Efficiency, Accountability and Implementation

Public Sector Reform in East and Southern Africa

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Democracy, Governance and Human Rights
Programme Paper Number 3
February 2001

United Nations
Research Institute
for Social Development

This United Nations Research Institute for Social Development (UNRISD) Programme Paper has been produced with the support of the Netherlands, Sweden and the United Nations Division for Social Policy/Department of Economic and Social Affairs. UNRISD also thanks the governments of Denmark, Finland, Mexico, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom for their core funding.

ISSN 1020 8186

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Acronyms

ANC	African National Congress (South Africa)
CIDA	Canadian International Development Agency
DFID	Department for International Development (United Kingdom)
ESAF	Enhanced Structural Adjustment Facility (IMF)
EU	European Union
GDP	gross domestic product
GEAR	Macro-economic Strategy for Growth, Employment and Redistribution (South Africa)
IGG	Inspector General of Government (Uganda)
IISS	International Institute for Strategic Studies
IMF	International Monetary Fund
MOF	Ministry of Finance
MPS	Ministry of Public Service (Uganda)
NPM	New Public Management
OECD	Organisation for Economic Co-operation and Development
PRC	Presidential Review Commission (South Africa)
RDP	Reconstruction and Development Programme (South Africa)
Renamo	Resistência Nacional Moçambicana
ROM	Results Oriented Management
SPA	Special Program of Assistance for Africa (World Bank)
TADREG	Tanzania Development Research Group
UNDP	United Nations Development Programme
UNRISD	United Nations Research Institute for Social Development

Summary/Résumé/Resumen

Summary

Five questions central to public sector reform in East and Southern Africa, and consistent with their proclaimed thrust, are addressed in this paper:

- Has the size of government employment changed since the mid-1980s?
- Have government functions become more focused on "core" activities, such as health and education, during this period?
- Have real wage levels changed?
- Has accountability improved?
- Who supports and who opposes reform?

The study includes—in varying degrees of detail—Kenya, Malawi, Mozambique, South Africa, Tanzania, Uganda, Zambia and Zimbabwe. It is based on available literature, on interviews with and papers by civil servants directly involved in the reform, and on my research on Tanzania and Uganda. The focus is on civil service reform although certain aspects of local government reform are considered. Both domestic and external actors are included in the analyses.

Reform efforts in the region have so far produced mixed results. Employment levels and government consumption have tended to decrease across the region, although far from uniformly. Real public employment wages may have stopped falling and wages may even have risen in a couple of countries. A larger share of total expenditures is now used for wages, but this may have negative effects on efficiency because non-wage expenditures remain significantly underfunded. Health and education expenditures in real per capita terms have risen in some—but not all—countries. Military funding trends are also mixed. Accountability measures, such as performance-based contracts, Citizen's Charters, public complaint mechanisms and service delivery surveys, are being introduced on a selective basis. It is too early to assess actual outcomes, but these depend as much on political factors as on managerial arrangements. Support for the reforms remains mixed, as can be expected with reforms that result in mixed, uncertain or unequally distributed benefits.

There are several implications of this. First, fiscally driven reductions of state employment and functions have gone too far and have not led to general and significant efficiency and accountability improvements. Second, too little attention has been given to the political dynamics of reform. Not all reform resistance is due to entrenched self-interest of state elites. It is also caused by the mixed—and sometimes severely negative—results of the reform. Third, donors are heavily involved in the reform (through conditionalities, funding and technical advice), but their track record suggests that they have no privileged knowledge about how to solve public sector performance problems in the region. This points to a final implication: the lack of attention to and understanding of the "ground level" of the public sector. From a broader efficiency and accountability point of view, a better understanding of the interactions between government agencies at various levels and urban, village and community-based groups is particularly relevant.

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Résumé

Cinq questions essentielles pour une réforme du secteur public en Afrique orientale et australe et correspondant à sa mission déclarée sont abordées dans ce rapport:

- L'importance du secteur de la fonction publique a-t-elle évolué depuis le milieu des années 1980?
- Les politiques du gouvernement ont-elles ciblé davantage des activités "de base", telles que la santé et l'éducation, durant cette période?
- Le niveau réel des salaires a-t-il changé?
- La responsabilité s'est-elle améliorée?
- Qui soutient les réformes et qui s'y oppose?

L'étude englobe—à des degrés divers—l'Afrique du Sud, le Kenya, le Malawi, le Mozambique, l'Ouganda, la Tanzanie, la Zambie et le Zimbabwe. Elle se fonde sur la documentation disponible, des entretiens, des documents de fonctionnaires directement impliqués dans la réforme, ainsi que sur les recherches que j'ai entreprises sur l'Ouganda et la Tanzanie. Elle se concentre sur la réforme de la fonction publique, bien que certains aspects d'une réforme du gouvernement local soient envisagés. Les analyses tiennent compte à la fois des acteurs internes et externes.

Les efforts de réforme dans la région ont jusqu'à présent produit des résultats inégaux. Les niveaux de l'emploi et de la consommation publique ont connu une tendance à la baisse dans toute la région, bien qu'elle soit loin d'être uniforme. La diminution des salaires réels dans la fonction publique a pu être freinée, et les salaires ont même augmenté dans certains pays. Une plus grande part des dépenses publiques est aujourd'hui consacrée aux salaires, mais cela pourrait avoir des effets négatifs sur l'efficacité générale, car les dépenses non salariales demeurent considérablement sous-financées. Les dépenses en matière de santé et d'éducation par habitant ont augmenté en termes réels dans certains pays, mais pas dans tous. L'évolution des dépenses militaires est, elle aussi, variable. L'évaluation du degré de responsabilité, par le biais de contrats axés sur les résultats, de Chartes des citoyens, de mécanismes de réclamation publique, ainsi que de sondages sur la distribution des services, est proposée sur une base sélective. Il est trop tôt pour juger des résultats réels, mais ceux-ci dépendent autant de facteurs politiques que de dispositions administratives. Le soutien aux réformes demeure tout à fait mitigé, ce qui est compréhensible dans le cas de réformes qui produisent des bénéfices variables, incertains ou inégalement répartis.

Ce qui précède a différentes implications. Premièrement, les réductions du secteur public et des fonctions administratives, fiscalement motivées, sont allées trop loin et n'ont pas débouché sur

une efficacité générale plus importante, ni sur une amélioration de la responsabilité. Deuxièmement, trop peu d'attention a été consacrée à la dynamique politique de la réforme. La résistance aux réformes n'est pas entièrement due à l'intérêt personnel bien enraciné des élites au pouvoir. Elle provient également du fait que les résultats des réformes ont été médiocres, voire négatifs. Troisièmement, les donateurs sont profondément engagés dans les réformes (du fait des conditions qu'ils posent, de leur financement et de leurs conseils techniques), mais leurs antécédents laissent entendre qu'ils n'ont pas de connaissances privilégiées sur la façon de résoudre les problèmes de fonctionnement du secteur public dans la région. Cela entraîne une dernière implication: l'absence d'attention et de compréhension de la "base" du secteur public. En vue d'une plus grande efficacité et d'une plus grande responsabilité, une meilleure compréhension des interactions entre les organismes du gouvernement à divers niveaux, ainsi qu'entre les groupes urbains, villageois et communautaires, est particulièrement recommandable.

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Resumen

En este documento se abordan cinco cuestiones fundamentales para la reforma del sector público en África oriental y meridional:

- ¿Ha cambiado la envergadura del empleo gubernamental desde mediados del decenio de 1980?
- ¿Se han centrado más las funciones gubernamentales en actividades "principales", como la salud y la educación, durante este periodo?
- ¿Han cambiado los niveles de salario reales?
- ¿Ha mejorado la responsabilidad?
- ¿Quién apoya la reforma y quién se opone a la misma?

El estudio incluye—en diferentes grados de detalle—Kenia, Malawi, Mozambique, Sudáfrica, Tanzanía, Uganda, Zambia y Zimbabwe. Se basa en la literatura disponible, en entrevistas y documentos elaborados por funcionarios que participan directamente en la reforma y en mis investigaciones sobre Tanzanía y Uganda. Se centra en la reforma del servicio civil, aunque también se consideran determinados aspectos de la reforma del gobierno local. Se incluyen en este análisis tanto actores nacionales como externos.

Los esfuerzos encaminados a la reforma en la región han producido hasta ahora resultados variados. Los niveles de empleo y el consumo del gobierno han experimentado una disminución en toda la región, aunque de un modo muy irregular. Los salarios reales del empleo público han dejado de disminuir e incluso han aumentado los salarios en un par de países. Una mayor parte de los gastos totales se utilizan ahora para los salarios, pero esto puede tener efectos negativos en la eficacia, porque los gastos no salariales siguen estando

insuficientemente subvencionados. Los gastos en salud y educación per cápita han aumentado en algunos países—pero no en todos. Las tendencias de la financiación militar también son diversas. Las medidas de responsabilidad, como los contratos basados en los resultados, las Cartas de los Ciudadanos, los sistemas de quejas públicas, y los estudios de la prestación de servicios se están introduciendo de un modo selectivo. Aún es demasiado pronto para evaluar los resultados reales, pero estos dependen tanto de los factores políticos como de los acuerdos directivos. El apoyo a las reformas sigue siendo indudablemente diverso, como cabe esperar de las reformas que conducen a otros beneficios, inciertos o distribuidos desigualmente.

Esto tiene varias consecuencias. En primer lugar, las reducciones impulsadas por razones fiscales del empleo y las funciones estatales han ido demasiado lejos y no han conducido a mejoras importantes a nivel de eficacia y de responsabilidad. En segundo lugar, apenas se ha prestado atención a la dinámica política de la reforma. No toda la resistencia a la reforma se debe al interés propio inalterable de las elites estatales. También es debido a los resultados diversos—y algunas veces profundamente negativos—de la reforma. En tercer lugar, los donantes participan activamente en la reforma (mediante condiciones, financiación y asesoramiento técnico), pero su trayectoria parece indicar que carecen de conocimientos privilegiados sobre el modo de resolver los problemas relativos a los resultados del sector público en la región. Esto indica una consecuencia final: la falta de atención y de comprensión del "nivel básico" del sector público. Desde el punto de vista de una eficacia y una responsabilidad mayores, reviste particular importancia el que haya una mejor comprensión de las interacciones entre los organismos gubernamentales a varios niveles y los grupos urbanos, de los pueblos y las comunidades.

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Introduction[1]

Attempts to reform public sectors are sweeping across Africa. Generally, they are significantly different from those of the immediate post-independence period. The earlier reforms aimed at shaping a public administration that could spearhead national development, albeit in the mould of the colonial age. Current reform efforts aim to reduce the costs and refocus the activities of the public sector, to change the way it works, and to promote the role of the market and non-governmental actors both in service provision and in the economy at large. This time around, reforms are driven by pressures from economic crises and structural adjustment, donor imposition, domestic demands for change amplified by growing political pluralism, and emulation of reforms in other countries (Batley, 1999; Kiggundu, 1998; Luke, 1990; Mkandawire and Soludo, 1999; Mukandala, 1992; Mutahaba et al., 1993; Olowu, 1999).

Today's reform initiatives are taking place at a time when few are prepared to defend the status quo. As Mkandawire and Soludo (1999:135) write, "[t]he need to reform African administrative structures to ensure efficiency and reduce the likelihood of corruption is obvious". So is the need to increase democratic accountability. Official government and donor documents, consultancy reports, and academic papers and books are filled with visions and ideas about how such improvements could be achieved. But interesting propositions that are not implemented, or only poorly so, are not so interesting after all.

Seemingly well-designed reform measures are often undermined by political resistance, because the dynamics of reform are frequently poorly understood or are neglected. We know much more about what is wrong with the public sector than we know about the links between means and ends in key reform initiatives (Klitgaard, 1997:491; Therkildsen, 1999). Existing political science and public administration literature is much better at describing the status quo than at explaining the political dynamics of change (Caiden, 1991:9; Peters, 1996:16). Moreover, it is better at advising on specific and marginal organization alterations than on fundamental changes throughout the public sector (Corkery et al., 1998:35).

Public sector reform is therefore a difficult undertaking anywhere. This paper focuses on certain aspects of efficiency, accountability and implementation of public sector reforms in eight countries in East and Southern Africa—Kenya, Malawi, Mozambique, South Africa, Tanzania, Uganda, Zambia and Zimbabwe.

Improved efficiency is now the overriding aim of public sector reforms in most African countries, "as it is the holy grail of reform efforts in the North" (Wright, 1997:11). The state is said to be overextended to the point that reductions and refocusing of its activities are needed. This will improve macroeconomic stability as well as efficiency. Moreover, stronger incentives for performance should be put in place. Many, although far from all, of these initiatives are inspired by New Public Management (NPM) concepts (Hood, 1991; Larbi, 1998). More specific and direct capacity-building measures have been far less emphasized.

1 I wish to thank Yusuf Bangura, Willy McCourt and Gorm Rye Olsen for useful comments on an earlier draft. The usual disclaimers apply.

Improved accountability in the conduct of public affairs is another reform objective of many countries in and outside Africa (Batley, 1999; Olowu, 1998:619–620; Wright, 1997). Accountability involves both the political justification of decisions and actions, and managerial answerability for implementation of agreed tasks according to agreed criteria of performance (Day and Klein, 1987). Among the instruments are NPM-inspired measures such as performance-based management, and various approaches to empower users vis-à-vis service providers. In practice, there is generally less emphasis on accountability than on efficiency.

Reform—and the implementation of reform measures—is basically about inducing changes in power relations between state and society, between politicians and bureaucrats, and between government organizations (Caiden, 1991:66). Thus, the mechanisms through which public sectors are reformed go "to the heart of who governs" (Bekke et al., 1996:6). In most countries in the region the design and implementation of reforms are pushed by both internal and external forces. The balance between them varies among countries, but generally donor influences are pronounced. Due to the inherently political nature of reforms, they typically result in conflicts and often lead to intended and unintended consequences. Moreover, the gap between stated objectives and reality is substantial (Batley, 1999:4).[2]

The countries included in this study are very different with respect to political, economic, administrative, social and cultural history. They also differ in the size of the public sector, domestic resource base, donor dependence and level of service delivery. As a simple illustration of this, appendix 2 shows that the economy of the richest country in the region, South Africa, is almost 20 times bigger in per capita terms than those of the poorest, Mozambique and Tanzania. Only Uganda and Mozambique (and to some extent Tanzania) experienced some economic growth over the last 10 years, albeit from very low levels. The rest had stagnating (Kenya and Malawi) or negative (South Africa, Zambia and Zimbabwe) growth. Donor dependence also varies significantly. It is high in Zambia, Mozambique, Malawi and Tanzania and insignificant in South Africa. Service levels are significantly higher in South Africa than in the rest of the region.

Despite such differences, the official reform language is strikingly similar across the region. In South Africa, for example, the government has opted for a two-pronged approach to change: (a) a fundamental transformation of public service over a two- to three-year period to reshape apartheid institutions; and (b) a broader, longer-term and ongoing process of administrative reform that aims to make the public sector:

> "needs based, designed to meet the needs of all citizens-customers, ... mission driven and results oriented, focusing on goal-based services and results and outputs", based on a facilitative rather than controlling state to mobilize the potential of civil society, "thereby empowering the citizens to share the responsibilities of governance", involving a major shift from the former mechanical model "with its emphasis on centralisation, hierarchy, the procedural observance of rules and regulations, and isolation from the

[2] Batley's paper summarizes the results of a four-year study of public sector reforms in four countries (Ghana, India, Sri Lanka and Zimbabwe). It also includes specific sector studies in other countries (Argentina, Bolivia, Côte d'Ivoire, Kenya, South Africa, Thailand and Venezuela).

> general public towards a more organic, integrative and adaptive model of corporate governance" (PRC, 1998:chapter 3.1.3).

In Tanzania, the main objectives of civil service reform, which also reflect a general approach to change in most sectoral and local government reform efforts in the countries considered here, are to:

> redefine the roles and functions of the Government with a view to hiving-off functions not considered to be core functions, reducing the scope of government operations to an affordable scale, and restructuring its organisation and operations to achieve efficiency and effectiveness in the delivery of public services (Government of Tanzania, 1996:17).

In Uganda, the key concepts used to describe the "vision" (a frequently used word in the official reform documents) for the reformed civil service include "improved service delivery", "smaller", "more efficient and effective", "performance based", "responsive", "fully accountable for outputs" and "transparent" (Ministry of Public Service, 1993).

There are several reasons for such similarities. The symbolic functions of the official language of reform are undoubtedly important, serving to "sell" reforms by seeking to convince intended domestic and external audiences that change is taking place, is desirable, or—failing that—necessary or inevitable (Hood and Jackson, 1991). Moreover, donors are *de facto* an integrated part of the reform process (except in South Africa). Undoubtedly the gradual switch of donor financing from project to sectorwide support has helped to focus donor attention on institutional issues in sub-Saharan Africa. The World Bank (1991:18), for example, supported twice as many civil service reform operations in Africa during the 1980s than in the rest of the developing countries together. Donor involvement may have increased since then. And Berg (1999:2–4) found that the most intensive reform activities supported by the World Bank, in terms of number and breadth of projects, have been in low-income countries, most of them in Africa. As Batley (1999:9) observed in the recent comparative study of reforms in 11 developing countries, "there are cases where reforms have been advanced in the absence of real local support, but none where international agencies have been absent". It is characteristic of donor involvement in reform that they have fairly similar views as to what should be done to improve public sector performance.

The analyses presented here generally cover the 1990s, but vary in scope and detail depending on availability of information. The study is based on a review of the literature, interviews with civil servants who are directly engaged in reform work in the region,[3] and my own country-specific knowledge. In dealing with the issues of efficiency, accountability and implementation, the focus is more on civil service than on local government reform, although both types of reform are included. Analyses of more specific measures, such as reform of public enterprises, sector reforms and strengthening public expenditure management, are not dealt with. Five

[3] Some of them participated in and presented papers to the Consultative Workshop on Civil Service Reform in East and Southern Africa held in Arusha in March 1998 and organized by the Civil Service Department, the President's Office, Tanzania.

main questions that are central to public sector reform in the region, and consistent with their proclaimed thrust, are addressed:

- Has the size of government employment changed?
- Have government functions become more focused on "core" activities?
- Have real wage levels changed?
- How appropriate are NPM-inspired accountability measures?
- Who supports and who opposes reform?

The next section of the paper highlights some of the efficiency, accountability and reform implementation issues of the current debate. Then follow analyses of selected efficiency, accountability and implementation issues based on examples from the eight countries. Conclusions are presented in the last section.

Efficiency, Accountability and Reform Implementation

Most independent observers agree that public sector organizations in poor African countries perform badly, even considering the difficult circumstances they operate in. To varying degrees they suffer from a number of well-known bureau pathologies—inefficiency, centralization, fragmentation, poor leadership, lack of capacity, patrimonialism, rent seeking, corruption, and poor accountability and legitimacy.[4] The need to improve efficiency and accountability is therefore obvious (Ayoade, 1988:107–111; Kiggundu, 1998; Mkandawire and Soludo, 1999:135; Mukandala, 1992; Mutahaba et al., 1993; Olowu, 1999). Most reforms in developing countries actually focus on these two issues (Morgan, 1996:227).

Rather different diagnoses are, however, offered as to why these problems abound. Some view the problems of the public sector in Africa as being largely institutional (Dia, 1993 and 1996; Klitgaard, 1997; World Bank, 1994:99)—and sometimes specifically related to "African" culture (Hyden, 1980; Haque, 1996; Chabal and Daloz, 1999). Others point to the importance of the marginalization of Africa in the global economy, which contributes significantly to the extreme resource scarcity of public sector operations and to their poor performance (Leys, 1994; Therkildsen, 1994; Schatz, 1996). Moreover, many problems of performance are due to the inherently difficult developmental tasks in poor countries (Paul, 1982).

In the current debate it is the institutional view that informs most of the actual reform initiatives, and it is NPM concepts that inspire many (although far from all) reform measures as far as efficiency and accountability initiatives are concerned. According to Hood (1991), the major NPM doctrines are that: (a) direct public sector costs must be cut and labour discipline raised so as improve resource use; (b) private sector-style management practices must be applied to increase flexibility in decision making; (c) competition in the public sector (through term contracts and tendering) must be increased, as rivalry is the key to lower costs and better

[4] Such problems are not unique to Africa. Caiden (1991:127) has made a similar, but longer, list for industrialized countries.

standards; (d) the public sector must be disaggregated and decentralized to make units more manageable and to increase competition among them; (e) controls must be shifted from inputs to outputs, to stress results rather than procedures; (f) explicit standards and performance measures must be established, because accountability requires clearly stated aims and efficiency requires attention to goals; and (g) managers must be given powers to conduct hands-on professional management, because accountability requires clear assignment of responsibility, not diffusion of power. Underlying these doctrines is a strong concern with performance ("value for money", "economy, effectiveness and efficiency") and transparency (Jann, 1997:96; Larbi, 1998; Polidano, 1999).

Two observations on NPM must, however, be made. One is that there is no consensus about its precise content.[5] The other is that the "globalist" interpretation of present public sector reforms must be questioned both in the North (Cheung, 1997) and in the South (Polidano, 1999). Although NPM thinking inspires many reform initiatives, their actual implementation is strongly influenced by local agendas, which lead to significant differences across countries. In practice, reforms are therefore based on a variety of measures. Performance-oriented NPM initiatives aimed at giving more autonomy to managers are mixed with "traditional" attempts to strengthen central government controls. Consequently it is necessary to consider the efficiency and accountability measures actually used. It is also necessary to take a closer look at the implementation of reforms, because conflicts about the means, ends, scope and depth of measures to improve efficiency and accountability abound, and these influence the actual reform efforts significantly.

Efficiency

It is appropriate to start the analysis of efficiency measures with a brief account of the World Bank position, because it remains highly influential in shaping the language and practice of public sector reform in the region. Thus, just a few years ago the World Bank (1994:99) argued that the "public sector lies at the core of the stagnation and decline in growth in Africa". It has also "taken on too much", in providing essential services such as primary schools, with too few resources and little capability, and it has failed as a result. The state's capability—its ability to promote and undertake collective action efficiently—is overextended. Consequently, governments should concentrate their efforts less on direct intervention and more on enabling others to be productive (World Bank, 1989:5). Furthermore, increased competition in service provision, both with the private sector and in the public sector itself, is required in order to raise efficiency. That means not just "less government" but "better government". This focus on government failure dates back to the Berg Report (World Bank, 1981). It overturned the conventional view of the previous 20 years during which a substantial interventionist role of the state was considered critical to overcome widespread market failures.

Lately, the World Bank (1997b:158 and chapter 3) has taken a more balanced position on the role of the state in development. It now argues that "without an effective state, sustainable develop-

[5] OECD (1995), for example, lists devolution as a key element of NPM. Polidano (1999:9) argues that managerial deconcentration, rather than devolution, is consistent with the NPM concept. This line is also taken here.

ment, both economic and social, is impossible". It proposes the following "core" functions: safeguarding law and order, protecting property rights, managing the macro economy to promote and regulate the market, providing basic social services and infrastructure, and protecting the vulnerable and destitute.[6] In short, improving state capability and efficiency requires macroeconomic stabilization and a refocusing of the role of the state on "the fundamentals".[7] The role of the public sector should be reduced and refocused so as to increase efficiency.

Such views are contested. Faith in market solutions has been weakened by the often disastrous socioeconomic consequences of liberalization in many transitional post-communist economies. The very uneven impact of structural adjustment programmes in sub-Saharan Africa has not helped either (Helleiner, 1992; Taylor, 1997). Increased efficiency (maximizing outcomes for given inputs) does not always fall in with increased effectiveness (the extent to which the objectives of a policy or programme are achieved). Proponents of the developmental state are therefore particularly concerned with state activities to promote development. They argue that "the fundamentals" for African countries cover a wider range of activities than those proposed by the World Bank and the International Monetary Fund (IMF). They also argue that normative and political considerations are central to such decisions. An active and effective state is critical for equitable development in the poorest countries, where the private sector is weak and where poor infrastructure, social service delivery and market structures are major constraints on development.[8] But even some proponents of the developmental state doubt its applicability in most African countries (for example, Rapley, 1996:149–157). This pessimism, however, is not shared by others (for example, Mkandawire and Soludo, 1999).

Despite these controversies about the fundamentals of state activities, there is broad agreement about the need to increase the capacity of the state (whatever its role is to be). "Vitalizing" (Mutahaba et al., 1993) or "invigorating" public institutions (Klitgaard, 1997; World Bank, 1997b:3) is required. To do this, a variety of NPM-inspired measures are used. They include reduction and refocusing of public sector functions through staff reductions and changes in budgetary allocations; restructuring of public organizations through reorganization of

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[6] Presumably it is an omission that defence is excluded from the list. As shown later, military activities are increasingly important in several countries included in this study that border the Democratic Republic of the Congo.

[7] The theoretical arguments for limiting the role of the state are inspired by public (rational) choice theory, which emphasizes government rather than market failure, insights about rent seeking in the public sector (Krueger, 1974), and the need to contain the self-serving private interests of politicians and bureaucrats (Niskanen, 1973). Principal-agent theory (Bendor, 1990) provides additional arguments by identifying the problems of multilayered bureaucratic hierarchies, multiple principals with conflicting objectives, long-term and unspecified contracts between principal and agent, and monopolistic agents that are difficult to motivate and control. Finally, an institutional economics perspective is influential in shaping arguments for a more limited and indirect role of the state (Ostrom et al., 1993; Wunsch, 1991). The economic characteristics of goods and services, such as the excludability and rivalry in consumption, and monopoly, scale economy and externalities in production are used to identify goods and services that are most relevant for state involvement. See also Batley (1997).

[8] Among the major features of the developmental state are: (a) political elites strongly committed to economic growth and typically motivated by nationalism, ideology, defence and security concerns; (b) strong emphasis on investment, even if it means forsaking short-term growth; (c) commitment to private property and markets even if only in the long run; (d) commitment to land reform and keeping wages low so as to be competitive in external markets; (e) autonomy for a highly skilled, technocratic bureaucracy with a broad base of legitimacy and capable of imposing discipline on the private sector; (f) state intervention in capital markets to exercise strict control over investment flows and imports; and (g) heavy investment in basic education and in the development of a technical resource base to run industry (Rapley, 1996:124–125; Mkandawire and Soludo, 1999:126–134). A case for a developmental state with a more human face is made by White and Robinson (1998).

ministries; decentralizing, delinking or hiving-off of central government functions to local governments or other bodies or the private sector; emphasis on private sector styles of management practice; marketization and introduction of competition in service provision; explicit standards and measures of performance; greater transparency; pay reform; and emphasis on outputs.

In addition, a number of measures that run counter to NPM are used, such as: (a) strengthening of public expenditure and revenue management through increased central-level control over budgeting in specified budget frameworks; (b) better central financial controls and audits; and (c) improved staff classification, establishment and recruitment procedures and more central control over these (Polidano, 1999). Only two of the measures mentioned above will be analysed here, namely the extent of reductions in and refocusing of public sector functions, and pay reform.

Accountability of public sector agencies

Democracy is a subspecies of a broader concept: the accountability of state to society. This political accountability is about those with authority being answerable for their actions to the citizens, whether directly or indirectly. Thus a polity is democratic to the extent that there "exist institutionalised mechanisms through which the mass of the population exercises control over the political elite in an organised fashion" (Moore, 1998:86). Furthermore, Day and Klein (1987:26–27) make an important distinction between political and managerial accountability, the latter being about making those with delegated authority answerable for carrying out agreed tasks according to agreed criteria of performance.

The main problem with present thinking about accountability in relation to public sector reform is, however, that it is not realistic. First of all, there is plenty of empirical evidence to show that even in consolidated democratic states there are major deficits in accountability (Hill and Gillespie, 1996; Jann, 1997; DeLeon, 1997). The postulated basic accountability mechanism in these countries is as follows: political representatives are elected. These, in turn, elect political heads of administration, who are supposed to control and steer public organizations via hierarchy, rules and procedures right on to the bottom of the bureaucracy. But it does not work well. In practice, administrative systems are not tightly controlled rule-based hierarchies, but complicated and more or less closely integrated networks; nor are states any longer externally and internally sovereign. Moreover, the basic accountability mechanism assumes that politicians make decisions up front, and that bureaucrats loyally implement them. In practice it is often difficult or impossible to separate policy making and implementation. Many important policy decisions are actually made by officials and other stakeholders during implementation. It is, furthermore, unrealistic to assume that policy decisions are made in agreement and with full operational knowledge about means-ends links. On the contrary, there are frequent political conflicts about ends, and uncertainty about means. Finally, the accountability problem is complicated by deficiencies in the political process itself. Civil servants may have legitimate reasons to override the decisions of their opportunistic, self-serving and irresponsible political masters.

Such problems of accountability are generally deeper in the countries considered here. They arise, for example, when governments ignore or transgress social ethics and constitutional and legal provisions in conducting public affairs; administrative systems are fragmented; tasks to be performed are so complex or unspecified that it is difficult to identify who is responsible for what; activities are underfunded so that implementation is very difficult or impossible; knowledge about what works in relation to set objectives is far smaller than knowledge about what does not work; systems of checks and balances are weak, both internally and in relations between the state and civil society; activities are hidden and those involved are encouraged to be secretive or are prohibited from informing about them; corrupt practices are widespread; special interests and bureaucratic power often dominate; political and personal loyalty are rewarded more than merit; and public participation in running public affairs is low and the opportunities for legal redress against wrongdoing are poor (Caiden, 1991:280–281; DeLeon, 1997; Dia, 1993:13; Mkandawire and Soludo, 1999:135; Olowu, 1999; Oyugi, 1990).

The second unrealistic assumption about accountability concerns aid-dependent countries. The exercise of citizen's influence over state revenues and expenditures is an important component of effective democracy. But in aid-dependent countries, of which there are several in the region, donors are *de facto* an integrated part of both the policy-making and the budgetary processes. Typically, donors require that recipient governments are accountable to them for the use of aid funds. This further weakens already fragile institutional accountability mechanisms. Moore (1998:85) argues that the influence of aid on accountability is even more fundamental. State-society relations are less likely to be characterized by accountability and responsiveness when states do not ”earn” much of their own income through domestic revenue from citizens, but depend on aid instead, and when such aid covers a large proportion of the expenditures on services. The anti-democratic effects of high aid dependence are exacerbated by a multiplicity of donors who often compete for activities to fund. In aid-dependent countries the issue of accountability therefore includes the role of donors.

Various reform initiatives of the 1990s address some of the accountability problems discussed above. Among these initiatives are attempts to strengthen the rule of law and the judiciary; to promote democratization and the role of the media; to ”depoliticize” the public sectors in countries that used to have one-party rule; to strengthen anti-corruption measures; and to increase internal and external auditing capacity. The importance of such ”traditional” measures should not be dismissed, and they are—to varying extents—on the reform agenda in all of the countries of the region. The focus in this analysis is, however, on two initiatives that point to new ways of addressing age-old problems of accountability. One concerns NPM-inspired measures to introduce performance management. The other concerns measures to empower the public and citizens vis-à-vis service providers.

Reform implementation

While NPM doctrines stipulate how the public sector can be made more efficient and accountable, they do not focus on how to bring about the prescribed changes. Yet public sector reforms—whether focused on efficiency or accountability—are not easy to implement. They involve enforcement against resistance of systemic changes in power relations between government organizations, between politicians and bureaucrats, and between the state and civil society (see appendix 1 for a brief discussion of the reform concept). Moreover, there is extensive donor involvement in public sector reforms, and these are implemented under conditions of extreme resource scarcity and often sluggish or even falling economic growth. Finally, the political contestation of specific reform measures tends to take place during implementation rather than during the policy design phase. It is therefore important to understand the politics of reform implementation (leaving aside the substantial implementation issues related to reform funding, management, and co-ordination and monitoring). Haggard and Kaufmann (1992) provide useful insights. They identify three major groups of actors in the reform process:

- One is *interest groups*. Their stakes in public sector reforms are often ambiguous and conflictual. And even in cases where they do have clear interests in specific reform measures, their power to influence them is limited by their (typically) low capacity to organize. Moreover, the institutional mechanisms through which interests are translated into political demands are often weak or non-existent. Batley (1999) confirms the weak fingerprints of interest groups in reform implementation. The evidence from the case studies presented here is, however, more contradictory, as will be shown later.
- Another major group is *state elites*. Political and bureaucratic elites play a central role in reform design and implementation for several reasons. Government elites engage in crucial mediating roles between international and domestic arenas. Moreover, state actors—because of their unique position in the policy process—have substantial power over the policy agenda. This power is influenced by the structure of political institutions, including the state itself. It therefore affects both the capacity of governments to act, and the range of societal interests represented. This relationship between capacity and reform is, however, affected by the relationship with international actors. Batley (1997:22, 1999), for example, finds that developing countries with the least capacity to resist external demands for change tend to be engaged in (or at least plan) the most far-reaching reforms. This significance of donors in public sector reforms in poor donor-dependent countries is highlighted by Wright's (1997:9) observations on Western Europe. Here the most radical reform programmes "appear to have been introduced in countries with the most efficient administrations" where the need for change is lowest, but where the capacity to implement reform exists.
- This points to *donors* as the third major stakeholder in reforms. Batley sees donor imposition as a driving force in many reforms. They often make access to funding conditional on changes in the public sector, and they provide extensive technical inputs. But Haggard and Kaufmann point to other, more subtle, external influences. Social and political networks link individuals and groups in the domestic and the international arenas. These can be important channels for the spread of ideologies, concepts and practices of reform. Ingraham (1996:228) adds that such networks often constrain the opportunity for country-specific innovation and responses to public sector problems.

None of the three groups of stakeholders should be regarded as homogenous. Conflicts of interest within and between them abound. Thus, most observers of reform in Africa would recognize Jann's (1997:91) account of German reform experiences. Here reforms are "implemented in a garbage-can fashion, that is, solutions looking for problems are being used by certain actors to influence totally different agendas" than those of increasing efficiency and accountability. Changes in what the public sector does, and how its functions are carried out are, in other words, often intensely controversial everywhere. Some observers of reforms in developing countries even hold the view that "reform appears to emerge as a by-product of political struggle" (Bates and Krueger, 1993:457). This is an exaggeration, but there is no doubt that reform implementation is highly political. According to Haggard and Kaufmann (1992:18), the central political dilemma of reform is that the losers of reforms are typically few, but well organized, while the potential gainers are many, poorly organized and powerless. Moreover, the political start-up costs of reform are often high, and there is a long gestation period before significant improvements may occur. Consequently, there are considerable odds against sustainable reform. As the following empirical evidence from the region shows, Haggard and Kaufman may underestimate the importance of the few but powerful potential winners of reform that do typically emerge, such as the officials in central ministries of finance and the managers in various authorities, who are given more autonomy. These may, sometimes successfully, push the implementation of changes forward.

In the empirical analysis below, the focus is on the political support for and resistance against public sector reform.

Efficiency: Reduction and Refocusing of Public Sector Activities

The remaining sections of this paper deal with empirical analyses of selected aspects of public sector reform related to efficiency, accountability and implementation. Two of the five questions raised in the introduction are addressed in this section: Has the size of government employment changed? And, have government functions become more focused on ”core” activities? First, approaches to reduce and refocus activities are outlined, followed by country-specific analyses and assessments.

Approaches

There are basically three ways to reduce and refocus public sector activities. In practise these approaches overlap.

One approach is to reduce public sector employment. A number of specific instruments are used, such as the removal of ”ghost” workers; elimination of vacant posts; retrenchment of redundant staff resulting from overhiring; the hiving off or privatization of functions; abolishment of guaranteed jobs for graduates; limitation or freezing of hiring; compulsory retirement at legal age; voluntary retirement; layoff of non-permanent staff; job reclassification; and redeployment (Lienert and Modi, 1997:17, tables 1 and 2).

The second approach is to use fiscal reform to spearhead shifts in budgetary allocations toward what are regarded as core government functions. All countries—except South Africa—have more or less continuously pursued expenditure reforms since the mid-1980s, based on agreements with the IMF. Its Structural Adjustment Facility and the Enhanced Structural Adjustment Facility (ESAF) rest on two premises. Macroeconomic stabilization and structural reform of economic systems and institutions complement each other, and both are needed for sustainable economic growth (Abed, 1998:1). The general thrust from the mid-1980s to the mid-1990s was that total government spending as a share of gross domestic product (GDP) should decline to achieve fiscal stability and allow more room for the private sector; that capital spending is potentially more efficient than current spending; and that the wage bill should be reduced because staff numbers are ”excessive”. More recently, increased spending on basic education, health and infrastructure, as well as reduced defence allocations, have been aimed for (Abed et al., 1998:26–29). There are, however, significant country-specific exceptions to such target trends, as shown below.

The third approach is to change the role of government toward a liberal model of the state through restructuring. The general features of such initiatives are (a) to reduce the government's direct role in managing the economy and in producing services so as to enable the private sector, local governments and communities to provide such services instead; (b) to strengthen the government's role in policy formulation, co-ordination, regulation and monitoring functions; (c) to change the way the public sector is managed by establishing performance incentives and competition similar to those existing in a market environment; and (d) to reorganize ministerial functions, including decentralization, corporatization, outsourcing and privatization.

There are a number of methodological problems in analysing the actual uses and outcomes of these approaches. Data quality and consistency vary across countries. There are difficulties in interpreting seemingly straightforward indicators of change (such as trends in government spending measured as a share of GDP). And there is an absence of independent research on the outcomes of reform. More details on these and other problems are provided in appendix 1.

Botchwey et al. (1998:17) faced similar problems and concluded that "the averaging of experiences across all ESAF programs conceals as much as it reveals".[9] The same is true of public sector reforms. It is therefore necessary to analyse country-specific cases to detect patterns—and to be very cautious about the generalizations of large comparative studies published by, for example, the IMF, the World Bank and the United Nations Development Programme (UNDP). It should be added that many of the aforementioned methodological problems are not solved in the cases examined here, although the country-by-country approach should increase the validity of the analyses.

Country cases

The analysis covers six of the eight countries for which some information is available. An attempt has been made to provide the same type of information for each case. This includes overall economic trends, changes in government employment, trends in resource allocation, restructuring measures and changes in service provision. Some contextual information is also provided to illustrate various aspects of the reform process.

[9] Botchwey led a recent external (and very critical) evaluation of the IMF's ESAF programmes, including those in Malawi, Uganda, Zambia and Zimbabwe.

Kenya

The scope and depth of reforms in Kenya have, so far, been modest.[10] The country has experienced sluggish economic growth for many years. Moreover, general government consumption per capita[11] fell between 1987 and 1995 (appendix 2). Kenya did not meet any of the aggregate expenditure reduction targets (as percentage of GDP) agreed with the IMF between 1985 and 1995 and government employment actually grew (appendix 3). A voluntary retirement scheme did, however, result in the exit of some 35,000 people by mid-1997. It was carried out without a functional analysis of staff needs (Kitamonge et al., 1998:14–17), presumably as a cost saving measure. Military spending trends are ambiguous (but military employment grew), while real per capita spending on health and education rose by around 1 per cent per year during the period—more than total government expenditure (appendix 4). Law and order functions are increasingly carried out by non-state actors, but more by default than by design (Anangwe, 1995).

A Revenue Authority was established in 1995. The Ministry of Finance (MOF) was stripped of its revenue-raising activities and integrated in an autonomous body with its own management, budget and staff. A Board of Directors oversees its activities.

Rationalization of ministries and departments is declared to be a key activity in the reform. It has started in six ministries (Kitamonge et al., 1998:18) but seems to focus more on the internal aspects (streamlining organizational structures, functions and job descriptions) than on changing the division of functions between central and local governments, and between the public and private sector. A more thorough reform is said to be under preparation.

Relations with donors are generally strained. Conflicts with the IMF about macroeconomic policy, the general pace of reform, and measures against large-scale corruption led to the suspension of ESAF funds.[12] There are many reform-related conflicts, too. In the health sector, for example, donors are sceptical about the new district health programme (including provisions for funding) drawn up by the Ministry of Health. According to donors, it leaves too much control with the ministry and is inconsistent with the country's decentralization objectives. Danida, (the Danish national aid agency, part of the Danish Ministry of Foreign Affairs) therefore suspended a $10 million grant in 1999. A drug tendering scandal in the ministry also played a role in this decision. Likewise, a large primary education programme aiming at various structural changes was recently abruptly scaled down, because the donor—the United Kingdom's Department for International Development (DFID)—felt that progress

[10] In August 1999, apparently in response to intense donor pressure, the government declared its intention to jump-start the reform. A number of changes in ministerial organization and top-level appointments were made, and ambitious new retrenchment targets (60,000) were announced. It is too early to assess how these initiatives will progress. The analysis presented here is based on information prior to 1999.

[11] General government consumption indicates the amount of resources that the government spends on service delivery in broad terms. It includes all wages and salaries (plus allowances) and all current expenditures for purchase and production of goods and services by all levels of government, excluding most government enterprises. Current and most capital expenditures on national defence and security are regarded as general government expenditures. Expenditures on debt servicing are excluded.

[12] The IMF froze a $205 million ESAF loan in July 1997 and set four conditions for its release: reform of the power sector; overhaul of the revenue authority; establishment of an anti-corruption authority; and action on the so-called Goldberg fraud involving payment of export refunds for non-existent gold and diamonds.

was too slow. Only a teacher-training and a textbook component of the project now remain—all that the ministry may have wanted anyway. Generally it is difficult to find evidence of the ”paradigm shift” envisaged for the public sector in Kenya (Kitamonge et al., 1998:24).

Malawi

Per capita GDP growth slowed in Malawi between 1979 and 1995. During the 1980s the economy was hit by unusually severe external shocks. External terms of trade declined. The war in Mozambique caused an influx of one million refugees, broke connections to ports, so that transport costs increased significantly, and necessitated a military mobilization in response to Resistência Nacional Moçambicana (Renamo) operations across the border. In 1992 several events necessitated significant government expenditure. The worst drought of the century hit the country. Maize output fell by 60 per cent. Donors cut aid significantly to press for political changes. And widespread labour unrest resulted in a 68 per cent wage increase in the public sector (Botchwey et al., 1998:73–75).

Between 1987 and 1995 real government consumption per capita remained fairly constant (appendix 2). This occurred despite ESAF agreements with the IMF from 1986 onward that envisaged significant aggregate cuts in total, recurrent and capital spending equivalent to a 5 per cent per annum decrease in per capita government spending over five years. Some reductions were actually made between the mid-1980s and the mid-1990s, but targets were not met. The wage bill trends are contradictory (appendix 3). Depending on the source and base year used, they rose, stagnated or fell.[13] In any case, government employment appears to have more than doubled in a decade. Military employment also doubled according to one source (appendix 3), and military spending figures differ depending on the source of information (appendices 3 and 4). Real per capita spending fell by about 1 per cent per annum for education, but rose at a similar rate for health (appendix 4). The falling trend in education expenditures is confirmed by Botchwey et al. (1998:77, table 11), but they also recorded a decline in health spending in the early 1990s.

The situation seems to have changed somewhat by 1995, when a new government took over. It failed to bring expenditures under control. Free primary education was introduced and this contributed to an increased budget deficit of 27 per cent of GDP by the end of 1994, up from 8 per cent in 1993 (Adamolekun et al., 1997:214). After 1995 weather conditions improved, new fiscal reforms were embarked on, and aid increased. Between 1994 and 1997 per capita growth may have been 5–6 per cent per annum. The main tool for aggregate expenditure control is the cash budget (SPA, 1998:2). A 34 per cent decrease in real per capita public expenditures between 1994/95 and 1998/99 was targeted. Nevertheless, significant increases in per capita expenditures driven by budget reallocations in favour of health and education are planned. Following the abolition of primary school fees in 1995, there has been a 60 per cent increase in enrolment, but some health indicators have deteriorated.

[13] Adamolekun et al. (1997:213) report that there are three conflicting sets of data on civil service personnel.

Generally, progress on the refocusing and restructuring of the public sector has been slow, and "the problem of the size and cost of the civil service remains unsolved" (Adamolekun et al., 1997:215). The functional reviews of ministries and departments are planned to lead to substantial retrenchments and budget savings, some of which are to be used for salary increases, but this has not yet happened to any significant extent. The functional division of responsibility between central and local government has not yet been spelled out, because progress on local government reform is slow despite the declared government commitment to decentralization. Existing government position papers are vague on substantive issues, especially fiscal decentralization. Perhaps the most prominent delinking measure is that the tax and customs administration is being transferred to a revenue authority similar to that in Uganda. It will get substantial autonomy, be managed by staff hired on contract terms, with conditions of service linked to performance targets. But so far, according to Adamolekun et al. (1997:218), the reform lacks political leadership and government implementation capacity is weak. Reform overload due to extensive donor-funded reform activities "further slows down the implementation of development projects and programmes".

South Africa

The public sector in South Africa faces formidable changes, as the post-apartheid Government of National Unity has decided to transform and reform the public service. It is to become "representative, coherent, transparent, effective, efficient, accountable and responsive to the need of all". Transformation is defined as a dramatic, focused process designed to fundamentally reshape public service for its role in a democratic South Africa (PRC, 1998:chapter 3). Since it started five years ago, reform work has been "enthusiastic, radical and frantic", according to the minister for public service (Skweyiya, 1999). It has resulted in a consolidation of 15 different administrations, including those in the Bantustans, into a single national public service; a transfer of functional and organizational components between the new national departments and nine provincial administrations; a new enabling policy framework in areas of affirmative action, training and personnel management; a new labour relations system based on collective bargaining; a reduction in the wage gap and a partial removal of racial and gender discrimination in salaries and other benefits; a revamping of the public service regulations; the introduction of a citizen's charter on services; and a performance management system.

The second section of the two-part strategy focuses on the reform of the administration as an ongoing process. Here progress has been much slower. In 1996 the government published the Macro-economic Strategy for Growth, Employment and Redistribution (GEAR), masterminded by the Department of Finance. Fiscal stabilization is regarded as vital to its success, and the state is perceived as a "facilitator that creates the conditions within which civil society acts", according to the PRC (1998:chapter 2.1.4). A reduction in government consumption by 1.5 per cent in relation to GDP was therefore targeted between 1997 and 2000 (PRC, 1998:chapter 3.2.2). A "rightsizing" exercise of the 1.2 million person "bloated" public service is regarded as an important step to reach this target. The Department of Finance announced plans to reduce the number of civil servants by a quarter (300,000 people), but this has not happened. Moreover, a 1996 agreement between the government and unions linked improved remuneration of workers to the achievement of an appropriately sized public service. The initiative is being implemented in phases, and includes abolition of posts, voluntary retirement and rightsizing targets defined by the departments. A recently completed skills audit identified some 25,000 redundant civil servants, who will be retrained rather than retrenched.[14] Reform officials concluded that these initiatives—intended to reduce staff involved in activities that had become obsolete in terms of the new priorities set by the government—"were not conducted with much success" (Singh et al., 1998:36).

Affirmative action measures have been more successful. The proportion of non-white managers in the civil service was 6 per cent in 1994. By 1997, the proportion was 38 per cent in the central government and 66 per cent in the provincial administrations (in private business, where these statistics are unreliable, the proportion appears to have risen to some 10–20 per cent).[15]

As far as restructuring and refocusing are concerned, there are substantial problems (Nattrass and Seekings, 1998). The predecessor to GEAR was the Reconstruction and Development Programme (RDP), announced in 1996 as the central plank in the new government's strategy for development. One of its main aims was to promote a thorough reform of state institutions. An RDP office was established to co-ordinate central government economic policies and development activities, but it was abolished two years later. It ran into conflicts with the various line departments, because it was to be funded by savings on departmental budgets—not by increased taxation. The office was also inefficient in getting development projects off the ground, and made no progress in promoting "people-centred" approaches, as was its mandate. Central government is now back to the orthodox set-up along departmental lines, "with a heavy hand" being wielded by the Department of Finance. Ways to improve efficiency are, however, being sought. A stronger focus on decentralization is advocated, including recommendations to try out the Executive Agency Model, inspired by British experiences, in large service-delivery departments (PRC, 1998:chapter 3.6.5).

The restructuring and refocusing of provincial governments face problems, too, although the situation is significantly better than during the apartheid regime (Nattrass and Seekings, 1998). The difficulties are caused partly by the chaos of reintegrating old homeland bureaucracies into provincial governments, and partly by lack of skilled labour. Moreover, reintegration has often been guided more by the need to alleviate political discord between white and Bantustan areas and between African National Congress (ANC) and Inkatha constituencies, than by the need to increase performance and capacity. This has, for example, led to a mix of line functions and geographical jurisdictions in the provincial government in KwaZulu/Natal province, which has the worst such problems.

The provinces now have major service delivery responsibilities for health, education and social welfare (mainly payment of pensions). Provincial-level restructuring has also involved out-

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14 Senior bureaucrats appointed by the National Party were guaranteed continued employment by constitutional provisions (Nattrass and Seekings, 1998:220).

15 **The Economist**, 2 October 1999.

sourcing, with private delivery of pensions in KwaZulu/Natal being the first major initiative. It started some 10 years ago and now covers most of the country, especially where capacity is weak. The private firms deliver more effectively and efficiently to a larger number of pensioners according to Munro et al. (1999:88). However, the provinces with which the contracts are made are often unable to write appropriate tender specifications, and much information is unavailable for public scrutiny. Moreover, in some parts of the country outsourcing has not been accompanied by downsizing of the public sector, although more than half of the pension fund delivery work has been contracted out.

With respect to local government, the focus has been on removing the apartheid aspects of the old set-up and paving the way for a democratic service and a development-oriented system. Preparations for local government reforms seem much less advanced than those for central- and provincial-level reforms. A legislative framework for this new role is being developed based on the **White Paper on Local Government** (Ministry for Provincial Affairs and Constitutional Development, 1998). For local governments, just as for the other two levels of government, the policy is to identify and extend potential partnerships with the private sector, NGOs and community organizations so as to improve service delivery. A significant obstacle is the blurred relationship between the provincial and local tiers of government with respect to service delivery responsibilities. These are, moreover, poorly matched to funds and other resources. Local governments still also sometimes face payment boycotts for services while needing funds to improve them (Pycroft, 1997).

The PRC (1998:chapter 2.5.2) found encouraging examples of improvement in service delivery in many sectors—other sources mention especially water supplies, electricity, nutrition programmes in primary schools and housing—whereas those in ”near crisis” include education, safety and security, correction and justice. A “growing gulf between popular aspirations ... and government performance” is noted (chapter 2.1.3). The PRC found little evidence so far to suggest that the rightsizing exercise has led to more cost-effective and efficient service, and to the elimination of waste and corruption (chapter 3.2.4). In fact, the exercise has had a number of “undesired and serious adverse effects” on staff morale, service delivery (through loss of skilled staff), affirmative action (by restricting the recruitment of new staff), and on departmental planning (by increasing uncertainty). And there is still “confusion over current powers” between central, provincial and local government (chapter 2.4.2.11). This indicates that the restructuring process, as could be expected, still faces major challenges.

Tanzania

The Tanzanian economy grew modestly in the 1990s, but general government consumption in real per capita terms fell significantly. Donor dependence is high (appendix 2). By 1998 government employment had dropped to 264,000—down from 355,000 in 1993 and 299,000 in 1988 (appendix 3). Removal of some 16,000 ghost workers plus retrenchment of some 69,000 employees, which took place almost exclusively among lower-level staff, but was gender neutral, account for most of the reduction. Employment levels are now effectively controlled, so that the aggregate wage bill is kept within the budget (2 per cent over budget in 1996, against 40 per cent in 1994). The wage bill share of GDP may have decreased slightly (appendix 3).

Some refocusing of expenditures has taken place. Real per capita spending on education and health went up by 29 per cent and 57 per cent, respectively, between 1986 and 1996, while military expenditures as a percentage of GDP went down (appendix 4). The wage bill share of total current expenditures may also have fallen over the period, as indicated in appendix 3.

Steps to change the role of government have also been taken (Therkildsen, 1999). Organization and Efficiency Reviews were initiated in the mid-1990s. The *a priori* mandate for these reviews was that ministries should retain core functions such as policy making, regulation and monitoring, but should be stripped of implementation functions. This resulted in a 25 per cent reduction of the number of ministerial divisions in order to slim the senior management structures of the ministries. An earlier plan to fill the remaining posts through competitive recruitment was abandoned. "Evolution" rather than "revolution" is prudent, as a high-ranking official commented. The executive powers of the hitherto strong regional administrations have been reduced substantially, and staff reductions to 20 per cent of previous levels are in progress.

The large number of functions not deemed appropriate for provision through a ministry and unsuitable for privatization will be transferred to around 47 executive agencies, some of which are now being established. The aim is "to reduce the role of the public sector and make it efficient" (Government of Tanzania, 1998:chapter 6). The agency component of the reform receives substantial support from the United Kingdom, whose own experience in this area is an important source of inspiration. The Tanzania Revenue Authority was established in 1997, before the agency programme went into effect. It took over many activities and staff from the MOF, and has proved to be fairly successful.

Preparations for local government reform started four years after the civil service reforms took off. Local governments are now envisaged to become the main service producers in the restructured public sector. They will become fully responsible for major functions in the sectors of health, education, water, roads and agriculture. Power over staff and funds will also be devolved to them. A new local government act to that effect was approved by Parliament in 1999. Implementation was under preparation and scheduled to start in 2000.

Numerous sector reforms are also under way. Donors are involved in all of them (Therkildsen, 1999). Establishment of service boards is a key reform feature in the sectors of health, water and roads. According to the NPM doctrine, the unbundling of service provision into corporatized units organized by outputs will increase efficiency. Boards may be given some autonomy in finance and personnel matters to allow them to provide services unhampered by civil service regulations and hierarchy. Staff may, for example, be accountable to boards. Some of their members will be ministry-appointed technocrats—an issue that the ministries emphasize, as they seek to limit political representation in the boards and strengthen their own control over them. However, the framework for the establishment of boards has not yet been decided on in detail, and the number of service boards actually established is small.

Reform progress in Tanzania has been impressive compared to other countries in the region and elsewhere in Africa (World Bank, 1994:121–125), but its sustainability is uncertain for two reasons. First, the risk of reform overload is significant due to the concurrent implementation of the major cross-cutting reforms of civil service, local government, public sector management and numerous sectors. Second, political support for the reform package as a whole is fragile. Its content and sequencing are not the result of political consensus about what needs to be done and a co-ordinated strategy for how to go about it. Rather it is a result of a multitude of donor- and ministry-led initiatives, each of which may satisfy those immediately involved in them, but create conflicts during implementation because cross-cutting issues have not been sorted out.

The fragility of political support is also caused by the absence of significant service delivery improvements on the ground, as acknowledged by the government. There is a "progressive weakening of political support for changes", because these have not led to any improvements in service, hence "there have been no clear political benefits of reforms to political leaders". At the same time, local ownership of the reforms has been insufficient (Government of Tanzania, 1998:4–7).

Although reliable performance measures are not available, recent data suggest that service levels (quantity and quality) may have deteriorated during the 1990s. Thus, in the health sector both the number of outpatients seeking treatment at government facilities and the occupancy of hospital beds are well below capacity, the main reasons probably being lack of drugs, poor service and increased household payment for services. In education, the gross primary school enrolment rate and the adult literacy rate have fallen from 98 and 90 per cent, respectively, in the mid-1980s, to 78 and 84 per cent in the mid-1990s. The transition rate from primary school to secondary school remains about 15 per cent. This implies a decrease in secondary school enrolment due to a decrease in primary school output. In the roads sector, domestic funds now probably cover adequate maintenance for only about one third of the road network (World Bank, 1998:68, 77, 105). Moreover, household surveys of rural areas in 1992 and 1997 indicate an overall perception of continuing declines in the quality of primary schooling (TADREG, 1997b) and no significant improvements in health services (TADREG, 1997a).

Uganda

The economy of Uganda grew by more than 30 per cent in real per capita terms between 1986 and 1996, although the poor may not have benefited substantially from this. Fiscal stability was achieved, substantial decontrol of the economy took place, the public sector was reduced and transformed and there was a shift from private to public expenditure.[16] The latter was partly financed by increased aid and by extra revenue raised by the fairly successful autonomous revenue authority established in 1991 (appendix 2). Compared to the preceding decade, these are remarkable changes.

[16] There are three different figures for the changes in government consumption. According to appendix 2, it grew from 8 per cent in 1987 to 9.6 per cent in 1995 as a percentage of GDP. Abed et al. (1998:table 24) record a change from 5.9 per cent to 8.9 per cent between 1986 and 1994/95. Botchwey et al. (1998:85) state that the share of public expenditure more than doubled between 1986 and 1996. See also "Uganda achieves impressive results in reforming public service sector", **IMF Survey**, Vol. 27, No. 10, 25 May 1998.

A significant reduction in government employment also took place starting in 1986. By 1996 the army—which grew from 20,000 in the mid-1980s to some 100,000 in 1990—was reduced by one half. The civil service was reduced by some 81,000 people by 1996—mostly through retrenchment (appendix 3). Neither the army demobilization nor the downsizing of the public sector caused major social unrest.

There have also been changes in the allocation of funds, although trends after 1994–1995 are unclear, because the expenditure patterns of local governments are uncertain. Growing public sector spending relative to growing GDP has already been noted. Defence spending as a share of actual public spending went down between 1990 and 1996 according to Langseth (1996:51), but increased significantly according to the International Institute for Strategic Studies (IISS) (see appendix 4). Between 1986 and 1996, the growth in real per capita expenditures was 47 per cent in education and 126 per cent in health (appendix 4). Partly offsetting this is the fact that the price of such services rose relatively quickly due to increasing staff salaries and depreciation of the currency rate, which raised the costs of many inputs. Furthermore, a recent tracking study of non-wage primary education funds released from the MOF found that two thirds are retained by upper administrative levels and do not reach the primary schools. However, there is evidence to suggest that non-wage inputs also rose in both sectors so that service provision became more efficient—more so in health than in education (Botchwey et al., 1998:82–92).

Further reallocation of funds has resulted from the introduction of universal primary education in 1996 (causing a 40 per cent increase in enrolment) and from the changing security situation in the region. Uganda's 1998/99 budget, for example, includes a 26 per cent increase in defence spending, but also a major shift of resources toward poverty alleviation, including a 49 per cent increase in primary education funding (The Economist Intelligence Unit, 1999b:21).

Three major restructuring exercises of ministries and departments occurred in the 1990s. They aimed at reducing costs and developing power to local government. Thus the Decentralisation Statute of 1993 devolved many functions, and this made alignment at the ministry level necessary. The present round of restructuring is a consequence of further devolution of power, as specified in the new Constitution (1995) and the new Local Governments Act (1997). The need for restructuring is also due to the impending introduction—at agency level—of Results Oriented Management (ROM) coupled with Output Oriented Budgeting, and the decision to divest all non-core functions, especially those concerning service delivery, from central government (MPS, 1998). These changes have, in turn, made restructuring necessary at the local government level. Both central and local government reforms receive substantial support from donors. In 1994 eight donors funded 75 per cent of the costs of the former (particularly retrenchments) according to Brown et al. (1995:figure 6.1). Donor funding of the decentralization reform is also substantial.

The consequences of the restructurings are quite dramatic. Twelve of the 22 ministries have lost at least 50 per cent of their functions since 1995. If the most recent restructuring proposals are actually implemented, there will be 17 ministries, plus various commissions and tertiary institutions, and 107 ministry-specific autonomous and semi-autonomous bodies (that is, self-accounting, with power to hire and fire and so forth). Ministerial staff will be reduced to some 54,000. This is done "in the spirit of the divestiture culture of Government" that has existed since the early 1990s, according to the Ministry of Public Service (MPS) (1998:18). It implies that central-level services, which cannot be privatized or devolved, should be corporatized. The future role of ministries will be limited to policy making, co-ordination and setting national standards, and inspecting, monitoring and supporting local governments.

This leaves local governments as the main service providers in the public sector. Since 1993 substantial powers have been devolved to them (Langseth, 1996). Further devolution to the lower levels of local governments was mandated in 1997 and is now being implemented. Non-subordination is a guiding principle. Ministries no longer have unilateral powers to change decisions of local councils or to reject their budgets. Another structural change concerns the power to hire and fire council staff, which has been transferred from the Public Service Commission to some 40 District Service Committees (not to the local government councils themselves). Progress in devolving financing has been much slower. Most recurrent grants from central government are still earmarked, block grants are still small, equalization grants to address inequities across districts were paid for the first time in 1999, and tax collection by the councils themselves is very limited (the local government tax system has not been reformed). Nevertheless, decentralization in Uganda is radical by most standards. Its specific impact on service delivery is, however, difficult to establish. Delivery is also affected by the other economic, budgetary and structural changes mentioned above, and by local civil strife. In any case, evidence from the sources quoted above indicates that service delivery has generally improved, albeit from very low levels.

Zimbabwe

Zimbabwe has experienced negative real per capita growth for more than a decade, and general government consumption has fallen dramatically (appendix 2). There has been little change in government employment (appendix 3). Donor dependence is relatively modest in quantitative terms, but the IMF and the World Bank were important in shaping government policies for fiscal adjustment and economic liberalization in the early 1990s. The combined effects of these reforms were assessed as follows by the external evaluators of the ESAF programme (Botchwey et al., 1998:102–110): (a) the fiscal aspects of the reform presupposed "an astonishing contraction" of non-interest expenditures, which—as the economy declined contrary to IMF projections—led to "a massive underestimation of the social cost of the programme"; and (b) the programme was "manifestly politically unsustainable", because it required the government to dismantle its achievements in health and education of the 1980s.

These fiscal reforms started in 1991, which was the turning point in the expenditure pattern, as shown in appendix 4. Real per capita spending in education and health rose significantly from the mid-1980s until 1991, when a massive decline set in (UNDP, 1998b:33, 44). Both the economic downturn and the efforts to meet fiscal targets led to reduced relative shares of government funds for these two sectors. The GDP share of military spending decreased between 1991 and 1995 (but may have increased lately due to Zimbabwe's involvement in the Congo conflict).

The implementation of public sector reforms must be seen in this context. Dozens of reform initiatives were launched in the early 1990s with assistance from several donors, in particular UNDP, Sweden and the United Kingdom (Moyo et al., 1998:4). By mid-1993—in the midst of general recession and widespread unemployment—the government had abolished over 10,000 civil service posts and reduced the number of ministries from 27 to 22. This number was further reduced to 16 in 1995. This caused increasing resentment among civil servants and helped to stop the retrenchment programme in 1995 (which mainly aimed at the lower level of the bureaucracy). The high cost of the severance package, and corruption in the implementation of retrenchment, also played a part (Makumbe, 1997:7).

Nevertheless, there are plans to subcontract or commercialize around 26,000 jobs over the next couple of years (Moyo et al., 1998:11). So far, only some cleaning and catering services have been subcontracted by various ministries. For example, some 1,000 retrenched lower-level staff from the Ministry of Defence have been subcontracted as business entrepreneurs to do work they were previously employed to do. Until now subcontracting has not resulted in significant reductions in middle- and senior-level employment. According to Makumbe (1997:18–19), the long delays in implementation are due to a number of factors: lack of skills in managing contracts; lack of appropriate guidelines; a general reluctance by government to allow the private sector to "infiltrate" the public sector; and fear that top civil servants would take advantage of the subcontracting exercise through "clandestinely controlled or owned syndicates". So far the overall effects of subcontracting have been marginal.

With respect to local government reform, the groundwork was laid in 1988. Then it was decided to amalgamate rural and district councils, which had been established during colonial rule to facilitate "separate development" of the two main races. Recent writings on civil service reform (Moyo et al., 1998) and local government (Makumbe, 1998) suggest—by their silence—that the implementation of the two sets of changes are not closely interlinked.

A *de facto* restructuring is, however, taking place. Skilled staff in particular leave the public sector for the private sector or NGO employment, because real sector wages have fallen (by more than 50 per cent between 1990 and 1995, as shown later). In rural areas, for example, some 90 per cent of doctors are now non-Zimbabwean, and there is a shift from public to private provision. This has made services less accessible to the poor.

The service delivery outcomes of reform measures are impossible to separate from the effects of macroeconomic policies and economic liberalization. There is no doubt, however, that quality and access have declined significantly both in health and education (Botchwey et al., 1998; UNDP, 1998b). And the reform of public service is "currently moving at a snail's pace" (Makumbe, 1997:21).

Assessment

Fiscal stability—pushed hard by the multilaterals—is an important driving force in the reforms, even in South Africa, which is not dependent on aid. Reductions in the public sector wage bill are therefore targeted in all the countries included in this analysis. An important instrument in this is reduction in employment. Donors are often the main funders of such retrenchment.

The results have been modest in relation to targets. In most of the countries for which data are available for the period 1986 to 1996, central government employment actually rose, and wage bills tended to increase as a percentage of GDP. Uganda and Tanzania (especially after 1996) are the exceptions. Here retrenchment was used extensively and tens of thousands were laid off during the 1990s, largely at the lower levels of the bureaucracy. Between 1986 and 1996 military employment increased in Kenya, Uganda and Zambia, but fell in Mozambique and Tanzania, although some laid-off soldiers may have re-entered public service. (These trends are, however, highly dependent on the source of data.) Recent involvement in military operations may have further increased military employment in Uganda and Zimbabwe. Downsizing through retrenchment is, however, a politically controversial instrument and was relatively little used in Kenya, Malawi, South Africa, Zambia and Zimbabwe. In these countries retrenchment often met with strong union protests. Although the quality of the employment data is not good, it seems justified to conclude that the size of the state (measured by civil servants employed) shrank in only two of the eight countries, namely Tanzania and Uganda. In the remaining countries it actually increased or remained fairly unchanged, at least until 1996.

Reduction of government employment has often been combined with measures to refocus on what are regarded as core state functions. Two main approaches have been used. One is to use the size and allocation of budgets to drive changes. The other is to change the roles of ministries, local governments and other public organizations through restructuring so as to change the division of responsibilities among the state, NGOs and the private sector.

In practice, refocusing through changes in budgetary allocations has meant attempts—in most countries—to reduce total government spending, to give priority to capital over recurrent spending and, lately, to increase spending on basic education, health and basic infrastructure, as well as to reduce allocations to defence.

Analyses of such changes are difficult due to data and methodology problems (appendix 1). Nevertheless, some patterns are discernible. The proportion of GDP spent on general government consumption has declined in most countries—except Malawi, South Africa and Uganda. There have been significant falls in Kenya, Tanzania, Zambia and Zimbabwe. There has, however, been a shift toward more real per capita spending on health and education (where such information is available), although not in Zimbabwe after 1991, and not on education in Malawi. The proportion of GDP spent on defence has fallen since 1985 in

Mozambique, South Africa, Tanzania and Zimbabwe. It has, however, increased lately in Malawi, Uganda and Zambia. The general picture is therefore mixed.[17]

Refocusing through restructuring also presents a complex picture. Generally, it has gone some way in South Africa (where a transformation of apartheid structures has taken place), in Uganda (where a restructuring of ministries and a devolution of functions to local government is significant), and to some extent in Tanzania (where restructuring of ministries, emergence of executive agencies and service boards, and incipient devolution of functions to local governments are under way). Moreover, fairly autonomous revenue boards operate in Kenya, Malawi (under way), Tanzania, Uganda and Zambia. Service boards are established in Zambia (health), and are under way in Tanzania (health, water, roads). There is some contracting out of health services to NGOs in Zambia (Mogedal et al., 1995:354). Contracting out is also emerging in South Africa and Zimbabwe, but apparently only on a limited scale. A fundamental recasting of the division of functions between the private and the public sector has not happened. Nevertheless, NGOs and the private sector both play increasingly important roles in service delivery, even in areas previously dominated by the public sector. Such changes are, however, more a result of declining state resources than of deliberate restructuring reforms (Therkildsen, 1994; Semboja and Therkildsen, 1995).

Efficiency: Pay Reform

Pay reform often aims at achieving a broad mix of objectives. Among these are improvements in fiscal balance, efficiency and accountability. Changes may also aim to abate corruption and rent seeking, or to mobilize political support among public employees. Pay policies therefore tend to have multiple specific objectives in the region, for example: (a) reducing the wage bill; (b) paying wages (especially for skilled staff) that are competitive with those in the private sector; (c) increasing real wages for lower-level staff; (d) paying living wages for all staff; (e) relating pay to performance; and (f) abolishing discrimination based on race or gender. Conflicts abound, however, because the fiscal objective often implies pay reductions, while other objectives, including those of efficiency, may imply pay increases.[18] The intricacies of pay reform and its effects are not dealt with here. Instead, the focus is on answering the simple question posed in the introduction: have real wage levels changed?

The number of instruments used in pay reform is substantial: restraining growth or cutting real salaries per employee; wage freezes or partial indexation; limitations of automatic increments; consolidation of non-wage benefits into salaries; decompressing wages (that is, deliberately increasing real wages of selected groups in the upper echelons to reward seniority, competence or job position and to reduce competition from the private sector or foreign labour markets[19]); increase in salaries for specific staff categories; regrading of jobs and salary scales; introducing more

[17] Comparable information on changes in funding patterns outside the sectors of defence, education and health is not available. Changes in these could be significant, although the general trend is probably one of decline.
[18] Klitgaard (1989) argues that pay and efficiency are strongly linked. See McCourt (1999:4–6) for a discussion of non-efficiency reform objectives.
[19] Figures by Haque and Aziz (1998:tables 4 and 5) suggest that the brain drain from sub-Saharan Africa is significant.

explicit staff performance assessments; allowing managers larger control over salary decisions; affirmative action; and establishing new machineries for salary negotiations with unions.[20]

There is no doubt that in practice fiscal stabilization has the highest priority. Thus, South Africa, plus all the countries that entered into ESAF agreements with the IMF over the last decade, has aimed to reduce or stabilize the wage bill for government employees. The results have been mixed (see appendix 3).[21] The situation does, however, vary from country to country. Brief accounts on five of the eight countries are presented below.

In ***Malawi***, government employment more than doubled between 1986 and 1996, while economic growth was sluggish and the relative size of the wage bill in relation to GDP seems to have remained stable (although trends depend on the specific source used, as appendix 3 indicates). Consequently, average real wages must have fallen. Nevertheless, in 1992 public sector wages increased by 68 per cent in response to labour unrest. In August 1995 the second ESAF was greeted with civil servant strikes across the country, but the MOF countered by arguing that the fiscal situation did not allow for salary increases and they could only be made by reducing the size of the civil service (Botchwey et al., 1998:75, 81). A modest 5 per cent salary increase announced for 1999 was below inflation (which has since dropped significantly). The present policy is to restructure and decompress civil service salaries further in order "to improve incentives and levels of remuneration within a sustainable overall wage bill set by the government's fiscal programme" (SPA, 1998:24).

In ***Mozambique***, the economy grew in the decade under consideration. Average real wage trends between 1986 and 1996 are difficult to track because the wage bill shares of GDP showed mixed trends, as appendix 3 indicates. Wage levels are, however, still very low. Between 1992 and 1998 wages were decompressed. A senior government official (Chichava, 1998:6) describes a conscious effort "to provide minimal increase at the lowest levels of the scale" so as to encourage voluntary departure from government employment at these overstaffed levels. Further salary increases were planned for skilled civil servants in 1999, following a 40 per cent increase in 1998. This was part of the government's strategy to attract and retain talented people in the public sector (The Economist Intelligence Unit, 1999a). A new career and remuneration system contains incentives for civil servants assigned to provinces and districts, according to the Policy Framework Paper for 1998–2000. Yet, the large presence of donors plays some havoc with the pay policy that they are instrumental in promoting. "An unskilled driver hired by a donor was earning more than a senior professional staff [member] in the civil service" (da Silva and Solimano, 1999:table 6). The same was true for much of the donor-hired clerical staff.

In ***Tanzania***, there was a 75 per cent increase in average real civil service salaries between 1992 and 1997, according to the Government of Tanzania (1998:3). Increases were higher at the

[20] Lienert and Modi (1997) discuss some of these instruments.

[21] The wage bill figures differ between sources. The IMF study by Abed et al. (1998) uses newer data and some of their figures are averages over several years. The Lienert and Modi (1997) study (also for the IMF) uses slightly older data and does not average over years. The trend differences identified in these studies illustrate these data problems (see also appendix 1).

bottom of the civil service (but still far below the pay levels of the early 1970s (Stevens, 1994:69) and present minimum living wages). Nevertheless, not much progress has been made in raising real take-home (after taxes) pay. Both fiscal problems and a budgetary cap on the wage bill imposed by the IMF have contributed to this. The recorded real wage increases are also a result of converting most allowances to salary payment. In reality, take-home pay has decreased in many upper-level grades and has not increased significantly for others, according to Valentine (1999:figure 4). There has been more success in simplifying the pay structure and payroll systems (from 196 grades and 36 allowances to 45 grades and 7 allowances). This has increased transparency and fiscal discipline.[22] Yet, the large presence of donors continues to distort the market for skilled Tanzanian staff. Some civil servants receive donor-funded topping-up of salaries, or are attracted by higher salaries in donor- or NGO-funded projects. Two medium-term pay policy goals are now pursued by the government. One is to raise salaries to the minimum living-wage level. The other is to raise salaries at the top to attract and retain the best-qualified people. Negotiations with donors aim to get them to adjust their so-called local cost compensation schemes accordingly (Valentine, 1999:61–70). Performance-related pay will be introduced on a pilot basis.

Uganda recorded substantial increases in real wages per employee between 1986 and 1996, but from very low levels. Increases were made possible in part by substantial reductions in government employment during the same period (appendix 3). There were significant nominal increases in the wage bill in the 1990s—from 65 billion Ugandan shillings in 1992/93 to 250 billion in 1997/98. Since 1996/97 the pay policy has aimed to (a) pay a living wage[23] and (b) continue to monetize non-cash benefits (housing and transport). This will be balanced against available revenues and other government priorities. The introduction of universal primary education, for example, forced the government to adopt a policy of ”no change” in wages for 1997/98 (Okutho, 1998:23–30). Donors acknowledged as early as the late 1980s that their incentive pay to civil servants should be brought in line with government pay policy, but not much progress has been made on the issue since then (Brown et al., 1995:37).

In ***Zimbabwe***, government employment remained largely unchanged between 1986 and 1996, while the wage bill—by most indicators—decreased as a percentage of a shrinking GDP. Consequently real wages fell by about 14 per cent between 1990 and 1996, according to IMF estimates (appendix 3), but by more than 50 per cent by 1995 according to government officials (Moyo et al., 1998:7). In any case, there was labour unrest and numerous strikes took place over wages and other issues in the 1990s, as discussed later. Training to introduce performance-related pay, which would link job ratings to pay increments and pay rewards at the individual level, started in 1998. The performance assessment system proved to be controversial and was stopped by the Cabinet in 1996 (Moyo et al., 1998:13).

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[22] The aggregate wage bill is now kept within the budget target. A few years ago this was not the case (for example, 40 per cent overspending in 1994).

[23] The "living wage" is defined as one that enables an adequate standard of living for the family that includes basic needs and the costs of health, education, transport, clothing and so on. This standard is set differently for various salary groups and implies a compression ratio of around 20:1 between the highest and lowest scale.

Assessment

A variety of objectives—depending on the country concerned—have been pursued in the pay reforms, but concern about fiscal stability has always been at the forefront. The actual results in terms of real wage changes are mixed across countries.[24]

The general picture is one of falling real wages in the 1990s, except in Mozambique (possibly), South Africa, Tanzania and Uganda. In some countries, such as Zimbabwe, the decreases have been substantial. But even where salaries increased, they did so from very low levels. Paying a living wage to the large majority of staff at the bottom of the civil service is still a distant goal in the region. These findings should, however, be qualified. Increases in real wages may not reflect changes in take-home pay, as wages typically have increased due to the consolidation of allowances into wages during pay reform (as has happened in Tanzania).

These trends suggest that most governments prefer to let real wages deteriorate in order to achieve wage bill control, rather than to cut employment. The political effects of the former are more gradual and less dramatic (and less costly to the budget) compared to those of retrenchment or voluntary retirement schemes.[25]

A deliberate decompression of wages has also taken place in most countries. In Tanzania and Uganda this was combined with increases for low wage earners. Mozambique, in contrast, seems to have deliberately neglected the latter so as to encourage people to leave government employment.

Donors may actively seek to influence government pay policy. At the same time they distort it by seeking to attract skilled recipient staff to key positions in the programmes and projects that they fund. Many NGOs do the same. This is a significant problem in several countries. When salaries fall from already low levels, this clearly has negative effects on efficiency. Whether increasing salary levels have a positive effect on efficiency under prevailing conditions is less clear. They may be necessary, but not sufficient. Appendix 3 indicates that the wage share of recurrent expenditures has increased, sometimes significantly, in all countries except Kenya. This tends to squeeze resources for other service delivery inputs (textbooks, drugs and so forth). Efficiency suffers as a result.

It increasingly appears that government employees seek better or additional earning opportunities in the private sector. Some leave the public sector altogether, while others straddle jobs in the private and public sectors, leaving the public sector with less capacity than before. Brain drain contributes to this, too (Haque and Aziz, 1998). The magnitude of these changes is not known, but could be substantial.

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[24] The analyses are sensitive to the period considered, as shown in appendix 3.

[25] There are substantial differences in the severance packages paid to tenured retrenchees (Lienert and Modi, 1997:table 2): 20–40 months' salary in Kenya; 40–60 months' in Tanzania and Uganda; and 156 months' in Zambia (in addition to various other benefits not detailed here).

Accountability Measures

A variety of measures to improve accountability were mentioned earlier. The analysis below is limited to two approaches that point to new ways of dealing with this age-old problem: performance-based management and the empowerment of citizens vis-à-vis bureaucrats. Both are inspired by NPM concepts.[26] Various methodological problems (appendix 1) make the analysis of such measures difficult. Moreover, independent research on the accountability implications of NPM-inspired reform measures in African countries is very limited. The approach taken in the following is therefore to assess key assumptions of NPM against conditions in poor, aid-dependent countries so as to answer the initial question: how appropriate are NPM-inspired accountability measures?

Performance management

Accountability is assumed to be enhanced by introducing performance management, in which the basic idea is as follows. Public sector managers undertake to meet explicit targets or carry out specific activities. In return, government commits itself to provide various resource inputs and to give more authority to public managers over operations, including budgeting, purchasing and personnel. This is assumed to increase efficiency based on the notion that public sector managers are hampered by rules and regulations and have few if any incentives to take risks and to be innovative and service oriented. But it will also enhance accountability. This claim is supported by the following arguments.

Transparency, translated into clear and explicit managerial targets combined with increased managerial autonomy and incentives to perform, makes it easier to establish the basis for managerial accountability and to achieve outputs—without which the notion of accountability becomes irrelevant, as argued by Lane (1995:109) and Hill and Gillespie (1996:167). This, in turn, increases political accountability in two ways. By making targets explicit, it is easier for managers—in dialogue with politicians—to match them with political priorities. And by monitoring the extent to which targets are met, politicians can, in turn, hold managers accountable for their performance or lack thereof. Finally, performance targets and their monitoring can make service provision more transparent to customers (more on the latter below).

According to this line of reasoning, increased transparency and explicit performance targets are further steps toward better democratic control and accountability of bureaucracy. It is a point that often gets lost in the rhetoric about ”value for money” so closely associated with recent NPM-inspired reforms (Jann, 1997:87). Available information suggests that a number of performance-focused initiatives are under way.

In ***South Africa***, new public service regulations went into effect in early 1998. They form the basis for establishing performance contracts between ministers and their chief executives.

[26] Other NPM-inspired measures with implications for accountability are, for example, competitive recruitment (being introduced in Malawi, South Africa and, very hesitantly, in Tanzania and Zambia); unbundling (corporatization) of public services under service boards in health (Tanzania, Zambia, Zimbabwe), water (Tanzania, Uganda) and roads (Tanzania); code of conduct for politicians and/or civil servants (South Africa, Tanzania, Uganda); and the establishment of complaints offices (South Africa, Zimbabwe). See Therkildsen (1998).

Performance management mechanisms per se will also be effected for all employees. Moreover, the **White Paper on Transformation of the Public Service** (Government of South Africa, 1997) requires national and provincial departments to redirect resources to areas and groups previously neglected, to set service standards, to define outputs, targets and performance indicators, and to benchmark them against comparable international standards, according to Singh et al. (1998:17, 32). This is combined with moves toward larger managerial autonomy for departments (PRC, 1998:chapter 4.5). However, implementation proceeds cautiously.

In ***Tanzania***, a Performance Improvement Component will be the central plank of the reform programme in the future (Government of Tanzania, 1998:chapter 4). Each ministry will make an annual plan according to the budget ceilings and the external sources of finance available, so that output-based budgets can be matched to objectives and targets, performance indicators established and activities planned accordingly. If a ministry meets its performance targets, the MOF will graduate that ministry from the cash budgeting system to a more predictable resource base. A significant degree of autonomy in the allocation of funds will also be given to the accounting officer (that is, the Permanent Secretary).

In ***Uganda***, the implementation of ROM is a major reform objective. Specific and measurable performance targets are to be established for each ministry, department and unit, and for individual officers. ROM will also be introduced in local governments. The system will be linked to the budget process and will form the basis for making annual plans based on agreement with the MOF. A service delivery survey was made in 1992 with World Bank assistance to provide a baseline against which to measure the reform progress and allow policy makers "to assess reform inputs and outcomes in terms of the highest net marginal benefits to the public" (Langseth, 1996:61). Moreover, there are plans to introduce annual performance contracts with the more than 100 proposed autonomous and semi-autonomous bodies (MPS, 1998:40). Progress on ROM has been limited, however, except for a wave of facilitation and training workshops. ROM and Output Oriented Budgeting re-emerged on the reform agenda in 1996, following the further devolution of functions to local governments, as specified in the Constitution of 1995 and the Local Government Act of 1997 (Okutho, 1998:15). It now appears that the momentum is, again, slowing. Ministries argue strongly that they cannot deliver because they are understaffed, and they request extra staff whenever shortfalls in performance arise (Okutho, 1998:17).

In ***Zimbabwe***, a performance management system was introduced in 1994. It included top civil servants only, but was supposed to be extended to the entire service. The system required that ministry heads prepare work plans specifying outputs and targets. These were to be reviewed by the respective minister and the office of the president and the cabinet (Moyo et al., 1998). Although the system was supposed to be a key element in the country's Civil Service Reform Programme, it was abandoned prematurely in 1996, "as it was realised that a lot more groundwork needed to be carried out first". Furthermore, many top civil servants were against the system. They wanted powers to hire and fire their junior staff if their own tenure in office was to depend on the performance of their ministries and/or departments. This was resisted due to dangers of creating "personal empires", "regional cliques", and even "ethnic enclaves". In the end, therefore, the status quo prevailed. Control of the civil service is still held by the Public Service Commission and "only the most mundane of administrative activities" relating to recruitment, training and staff promotion are decentralized to ministries (Makumbe, 1997:10–11).

Empowerment of users

Another central concept in some (but not all) NPM writings is that of empowerment of users of services (Kickert, 1997:18). There are, however, conflicting views as to what empowerment means, as Hood (1995) points out. To neoliberals it means regarding people as consumers and customers. Consequently, the marketizing of reforms will enhance consumer sovereignty in relation to the providers of public services. Accountability will thereby be enhanced. To others, empowerment means the opposite: people are regarded as citizens. Political power should be put in the hands of civil society and political organizations so as to override market forces.

In the context of public sector reform, efforts to make public service agencies more accountable to the public have included the adoption of Citizen's Charters, the creation or strengthening of public complaints commissions and the conduct of user surveys (Myers and Lacey, 1996; Olowu, 1998:620–621). User charges are also used. These are analysed from an accountability perspective, although their main objective is typically financial.

Citizen's Charters exist in both South Africa and Zimbabwe. In Tanzania there are plans for ministries to publish "social pacts" setting out the standard of services that the public can expect. Launched in late 1997, the Batho Pele-People First initiative in South Africa is based on a set of national principles for public service and is comprehensive. Citizens should be consulted about the level and quality of public services and, wherever possible, be given a choice of services. Citizens should also be informed about the level and quality of services they will receive, and they should have equal access to the services they are entitled to. Moreover, they should be informed about how national departments and provincial administrations are run, how much they cost and who is in charge (Singh et al., 1998:16–20; Kroukamp, 1999).

Public complaints mechanisms. Only one institutional arrangement—the office of ombudsman—will be discussed here, based on an article by Anyeni (1997). The ombudsman institution is not an NPM invention as such, but its purpose is to increase transparency and empower citizens. Thus the office of ombudsman receives complaints against government agencies and officials about injustice and maladministration from aggrieved persons, but can also act on its own initiative. The office has powers to investigate and criticize, and to recommend (but not demand) corrective actions. It has no power of sanction. Ombudsmen were established in Malawi (1994), South Africa (1994) including both the national and provincial levels, Tanzania (1966), Zambia (1974) and Zimbabwe (1982). Uganda established the office of the Inspector General of Government (IGG) in 1987 to investigate corruption and monitor government activities.[27] While the early ombudsman offices were set up in highly centralistic one-party

[27] The IGG combines the traditional role of ombudsman (public complaints office against abuse of power by public officers) with the role of investigating and fighting corruption. The IGG reports directly to the president (Bikaako, 1998:9).

states and were executive offices, the recent ones came into being in democratizing countries, were part of the reform of the public sector and were legislative offices. The latter are in principle more independent and impartial vis-à-vis the executive. All legislation in the region, however, empowers the ombudsman to initiate complaints in addition to receiving them. The Zimbabwean ombudsman handles an average of 100 complaints a month, while in Tanzania there were 200 cases per month during its first 20 years of existence.

User surveys, as presently used in relation to reforms, are based on the idea that the public sector "must address client expectations as manifested through systematic client consultation" (Dia, 1996:63). Their aim is to both provide consumers with a voice, and help inculcate a new culture of consumer orientation in government institutions (Myers and Lacey, 1996:336). Surveys of client satisfaction with the service provided by a broad range of government agencies have, for example, been conducted in Tanzania, Uganda, Zambia and Zimbabwe.

User charges, apart from their revenue-raising potential, can also be seen as mechanisms for improving accountability. The assumption is that service providers are made more accountable through their dependence on funds generated by user willingness to pay for specific services. User charges are widespread in the government health sector. Kenya may raise around 10 per cent of operating costs in this way, while Zimbabwe raises around 5 per cent (Bennett et al., 1999:13) and Tanzania even less. Revenues are also limited in Mozambique and Zambia (Mogedal et al., 1995). The situation is different with respect to user charges in primary education. Both Malawi and Uganda have recently abolished school fees, while Tanzania, in contrast, has increased fees. In addition to such charges, parents in all countries contribute funds for a variety of other education expenses. These are often substantial—for example, see Therkildsen (2000a) on Tanzania. Implementation of user charge systems appears to vary widely across sectors, but they are generally used for financial reasons.

Tanzania and the World Bank are also experimenting with more radical user charge arrangements in the reform of primary education. The experiment is labelled a "flagship project" by the Bank. Some hundred school committees are provided with subsidies transferred directly from the MOF to each school's bank account (and available through a World Bank loan). Its size is matched to parents' contributions, on the condition that enrolment and school examination performance improve. A contract to that effect is entered into with each school committee. These, in turn, are given more powers to run school affairs—much like the board of a company. Parents, moreover, are free to choose among schools (Mpango and Mushi, 1998).

Assessment

Performance management measures are included in reform designs in most countries in the region. Yet implementation seems to be remarkably slow, even in Uganda, which has taken many other fairly radical reform steps, and despite the push—through technical and financial support—given by the World Bank and other donors. This indicates that the political and managerial implications of performance-based contract arrangements are complex and controversial.[28] They are based on assumptions not generally met under prevailing conditions.

Thus, meaningful contracts cannot be established without predictability of resources. But in countries that operate a cash budget system—such as Malawi, Tanzania, Uganda and Zambia—actual resource allocation depends on revenues collected during the preceding period. Revenues are heavily dependent on rainfall and/or donor funding, which are both erratic in many cases. Substantial donor funds are, moreover, channelled directly to the respective public organs, and their use is not recorded in recipient country budgets.[29] Unpredictability of resources clearly undermines the basis for performance management.

The measurability of performance is problematic too, both in sectors with soft and varied outputs, and especially in the absence of a common and broadly accepted framework for defining what ”good” performance means. As a result, information about actions, including statistical data, becomes meaningless to the actors (citizens, politicians or managers) in the accountability arena (whether as citizens, politicians or managers). It may also affect bureaucrats in unexpected ways. Montgomery (1986:411–412) argues that without strong countervailing political forces and strong constitutional or institutional restraints for ensuring accountability, officials—although formally free to take risks—seldom do so, because they are uncertain which public priorities and values they are expected to advance by such action. The framework may develop through the political process and through dialogue with users, but if such processes are weak, it is unlikely that greater transparency and more information will increase accountability. The only thing that has been made more visible “is ambiguity” (Day and Klein, 1987:243).

Accountability is further weakened by uncertainties about causal links between means and ends. Consequently, the service delivery outcomes of specified amounts of inputs cannot be detailed in the contract in advance. Equally important, performance contracts will work as intended only if there is sufficient political will to enforce compliance. A recent analysis of experiences with performance contracts in relation to state-owned enterprises concluded that they “rarely improve incentives and may do more harm than good” (World Bank, 1995:7). An important cause is that the political costs of enforcement are often considerable. This is precisely the problem. The assumption in NPM is that transparency promotes political accountability, because politicians will be better informed about what is actually delivered, and they will act on such information. The opposite may also happen, as Wright (1997:11) notes with respect to Western Europe: politicians conveniently hide behind managerial discretion and autonomy.

Finally, the accountability issue is complicated by the prominence of donors as funders of activities. As experience shows, they are often unlikely to leave it to recipient organs to decide when performance contracts are met.

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[28] This is not surprising given the controversial track record of such principles elsewhere (Pollitt, 1995).
[29] This happens, for example, in the case of some 70 per cent of donor funds delivered to Tanzania.

Where such problems prevail, performance-based arrangements linked to increased management authority may not improve accountability. Indeed, they may contribute to further corruption, because regulatory and monitoring mechanisms often are weak (Szeftel, 1998). This has been a concern in many Western countries where such mechanisms generally are stronger. It would therefore appear that their applicability is rather limited in the region. General application of performance management—as seems to be the aim in South Africa, Uganda and Zimbabwe—appears to be unrealistic.

Empowerment of users vis-à-vis service providers is the other set of accountability measures discussed here. They include Citizen's Charters, public complaints arrangements such as the ombudsman, service delivery surveys and user charges. Each has potential advantages and pitfalls. Citizen's Charters have not been in operation for long in the region and it is too early to ascertain their impact on accountability. Their track record in Western Europe is, however, controversial. In the United Kingdom, for example, some argue that charters—and there are some 40 of them at present—have been successful in encouraging transparency, openness and accountability (Myers and Lacey, 1996:337). Others argue that Citizen's Charters are useful, but confuse consumer satisfaction with political accountability, because charters give consumers no powers to hold a government agency accountable (Rhodes, 1997:51). The same may be said of the strengthening of the complaints mechanisms, such as the ombudsman. It is a potentially useful mechanism, but the political context in which it operates is important for its impact on accountability, and little empirical evidence on this exists for the region.[30]

With respect to user surveys, there is little doubt that they provide a wealth of information on citizen's perceptions of service delivery (generally poor), the perceived accountability of civil servants to the public (mostly regarded as low), and hopes of improvements in the future (typically met with scepticism). Two features of these surveys are, however, striking: they are typically funded by donors,[31] and the actual use of the information in government decision making is uncertain. Dia (1996), for example, devotes much time to describing the information generated by such surveys in Zambia, but it is uncertain how this information is actually used (if at all) by the Zambian government to change service delivery processes. Surveys may appeal to some technocrats, but they are not likely to help solve the more fundamental accountability problems: the widespread public distrust of government organs and the political and financial difficulties in translating information about consumer dissatisfaction into implementation of sustainable improvements. It would seem that unless there is a political demand for such surveys, their utility is likely to be limited.

User charges—unlike other NPM initiatives such as performance-based management and contracting out—do not seem to challenge the position of service providers. Indeed, since they supplement rather than replace other incomes, providers stand to benefit. The exception is where formal user charge systems displace existing informal fees demanded by service

[30] Unfortunately, Anyeni (1997) does not provide more detailed analysis of the performance and impacts of the institution.
[31] This seems to be the case for all surveys conducted outside South Africa.

providers. The extent to which this actually happens does not seem to be well researched. Moreover, the impact of user charges cannot be assessed independently of social relations between providers and users. However, it is clear that when revenues from user charges are submitted to the MOF (as was the case for health fees in Zimbabwe until 1996) or when use of funds at facility level requires approval from above (as is the case in Tanzania), they have little impact on the health facility's accountability vis-à-vis consumers. The power of consumers depends, in any case, on their ability to pay and on the availability of alternative providers, and these vary significantly depending on locality and sector (Myers and Lacey, 1996:331–336).

The prominent role of donors in many countries makes them *de facto* a part of the accountability issue. On one hand, they may help to fund accountability measures. On the other hand, their presence often distorts accountability, because donor agencies are accountable to their domestic constituencies rather than to recipient ones.

The actual accountability outcomes of performance contracts and user empowerment measures appear to be underresearched. Generally speaking, such measures cannot replace political accountability, but assume it. Performance contracts cannot on their own strengthen the accountability of bureaucrats to politicians and to citizens. Moreover consumer rights are a subset of citizen rights. This problem implies that the more traditional approaches for increasing accountability should not be neglected: strengthening the rule of law and the judiciary; promoting democratization and the role of the media; ”depoliticizing” the public sectors in countries that earlier had one-party rule; strengthening anti-corruption measures; and increasing internal and external auditing capacity.

Implementation: Reform Support and Resistance

Who supports and who opposes reform? As elsewhere in the world, public sector reforms tend to be controversial, because they involve the enforcement of systemic changes in power relations against resistance (see appendix 1). In the following empirical analysis, the focus is on political support for and resistance against public sector reforms. In particular, the focus is on the main actors involved (interest groups, political and bureaucratic elites, and donors) rather than on the institutions through which they seek to bring their influence to bear.[32]

Interest groups

Two general observations on reform are interesting, because they reflect an important aspect of reform implementation in the region. Looking at economic reform, Bratton and van de Walle (1992) found that “there is little or no correlation between the intensity of political unrest on the one hand and the severity of economic crisis or austerity measures on the other”. Bratton (1994:123) noted that while economic crisis triggered mass political protests to demand political reforms in Zambia in the 1990s, there has been no such activity with respect to administrative reforms. Haggard and Kaufman (1992) made similar observations on reforms in other countries.

[32] The management of the reform process is not dealt with either, but see, for example, Corkery et al. (1998) for a general discussion and some case studies, and Therkildsen (1998) on the eight countries included here.

This illustrates an important feature of reform implementation, namely the relative absence of active, organized interests and their direct involvement of the public in the reform process. However, this generalization should not be drawn too far.

First of all, there have been organized demands for public sector reform in some of the countries in the region. The influence of unions in South Africa is an example. Here the Congress of South African Trade Unions, through its close relationship with the ANC, has some influence on the framework for the reform of the public sector. Corporatist institutions have also been set up. They allow business and unions to influence economic, social and labour policies, although they leave out the voices of the unemployed and the poor (Nattrass and Seekings, 1998).

More generally, popular protests (or the fear of them) combined with the ruling elites' concern about losing electoral support, do influence the reforms in significant ways. During the transition to multiparty rule in Malawi, for example, there were improvements in pay and education policy, as already noted. In Tanzania, the run-up to the 2000 presidential, national and local elections influenced pay policy decisions and the speed and scope of local government reform (Therkildsen, 1999). But the political pressures are contradictory. On one hand, the standard argument that the salaries of government employees must be raised in order to contain corruption may not win wide political support from the Tanzanian public, which has the general opinion that civil servants are already well paid. On the other hand, the importance of the 110,000-member-strong teachers' union is reflected in the pay raise for teachers in 1997—against technical recommendations made to the Cabinet. It was probably a politically motivated move intended to draw support for the ruling party of this most numerous civil servant group. Through direct contact with the president, this union has also succeeded in halting government plans to transfer all primary school teachers from central to local government service, as part of efforts to devolve personnel management to urban and rural councils.[33]

It is noteworthy that in Uganda a Ministry of Health proposal to introduce user charges in health services in 1990 was stopped by widespread public opposition. This did not prevent local authorities from raising revenues in this way, and a nationwide system was eventually introduced in 1992, when the World Bank made it a condition for new loans to the health sector (Lucas and Nuwagaba, 1999:4). But Uganda also provides an interesting example of how public opinion may support reform measures. Thus, the "absence of popular uproar" against massive retrenchments in the 1990s is partly explained by the lack of public sympathy for civil servants and the negative image of its perceived laxity and poor service delivery (Brown et al., 1995:33).

In Zimbabwe, student unrest caused by rising costs of university education in 1992, and a wave of riots in low-income Harare suburbs protesting price increases for bread and flour in 1993, contributed to weakening the government's commitment to reform (Botchwey et al., 1998:109). Moreover, the adverse effects of the economic reform programmes on real wages in the public

[33] The transfer would have decreased the take-home pay of teachers because of compulsory membership in the local government's pension scheme that requires a larger payment (10 per cent of salary) than that of the central government's pension scheme (5 per cent of salary).

sector have resulted in multiple strikes. Health sector personnel, for example, went on strike in 1988, 1989, 1994 and twice in 1996 (Bennett et al., 1999:9). There were new strikes in 1998. The 1996 strikes involved most of the civil service. According to Makumbe (1997:11–16), the strikes were caused not only by dissatisfaction with pay increases and proposed new salary scales. They were also a protest against the blatant display of wealth among top government leaders, generally deteriorating living standards, dwindling funding for public sector services (especially health), and a lack of a machinery for union negotiation with government about terms and conditions in government service.

Political and bureaucratic elites

Although specific circumstances are important, most reform initiatives in the region tend to be designed and implemented in a top-down fashion by political and bureaucratic elites. There are several reasons for this. Such elites have substantial power over the policy agenda because of their unique position in both the policy process and important political institutions, including the state itself. This position is amplified by the weaknesses of the institutional framework for dialogue and negotiations with various interest groups about reform issues. Moreover, state elites engage in crucial mediating roles between international and domestic stakeholders of reform, and donors are important actors, as shown in the next section.

However, it is striking that the role of political elites often seems rather inconspicuous and limited, while that of the technocrats is significant. Perhaps this is not surprising because of the strong emphasis on fiscal stability and use of budgetary instruments to change the size and functions of the public sector. This focus has generally strengthened the power of the MOF. Botchwey et al. (1998:81–82) observed, for example, that despite the pro-reform posture of the ruling party in Malawi from the very beginning, the reforms of the mid-1990s were pushed largely by the MOF with IMF backing. As hardship set in, this quickly led to a sense of "hopelessness … and imposition" in the top levels of government, as they struggled with the political implications. The bureaucracy, for its part, "remained half-hearted at best and mostly cynical about the reforms and about the role of the rising number of well-paid external advisors". Consequently, the MOF, which continued to push for reform, left the rest of the ministries "marginalized and resentful". In South Africa, the Department of Finance designed GEAR, which is central to current reform efforts. In Zambia, the MOF has become the *de facto* lead agency for reform, instead of the formally designed Management Development Division in the Cabinet Office (Therkildsen, 1998:12). The same trend is observed in Tanzania and in Uganda (where, unusually, the leading reform proponents are located in the Ministry of Planning and Economic Development).

Nevertheless, the centrality of ministries of finance in the reforms should not be taken too far. In Zimbabwe, the MOF was instrumental in pushing for reforms in the early 1990s, but now this role seems to have declined, as pressures from the IMF for further retrenchment and fiscal restraint are increasingly regarded as politically insensitive and unacceptable by the political leadership. And ironically, the power of the MOF tends to be undermined by the same donors that otherwise prioritize the strengthening of this ministry. As Makumbe (1997:20) observed in Zimbabwe, the MOF was "not always aware of some of the agreements between some ministries and donors, or what such agreements involved, or how they would relate to newly proposed programmes". The fact that in many countries a substantial proportion of donor funds bypass government budgets adds to such problems.

While the influence of bureaucratic elites, as shown above, is easy to verify, it is more difficult to find clear cases of the role of political elites in reforms—apart from two countries. In South Africa, the transformation of the public sector inherited from the apartheid regime is clearly politically led. Support for longer term reform aspects is likely to be more conflictual, as pointed out by the Presidential Review Commission (PRC) (1998). In Uganda there is also substantial support for reforms from the political leadership, with the president in the lead (Okutho, 1998). The president sacked, for example, 10 Principal Secretaries in July 1996, some of them allegedly because of their poor performance in reform activities. Moreover, Parliament has emerged as an influential factor in reform issues. It has, for example, been very active in drafting legislation for local government reform. And Parliamentary committees now oversee the implementation of many public sector reform activities.

But in all countries, including South Africa and Uganda, the typical situation among the political-administrative elites is one of conflict about reforms. One of the many reform paradoxes is that the same elites, whose past decisions and behaviours are being challenged by the present reform initiatives, are now often deeply involved in their implementation. Some of them may not be committed to reforms for ideological reasons. Others may be outright against reforms when these aim to restrict former privileges and powers and diminish rent-seeking possibilities. Resistance may also arise when reforms fail to show results on the ground (as further discussed below).

In Malawi, for example, there are profound disagreements between politicians and the majority of top civil servants inherited from the one-party era, about their respective roles and about what their loyalty and professionalism should mean in the civil service (Adamolekun et al., 1997:216–217). Similarly, in Zimbabwe, "[a]lthough the [reform] programme was conceived by politicians, communication broke down during its implementation" according to senior civil servants (Moyo et al., 1998:5). Da Silva and Solimano (1999:47–48) claim that self-interest is an acute problem in war economies such as that of Mozambique, where "the commitment to reforms by ruling elites is a function of the perception of what would happen to their individual utility, not to social welfare". The South African Constitution forces the government to retain many senior civil servants from the old regime, many of whom are anxious, demotivated and—in some cases—hostile to reform (PRC, 1998:section 2.1.3). Even in Uganda, where reforms are most decisively implemented, Botchwey et al. (1998:91) note that the "most significant, even if unorganised, source of opposition to ... reforms are mid- to senior-level civil servants" who have lost their rent-seeking opportunities. Oyugi (1990:69) argues that "the 'class' orientation of the bureaucracy … stands in the way of any change effort that is not in their interest …. Invariably, the bureaucracy would ignore everything but the salary increases!"

Public sector reforms also give rise to interorganizational conflicts. The control over local-level activities is a prominent arena. This is especially the case where substantial local government reforms are under way. In Uganda, for example, where the formal devolution of power is considerable, "practically all ministries … put up … silent or quasi-active resistance to letting go of many of the decentralized functions" (MPS, 1998:60). In some countries, sector ministries may seek to retain or increase their control by proposing service boards to be in charge of specialized services such as health, water and roads, as mentioned earlier. Health service boards, delinked from local governments are, for example, part of health sector reforms in Tanzania, Zambia and Zimbabwe. Another contentious issue concerns the extent to which central government transfers of funds to local authorities should be earmarked for specific purposes (making the authorities agents of central government), or be provided as block grants (allowing the authorities to allocate funds on the basis of local priorities). Donors are often key stakeholders in this issue, since they provide substantial recurrent and investment costs to health, education and water in many countries in the region.

Interpretations of the various conflicts are difficult to make. Elite resistance against reforms is not based on self-interest alone, nor is it fixed once and for all. Thus the Ugandan leadership positively changed its views on reform, while in Zimbabwe it negatively changed during implementation (Botchwey et al., 1998:88–90, 109–110). But perhaps the most problematic assumption in much of the literature is that reforms are regarded as intrinsically good, and resistance to them therefore based on suspect motives of self-interest.

This view is difficult to defend. So far, public sector reforms have not led to significant improvements in service delivery. It makes them politically unattractive, because they are often associated by the public with cutbacks in service provision, retrenchment (the public sector being the single largest employer in the formal sector), and the introduction of user charges (Radoki, 1999:12). Indeed, the strong emphasis on cutbacks in the reforms is a main cause of resistance among officials, as Mkandawire and Soludo (1999:135) argue. The observations by Adamolekun et al. (1997:220) that "no champion for reform has emerged at the political level" in Malawi, and by Makumbe (1997:7) that there is a "lack of political commitment to the [civil service reform] programme by senior policy-makers" in Zimbabwe, are valid for other countries in the region as well. In fact, lack of clear political commitment to public sector reform was identified as a major problem by top civil servants engaged in this work in the region (Therkildsen, 1998:5).

Donors

External influence on public sector reforms is substantial (Haggard and Kaufman, 1992). It is transmitted through links to the markets (economic crises and external shocks), through social and political networks (shared ideological and professional views), and through leverage (conditionality and aid dependence).

Obviously the latter influences are pronounced in the poor, aid-dependent countries where multilateral and bilateral donors typically are major stakeholders in the reforms. Thus in a recent IMF study, Abed et al. (1998:27) note that "civil service reforms constituted an important element of fiscal reform, with the World Bank mostly taking the lead". Ellis (1999:4) simply states that "reforms are externally driven". These general observations are backed by studies of specific countries. Botchwey et al. (1998:81) found that in Malawi "too many initiatives were being initiated by different donors, ... nobody seems in charge ... donors often push agendas of their own …. Given the government's limited technical capacity and the pressures on such capacity ... the [Policy Framework Paper] process and the entire policy agenda has tended to be dominated unduly by the Fund". Adamolekun et al. (1997:218) add that "capacity overload" has resulted from the numerous donor interventions in Malawi. For example, in 1996, six donors (CIDA, DFID, EU, IMF, UNDP and the World Bank) were involved in civil service reform-oriented activities of the MOF alone. Although commenting on economic reforms, da Silva and Solimano (1999:42) note that "reform in Mozambique was mainly triggered by an exceptional conjunction of external political factors and did not come from a strong commitment for reform". In Tanzania, more than a dozen major reform initiatives are presently being implemented with donor assistance, although the political support for reform is fragile (Therkildsen, 1999). In Zimbabwe, the government adopted the Civil Service Reform Programme in reaction to the "dictates" of some structural adjustment conditionalities (Makumbe, 1997:5).

The proclaimed technical nature of donor involvement in public sector reforms adds to these problems of conditionality and aid dependence. This is well illustrated by the recent external evaluation of the IMF's ESAF support (Botchwey et al., 1998). It is highly critical of the IMF's role in some of the countries studied here (Malawi, Uganda, Zambia and Zimbabwe). The authors provide several examples of IMF programmes that contributed significantly to unnecessarily painful changes and to the undermining support for reforms. One of the main conclusions is therefore that IMF staff, when designing programmes and setting conditionalities, should consider the political constraints facing authorities. The response to this critique by the Executive Board of the IMF is telling. It agrees that the potential constraints faced by the authorities when making recommendations on "the policy mix" should be taken into consideration, "although this should not lead to an overall weakening of the [ESAF] programmes. Indeed, Fund staff should not be put in a position of having to judge what was and what was not politically feasible" (Botchwey et al., 1998:6). This position raises serious issues of accountability. It implies that the Fund, and the donors that typically follow the IMF lead in these matters, take little or no responsibility for the consequences of their advice and conditionalities, despite the substantial influence and power they yield over reforms in aid-dependent countries.

Although the importance of donor imposition is substantial, the relationship between external funders and domestic recipients of funds is often quite subtle. In Tanzania, for example, resource-starved ministries sometimes make specific reform proposals in order to attract donor funding, since institutional changes are often a condition for donor support. The parties therefore have a joint interest in reforms, although their motivations may differ (Therkildsen, 1999). Similarly, Wuyts (1996:742) describes how sector ministries in Mozambique collude with donors to protect their specific programmes, because availability or promises of donor funds strengthen a sector's bargaining power with the central authorities. Senior civil servants from Zimbabwe report that some ministries accept donor financing for reform purposes "regardless of the priority of the project, but simply, because the donor wished to provide the funding" (Moyo et al., 1998:15).

It is well known that recipients facing donor imposition generally have more influence on implementation than on the policy design phase. This may be one important explanation for Batley's (1999) observation that more radical reform plans tend to be adopted in aid-dependent countries with less capacity to carry them through. Recipients may not be able or willing to resist such plans if pushed by donors, but they have substantial influence on how the plans are actually implemented. It is also well known that lack of co-ordination between donor-funded activities often gives recipient organizations some leeway vis-à-vis donors. The same donor may even have conflicting interests that can provide recipients with room for manoeuvre. Wuyts (1996:743) illustrates this by showing how the World Bank helped to impose local counterpart fund requirements on ministries in Mozambique, and then sought to circumvent them to protect its loan-financed programmes when the MOF tried to reduce these in favour of grant-supported activities.

Finally, the effects of donor imposition are sometimes difficult to distinguish from the effects of the adaptation of ideas from elsewhere. Despite the disparity of national contexts and domestic influences on reform, ideas about reform are remarkably similar. South Africa, for example, receives very little aid for public sector reforms, but has assiduously followed the Washington consensus with respect to structural adjustment without imposition by the World Bank or IMF (Munro et al., 1999:85). Similarly, many proposals concerning the transformation of its public sector are inspired by the NPM model and not imposed by donors. The new proposals for reform in Tanzania made by the reform agency of the government also illustrate the considerable inspiration—albeit only on paper so far—of such measures (Government of Tanzania, 1998). Ingraham (1996:248) argues that these commonalities are caused by indirect and diffuse external pressures. Such pressures constrain the possibilities for innovation and homegrown responses to public sector problems. They are also spread by simple diffusion of policies through replication and professional networks. No doubt key international institutions, such as the OECD and the World Bank, try to influence the scope and content of reforms through a "mass propaganda type of diffusion" (Hood, 1996:273). Economies of scale encourage such organizations (and the bilaterals) to search for and promote "best practice" models, and public sector reforms are no exception (Dia, 1996).

Assessment

To conclude that public sector reform generates conflict is not surprising. This is the case everywhere. It is the particular configurations of support and resistance which are interesting, and which throw some light on the political dynamics of reform.

Available information suggests that the general public, and particularly the poor, are the "silent stakeholders" of reform. This is also the conclusion reached by Batley (1999:11). A main reason is the absence of active, organized interest groups in these matters. However, there are many examples of popular protests and union interventions influencing reform policies. Unions in particular have often succeeded in delaying or stopping unpalatable reforms or influencing pay policy (in Malawi, South Africa, Tanzania and Zimbabwe, for example).

State elites, in contrast, play an important role in reform, although the variations across countries are considerable. In South Africa and Uganda reforms are clearly politically led (with Parliament playing a prominent role in the latter). Technocrats tend to be in the lead in the other countries, but are certainly influential everywhere. The political support for reforms is often fragile. The MOF, in particular, is a central actor in many reforms, because of its close relationship with donors, and the importance of fiscal policy in shaping specific reform measures. Reforms, moreover, cause many conflicts among elite groups. Thus, political and bureaucratic elites and public agencies often disagree about the scope, content and speed of reforms. Such resistance cannot be explained only in terms of entrenched self-interest among those organizations, politicians and officials who stand to lose from changes, as is often done in donor-produced or neoclassically inspired writings. The fact is that many opponents simply are not convinced of the appropriateness of ongoing reforms and are worried about the lack of clear improvements in service delivery. The evidence presented in this study shows that often such concerns are, indeed, valid.

Apart from South Africa, donors are a major driving force in the reforms. They contribute substantial funds and technical assistance to most reform initiatives, often linked to specific demands for particular institutional changes. Donor influence on the design, scope and sequencing of reforms is therefore substantial. Unfortunately, their record as public sector reformers is far from impressive, as Berg (1999) also concludes. Yet, their influence on the implementation of reforms is often rather limited, and that of the recipient actors correspondingly larger. Moreover, resource-starved recipient organizations use donor interests in reforms to mobilize funds. They have a common interest in reform, although their motives may differ significantly. The gap between reform rhetoric and practice is one indication of this.

Elusive reforms

The preceding analyses show that reform efforts in the region have produced mixed results, although comparisons should be made with caution due to various statistical and methodological problems and—in certain cases—incomplete information. Furthermore, the assessment of reform outcomes requires explicit success criteria and independent evaluations, both of which are rare.

Typically, the assessment of reform outcomes from the mid-1980s to the mid-1990s is based on the notion that the state is overextended in terms of size and activities (although this is questionable as a general proposition, as discussed below). Using total government employment as an indicator, Uganda, Tanzania and Mozambique recorded declines. Using the relative size of the state (employment and general government consumption compared to population and GDP) as indicators, declines were recorded in all countries except Malawi (employment) and South Africa and Uganda (government consumption). Another important yardstick is the change in resource allocation. Of total expenditures, relatively more funds are now spent on wages (and less on non-wage recurrent expenditures) in all countries except Kenya. Apart from Uganda (and possibly South Africa), such wage increases have probably not increased real take-home pay for civil servants significantly, although past decreases may have stopped. Efficiency may have suffered as a result, because non-wage expenditures are generally significantly underfunded. Using increased funding for education and health as criteria, Kenya, Tanzania and Uganda are "successful". Malawi should be added to this list, as far as spending on health is concerned. Declines in military spending (1985–1998) are recorded in Mozambique, South Africa, Tanzania and Zimbabwe.

Improved accountability is an important aim of several reform measures. Performance management contracts—for ministries, executive agencies and managers—are being introduced on a selective basis in most countries in the region. Other accountability measures include attempts to empower users vis-à-vis service providers through Citizen's Charters, public complaints arrangements, service delivery surveys and user charges. It is too early to assess their actual accountability outcomes. Implementation is remarkably slow. Furthermore, several key conditions for the successful implementation of performance contracts are rarely met in the region. Resource availability is not predictable. Outputs are often not measurable. There is no commonly accepted framework for establishing what "good" performance means. Causal links between ends and means are often poorly understood, and the political basis for the enforcement of compliance is often limited. Generally speaking, performance contracts and empowerment measures cannot replace political accountability, but assume it. The cart cannot push the horse.

This brings us back to the issue of the overextended state and the interpretation of changes in its size and activities. Uganda, for example, is generally considered a case of reform success. It has reduced state employment and raised real wages significantly. But military spending has increased rapidly because of domestic armed conflict and the war in the Democratic Republic of the Congo. Malawi's public sector is expanding, but from comparatively low levels. Zimbabwe's public sector is being undercut by rapid economic decline, but the fiscal measures demanded by the IMF required "an astonishing contraction" of non-debt payments, and were based on a "a massive underestimation" of its social costs (Botchwey et al., 1998:102–110).

To interpret such changes on the basis of a general notion of the overextended state is therefore problematic. Labelling a reform a success or a failure involves both value judgements and technical assessments. The analyses presented here show that such evaluations are highly political and generate conflict among unions, state elites and donors. From this it follows that the future of public sector reforms will depend on the politics of reform. This has several implications.

First, fiscally driven reductions of state employment and functions have gone too far, as various observers now agree, even though they may otherwise have sharply different opinions about public sector reforms. Thus, the IMF study by Lienert and Modi (1997:10) states that present reforms have been "overemphasising downward quantitative adjustments". The World Bank (1997:24) found that governments mired in debt tended to go too far in removing themselves from "vital functions" in infrastructure, health and education to meet interest obligations (an overshoot often pushed by donors, it should be added). And Mkandawire and Soludo (1999:136) conclude that "the emphasis should be on reconstruction rather than retrenchment" (although this analysis shows that retrenchments have been relatively modest except in Uganda and Tanzania). A better focus on and understanding of the developmental role of the state in very resource-poor countries is therefore needed. Increased spending on service delivery is a necessary, although not sufficient, condition for service improvements. But as long as fiscal stability remains the overriding reform concern in practice, while economic growth and revenue collection are sluggish, significant efficiency gains are very difficult to achieve.

Second, much more attention should be given to the political dynamics of reform. Unfortunately, the basic premise in much of the literature is that reform of the public sector is intrinsically desirable, and resistance to change therefore based on suspect motives of self-interest among state elites. But domestic resistance against reform is not just based on entrenched self-interests, nor is it fixed once and for all, as proponents of the overextended state seem to assume. Resistance is not surprising in light of the general absence of clear improvements in service levels for citizens, and in real take-home pay increases for civil servants.

Third, donors influence the political dynamics of reform, too, although they do not suffer the consequences of their actions, when things go wrong. Donors should certainly not become more directly involved in the politics of reform. Instead, they should take the domestic political dimension of their support (or withdrawal) from domestic reform processes seriously. This would also help in bringing to the fore the limited domestic political (and technical) capacity to implement them. Conditionality, as is now increasingly being acknowledged, is not the answer to resistance against reform. The track record of donors in reform work seems to suggest that they do not have privileged knowledge about how to fix efficiency, accountability and service delivery problems in the region.

This points, finally, to a blind spot in present reform work: the lack of attention to and understanding of the "ground level" of the public sector. The problems of the lower levels of the political-administrative machinery, and their relationships with urban, village and community-based groups, are particularly relevant from a broader efficiency, accountability and service delivery perspective. Over the years, co-production and co-financing at this level, mediated through social relations, have been the backbone of numerous developmental initiatives in many countries in the region, as Semboja and Therkildsen (1995) and White and Robinson (1998) show. Yet present reforms tend not only to be top-down in design and implementation, they also tend to focus on the upper levels of central and local government. This is the wrong starting point. A better understanding of the interaction between government agencies and citizens where services are delivered is necessary if reforms are to aim at improving service delivery, efficiency and accountability.

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Appendix 1: Problems of comparative analysis of public sector reforms

Five problems make comparative analysis of public sector reforms particularly difficult.

The concept of reform is ambiguous. Ideally, it should distinguish induced, planned changes including major parts or whole systems from those that are of limited coverage or occur gradually over time in any government system. Furthermore, reforms are about changes in power relations between government organizations, between politicians and bureaucrats, and between the state and civil society. These aspects of reform are captured in the following definition, adopted from Caiden (1991:66): Public sector reform, whether focused on efficiency or accountability, involves the enforcement against resistance of systemic changes in power relations between government organizations, between politicians and bureaucrats, and between the state and civil society. Even with this clarification it can be difficult in practice to distinguish reform-induced changes (that may lead to unintended consequences) from other changes.

Variations in the concept of the public sector across countries means that comparisons may be difficult or misleading. Statistics on the size of the government wage bill (a key indicator of the size of government) illustrate this. Wage bill data generally include the military but exclude most in-kind payments for housing, transport and food. Regional and local government wage bills are also normally excluded. Government employment data typically exclude the military,[1] and sometimes the internal security and diplomats, as well as—in nearly all cases—employment in regional and local government (Lienert and Modi, 1997:36–37). Parastatal employment is excluded, too. Inclusion of established (as against actually filled) posts also differs. This wreaks havoc with even simple comparisons. Tanzania, for example, includes primary school teachers as central government staff (and they make up almost half of the public workforce). Uganda does not, although teachers' salaries are paid by central government funds there, too. Another classification problem arises when "autonomous" agencies are created through delinking from ministries (as is a feature of reforms in many countries), but retain close links to—and receive substantial subsidies from—the public sector (McCourt, 1999:9). The borders between the private and the public are increasingly blurred.

Relevant and reliable information on reforms is often limited and differs from country to country. Three sources are used in this paper. Official information on the reforms must obviously be treated with caution, because it can be "contaminated" in familiar ways, reflecting what is on the government agenda, and what is thought relevant or politically prudent to record in public. Donor-generated information, which is also used, has similar characteristics. Independent academic research on the reforms is still scarce. As a result of these problems, the analyses of the reforms vary in scope, detail and reliability across the eight countries.

The often significant gap between the rhetoric and reality of reforms is an additional problem, which complicates comparisons and analyses (Batley, 1999; Polidano, 1999). Reform plans are

[1] Information on this is available (for example, UNDP, 1998b), but differs, sometimes significantly, from data provided by the International Institute of Strategic Studies (for example, IISS, 1999).

sometimes not implemented, or if implemented only partly so. Often the implementation itself leads to significant changes in reform objectives and measures, and there are unintended consequences. Reforms pursue moving targets. Moreover, conflicting objectives—say, between reducing costs and improving funding of social sectors—makes it difficult to assess objectively whether reforms have been successful or not.

Finally, there are analytical problems. Usually trends in specific government expenditures are tracked on the basis of their share of GDP or of total government spending. This is, for example, done in the annual **World Development Report** and **Human Development Report**. More detailed longitudinal analyses are presented in two recent studies by the IMF (Abed et al., 1998 and Lienert and Modi, 1997). Unfortunately, such changes in shares are difficult to interpret, and the approach suffers from serious shortcomings: (a) the size of GDP or of total government expenditures may change nominally or in real terms; (b) expenditure trends are highly dependent on data source and on the years used for comparisons;[2] (c) inter- and intra-sectoral expenditures may change, but statistical data are too aggregated to allow the tracing of this;[3] (d) rapid financial liberalization—and other events such as droughts and floods, security risks and unforeseen revenue shortfalls—can often force governments to make expenditure decisions contrary to their intentions (Botchwey et al., 1998:28); (e) central government transfers to local government are sometimes recorded as "general subsidies" rather than as sector-specific expenditures to which they are often earmarked; (f) the composition of expenditures may change so that, for example, increased wages without correspondingly increased funding of running costs (transport, per diem, inputs and so forth) may worsen rather than improve efficiency; (g) the relative costs of various service inputs change, and may even change across sectors as well, and this is not caught by using GDP deflators, as is usually done (Botchwey et al., 1998:28); and (h) in aid-dependent countries a large proportion of donor and NGO funds are often not included in the government budgets used for analysis.

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2 Differences between data in the two IMF studies illustrate this point.

3 Available statistics do not, for example, allow comparative analysis of spending on certain "fundamental" functions of the state according to conventional orthodoxy, such as law and order, the judiciary and so on.

Appendix 2: Economic growth, general government consumption and aid, 1987–1995

	Kenya		Malawi		Mozambique		South Africa		Tanzania		Uganda		Zambia		Zimbabwe	
	1987	**1995**	**1987**	**1995**	**1987**	**1995**	**1987**	**1995**	**1987**	**1995**	**1987**	**1995**	**1987**	**1995**	**1987**	**1995**
Population *(millions)*	21.4	26.7	7.7	9.8	13.8	16.2	34.6	41.5	23.2	29.7	14.9	19.2	7.7	9.0	8.9	11.0
GNP/cap *(annual growth, 1985–1995)*	0.2		-0.1		3.2		-0.9		1.2		3.0		-0.9		-0.9	
GDP *($ millions, 1987 prices)*	7,972	10,005	1,161	1,426	1,353	2,061	82,070	90,156	3,443	4,589	6,283	10,675	2,265	2,309	5,380	6,375
GDP/cap *(1987 prices)*	373	375	151	146	98	127	2,372	2,172	148	155	422	556	294	257	605	580
General gov't consumption[1] *(% of GDP)*	18.6	14.8	19.5	20.5	17.2	12.6	18.3	20.6	13.9	10.3	8.0	9.6	20.4	9.5	28.6	19.2
Real gov't consumption/cap *($)*	69	56	30	30	17	16	434	447	21	16	34	53	60	24	173	111
Net total ODA *($ millions, 1987 prices)*	560	633	277	375	667	955	0	334	900	763	300	717	426	1,761[2]	294	423
Net total ODA *(% of GDP)*	7	6	24	26	49	46	0	0	26	17	5	7	19	76	6	7

Source: World Bank (1997a): GNP/cap growth, page 6; general government consumption, page 23; GDP in constant prices, page 17; net total ODA, 1987 prices, page 309.

[1] Government consumption: includes all wages and salaries (plus allowances) and all current expenditures for purchase of goods and services by all levels of government but excluding most government enterprises. Most capital expenditures on national defence and security are also regarded as general government consumption. Expenditures on debt are excluded.

[2] Zambia: ODA in 1995 was unusually high. It was almost three times higher than in 1994.

Appendix 3: Government wages and employment, 1986–1996

		Kenya		Malawi		Mozambique		South Africa		Tanzania		Uganda		Zambia		Zimbabwe	
	Source	**1986**	**1996**	**1986**	**1996**	**1986**	**1996**	**1986**	**1994**	**1986**	**1996**	**1986**	**1996**	**1986**	**1996**	**1986**	**1996**
Central government employment (×1,000)	1-7-8-9-12	423	485	50(87)	113(95)	105(89)	100(95)	1,201	1,200(96)	299(88)	264(98)	240(87)	159	105(89)	130	168(90)	174
Employment in military (×1,000)	2	14	18	5	10	16	11	106	138	40	35	20	50	16	22	41	43
Employment in military (×1,000)	10	14(85)	24(98)	5.3(85)	5.0(98)	15.8(85)	6.1(98)	106(85)	82(98)	40(85)	34(98)	20(85)	40(98)	16(85)	22(98)	41(85)	39(98)
Employment reduction since 1990 (×1,000)	3-4	37 (voluntary retirement)		(increase)		(very few)		12 (vacant posts)		90 (ghosts and retrenchment)		152 (ghosts, retrenchment, etc.)		(very few)		24	
Wage bill (% of GDP)	1-11	9.2	9.4	5.7	5.8	4.8	3.7	8	8.5	5.7	5.2	1.4	3	5.1	4.4	10.5	11.7
Wage bill (% of GDP)	5a	10.7	11.1	6.3	8.1	4.8	4.8	N/A	N/A	5.6	5.8	1	1.9	N/A	N/A	13.5	11.8
Wage bill (% of GDP)	5b	10.4	9.9	5.9	5.5	5.5	4.3	N/A	N/A	6.3	5.7	1.7	1.8	N/A	N/A	14.1	11.9
Wage bill (% of current expenditures)	1-6-11	38.7	37.3	23.6	26.4	18.9	23.6	25.6	31.7	29.8	32.9	15.2	29.7	12.7	30.2	28.4	33.6
Wage bill (% of total revenue)	1-6-11	40.6	31.5	26.8	32.6	36.2	20.9	27.8	36.6	38.5	34.8	19.8	24.7	21.8	27.1	32.7	40.9
Real wage per employee	1-9-12-13	103	83	(decrease)		?		53.6	147.1(93)	43	78	100(90)	958	74(89)	66	100(90)	86

Sources: **1–**Lienert and Modi (1997; tables 4, 5, 6, 7, 8, 9 and 10). Includes countries that embarked on IMF-supported ESAF arrangements before 1995. **2–**UNDP (1998:170–171, table 19). Figures are from 1985 and 1996, respectively. **3–**Skweyiya (1999) on South Africa. **4–**Therkildsen (1998, table 5). **5a–**Abed et al. (1998). First figure is the three-year average prior to IMF-supported fiscal reform (usually around 1986). Last figure is the average actual during the implementation of this programme (usually covering until the mid-1990s). **5b–**Abed et al. (1998). First figure is the first year prior to IMF-supported fiscal reform (usually 1986). Last figure is the last year for which data are available (usually 1994/95). **6–**IMF (1998, tables A and C) on South Africa. **7–**Msosa (1998:8) on Malawi. **8–**Singh et al. (1998) on South Africa. **9–**South African Reserve Bank (1994:B-0, table 1; B-8, table 4). **10–**The International Institute for Strategic Studies (1999:304). **11–**South Africa: Personal communication with Ms. S. de Clerck, The Reserve Bank of South Africa. **12–**Tanzania, Valentine (1999:4). **13–**Malawi and Mozambique, see section on pay reform in this paper.

Notes: Numbers in parentheses (89) indicate the year (1989) for which the figure applies. **(a)–**The data are not comparable across countries for reasons explained below. Data are more comparable over time for each specific country. **(b)–**Wage bill data generally include the military but mostly exclude in-kind payment for housing, transport, and food. Regional and local government wage bills are normally excluded. **(c)–**Central government employment data generally exclude the military (and sometimes the internal security and diplomats), as well as—in nearly all cases—employment in regional and local government. **(d)–**Data on military employment is a problem, as the difference in data from the two sources indicate. Treatment of established (as against actually filled) posts also differs. **(e)–**South Africa and Tanzania: employment data include central and local government staff. As of 1998, total employment in Tanzania was some 277,000 people, following substantial retrenchments in 1996 and 1997. **(f)–**Uganda: employment data exclude local government staff. **(g)–**The wage bill figures (percentage of GDP) differ. The periods covered are not the same. Abed et al. (1998) use averages for a number of years. Lienert and Modi (1997) report figures for specific years but use newer data. **(h)–**Changes in real wages may not reflect changes in take-home pay, as wages typically increase due to the consolidation of allowances into wages during a pay reform (as happened in Tanzania).

Appendix 4: Trends in sectoral spending, mid-1980s to mid-1990s

	Kenya		Malawi		Mozambique		South Africa		Tanzania		Uganda		Zambia		Zimbabwe		
	1986	**1994/95**	**1987**	**1994/95**	**1985**	**1998**	**1986**	**1996**	**1986**	**1994/95**	**1986**	**1996**	**1985**	**1998**	**mid-1980s**	**1990/91**	**1995/96**
Military spending *(% of GDP; table 30)*	3.3	1.9	1.8	1.4	---	---	---	---	4.5	1.6	---	---	---	---	---	---	---
Military spending *(% of GDP; 1997 prices; source, IISS)*	3.1(85)	3.1(98)	1.0(85)	1.2(98)	8.5(85)	3.9(98)	2.7(85)	1.9(98)	4.4(85)	3.7(98)	1.8(85)	3.1(98)	1.1(85)	1.9(98)	5.6(85)	---	5.0(98)
Education spending *(% of GDP; table 33)*	6.9	8	2.7	3.1	---	---	---	---	2	2.5	---	---	---	---	7.8	---	8
Health spending *(% of GDP; table 37)*	2	2.5	1.6	2.2	---	---	---	---	1.4	2.1	---	---	---	---	2.5	3	2.2
Education spending *(index of per capita real spending)*	100	110	100	92	---	---	100	108	100	129	100	147	100(80)	60(91)	100	146	91
Health spending *(index of per capita real spending)*	100	117	100	110	---	---	100	108	100	157	100	226	100(80/85)	45(91)	100	156	97

Sources: Most information is from Abed et al. (1998), to which the table numbers refer. Additional figures on military spending are from IISS (1999:304). Information on social spending in Uganda and Zambia is from Botchwey et al. (1998). Information on Zimbabwe is from UNDP (1998b:33, 47). Health spending figures for Malawi from Botchwey et al. (1998:77, table 1) show a declining trend, in contrast to those indicated by Abed et al. (1998), which are shown in this table. Information on social spending in South Africa was provided by Ms. S. de Clerck, of The Reserve Bank of South Africa, Research Department.

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