction*, **The World Bank Economic Review** 13 (1) 1999, pp. 1-22, and Martin Rama, *Efficient Public Sector Downsizing*, **Finance and Development**, September 1997.)

<sup>80</sup> Mills, Bardford; Sahn, David E.; Walden, W.W.; and Stephen D. Younger, **Public Finance and Public Employment: An Analysis of Public Sector Retrenchment Programs in Ghana and Guinea**, draft ,Cornell University Food and Nutrition Policy Program: Washington, DC, May 21, 1993; Alderman, Harold; Canagarajah, Sudharshan; and Stephen S. Younger, **Consequences of Permanent Lay-off from Civil Service: Results from a Survey of Retrenched Workers in Ghana**, Working Paper 35, Cornell Food and Nutrition Policy Program, Ithaca, NY: February 1993.

<sup>81</sup> K. Kiragu and R. Mukandalka, **Politics and Tectics in Public Sector Reforms: The Dynamics of Public Service Pay in Africa**, Dar es Salaam University Press, Dar es Salaam, Tanzania;2001.

<sup>82</sup> J.D. Strausman and M. Zhang, *Chinese Administrative Reforms in International Perspective*, **International Journal of Public Sector Management**, v. 14, No.5, pp. 411-422; 2001.

<sup>83</sup> Bolorman Shagdar, **Obstacles to New Public Management Reform: Case of Mongolian Public Administration and Civil Service Reform**, paper delivered before the Network of Institutes and Schools of Public Administration in Central and Eastern Europe; October, 2003.

<sup>84</sup> Armand Atomate, *Reducing Poverty by Building Local Service Delivery Capacities*, **Civil Service reform in Francophone Africa**, Technical Paper 357, World Bank, Washington, D.C.; 1997; and World Bank Independent Evaluation Group.

<sup>85</sup> For an extended description of the Albanian reform experience, see Gary J. Reid, **The Political Economy of Civil Service Reform in Albania**, World Bank, Washington, D.C.; July, 2007.

<sup>86</sup> Op.cit., Manning & Parison

<sup>87</sup> Mills, Bardford; Sahn, David E.; Walden, W.W.; and Stephen D. Younger, **Public Finance and Public Employment: An Analysis of Public Sector Retrenchment Programs in Ghana and Guinea**, draft ,Cornell University Food and Nutrition Policy Program: Washington, DC, May 21, 1993; Alderman, Harold; Canagarajah, Sudharshan; and Stephen S. Younger, **Consequences of Permanent Lay-off from Civil Service: Results from a Survey of Retrenched Workers in Ghana**, Working Paper 35, Cornell Food and Nutrition Policy Program, Ithaca, NY: February 1993.