

NEW SOLUTIONS, ENDURING CHALLENGES— THE CASE FOR PUBLIC SECTOR REFORM IN SUB-SAHARAN AFRICA RE-EXAMINED

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The main purpose of any public service globally, is to promote the general welfare of the citizens of that specific country. The assumption can therefore be made that in order to promote the general welfare of the citizens; the public sector should be managed effectively, efficiently and economically. Over the last few years we have seen significant changes taking place in public administration and management in Sub-Saharan African countries. The main factors leading to public sector reform can be traced back to the following criteria, namely, the redefinition of the role of the state within society, secondly, measures were introduced to enhance public management performance and lastly it is expected from governments to adhere to the principles of good governance. Besides the above mentioned factors, ... reforming of a public sector can be triggered by political scandals, corruption scandals and economic crises. The last part of the paper briefly deals with the approaches and requirements to sustain reform. Two approaches can be used, namely, a "big bang" approach which focus on massive changes at once, or an incremental strategy in which the steps are carefully designed to build support over time.

INTRODUCTION

The main purpose of any public service globally is to promote the general welfare of the citizens of that specific country. The involvement of a government in the provision of services and products stems from two main reasons, namely, first governments are of the opinion that their social and developmental objectives can best be served by government rather than other institutions such as the private sector. Ezzamel and Wilmot (1993:39) observed that:

"... it is evident that, historically public sector organisations have been established to provide a level of quality of goods and services for which there was (deemed to be) a public demand but which had not been satisfied by the market mechanism. Put at its simplest, working to provide these goods and services have been understood to serve a public need in a way that was directly geared to the accumulation of public wealth."

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The second reason why governments were involved in delivery of goods and services, is that governments control those sectors of the economy that are considered to be of significant strategic importance. For example, electricity, like other energy forms such as gas and oil, has always been viewed as a strategic resource too important to be left to the market (Hunt & Shuttleworth, 1996).

Once governments get involved in the provision of goods and services, taxpayers/citizens of a country expect the government to operate according to the principles of effectiveness, efficiency and economics. However, government involvement in the provision of goods and services over the last twenty years has generally been characterized by inefficiency, poor performance and a lack of delivery of basic services (Perotti, 2003:10). Due to this development, governments were forced to find new solutions for these problems. This implies that governments need to reform the public sector and ensure that they operate according to international best practices.

According to Van der Westhuizen (2005: 143) public sector reform has gained different names, for example, it has been called "new public management" (Hood, 1991), "market-based public administration" (Lan, Zhiyong and Rosenbloom 1992), "the post-bureaucratic paradigm" (Barzelay, 1992), "entrepreneurial government" (Osborne and Gaebler, 1992) or "managerialism" (Pollit, 1993). Despite the different names given to public sector reform, all these different descriptions are mostly patterned around the principles of "New Public Man-

agement" (NPM) and "Reinventing Government" (RIG) (Van der Westhuizen, 2005: 15). The main goal of both NPM and RIG is to transfer private sector management practices and the introduction of market forces to the establishment of democratic principles within the state machinery in its broadest sense (Hughes, 1998:2).

PRESSURE FOR REFORM IN TRANSITIONAL ECONOMIES

The main factors leading to public sector reform can be traced back to the following criteria, namely the redefinition of the role of the state, secondly, the introduction of new measures to enhance public management performance and lastly, the emphasis of governments to adhere to the principles of good corporate governance through increased transparency, openness, accountability and increased citizen participation.

REDEFINITION OF THE ROLE OF THE STATE

In many countries the government is not able to satisfy all the needs and expectations of the population. It is often difficult to satisfy the basic needs of the citizens of the country such as ensuring sufficient food supply, good health, basic education, a sense of security and even protecting the environment for future generations to come. If the money, the institutions or the necessary policies are not in place, then alternatives such as private commercial or a non-commercial private sector role-player can be sought. This implies that in these circumstances, government can limit itself to creating the conditions for private

sector development. Furthermore, the role of the government would be to create a regulatory framework for the private sector and to see that the private sector respects the rules, regulations and policies formulated for the different activities to be undertaken, for example the water or electricity sectors. The World Bank (2002) refers to these activities as building institutions for markets. If this approach is to be used there are two different management issues that need to be addressed. The first issue deals with the question on how to run a government department/ministry and the other on how to run a government company/enterprise. In the case of a government department/ministry public administration techniques are required, while private sector approaches and practices can be applied to the running of a government company/enterprise. A second option is to involve the private sector in the management of a government utility.

The reasons for getting the private sector involved may be related to the limited efficiency of the government organisation, but the reasons may also be of a financial nature. In some countries State-Owned Enterprises (SOEs) run huge budget deficits and are still not able to deliver the goods and services they would like to deliver, for example, inefficient water or electricity companies might produce services at a too high price for the customer. However, there are various ways to involve the private sector in areas like the provision of basic services and infrastructure. According to a World Bank Report (2003) the following options can be considered.

- Outsourcing and sub-contracting;
- Provide a concession;
- Seek private sector financing;
- Make use of service contracts;
- Management contracts;
- Public-Private Partnerships; and
- Privatisation.

The challenge however, for governments is to find the optimal mix of public and private supply in rendering of basic services and infrastructure, or a division of responsibilities. In such a case the government would set the rules and see to it that they are respected and the private sector does a lot of the actual work. With regard to the redefinition of the role of the state, governments also start to restructure SOEs and the downsizing of the core public service. The restructuring of SOEs was inspired in large part by large fiscal deficits, huge public debts, high inflation and low foreign exchange reserves experienced within countries. Restructuring of SOEs starts with an analysis of the gaps between the current performance and what is required to be internationally competitive. These gaps may be the result of changes in the global economy or changes in technology, changes in factor prices, changes in the functioning of the organisation and changes in the marketing practice. The gaps found require restructuring actions of a different nature. In the first place, economy wide changes such as the introduction of competition. Secondly, there are sector changes such as unbundling if the technology allows. The combination of competition, technological developments and unbundling, for example in the telecommunication sector has led to a reduction in tele-

phone calls, thereby benefiting the consumer of a country.

Other options for improving the performance of SOEs while retaining public ownership is, partial privatisation, liquidation, splitting up and mergers and acquisition. However, in order to make a success of the restructuring of SOEs, it requires strong political leadership, well established traditions of transparency, accountability, honesty, abundant human capacity and a strong comprehensive strategy to guide the reform effort (Adamolekun & Kiragu, 2002:163).

Redefining the role of the state also implies the transfer of various forms of power and authority to sub national governments. In this regard decentralization has become a popular way of transferring authority and responsibility for public functions from the central government to sub national governments. There are a number of factors that have motivated countries to decentralize. What has been seen as paramount in many African countries is the need to enhance local governance processes, improve the delivery of services to the local population and in this way contribute towards poverty reduction. However, in many cases the reality of decentralization has not lived up to the aims, and many challenges remain (Materu, 2002).

Clear national policies on decentralization are important to the success of the reforms. In countries like Ghana, Senegal, Uganda, Nigeria, Burkina Faso, and Cameroon, the autonomy of sub national governments is enshrined in the constitution of the country. This makes it more difficult for national

institutions to erode the power of local institutions. This is also preferable to decentralize reform and policy where power responsibilities and tasks are simply described in the legislation, for example, in Zambia, Swaziland, Benin, Zimbabwe and Sierra Leone, as this can be easily changed with the tide of political change and, is, therefore, much less reliable and stable (Materu, 2002). Although some countries have explicitly addressed the role of sub national governments in their constitutions, this still has to be assisted by the pertinent legislation and backed up with programmes for implementation.

The last issue to be addressed as part of the redefinition of the role of the state deals with the downsizing of the public sector. The main reason for downsizing the public sector is to reduce huge budget deficits experienced. The ultimate goal of downsizing is to reduce the public sector staff numbers and the wage bill. While downsizing is considered a valuable option, studies have indicated that although some governments retrenched staff without achieving any significant reduction in the wage bill, only a few achieved both a wage bill reduction and staff retrenchment, for example, Ghana and Uganda (Adamolekun & Kiragu 2002:163). In some countries like Malawi, Senegal and Zambia, downsizing was halfhearted for a variety of reasons, including a lack of political will and inability to mobilize funds for severance payment (Adamolekun & Kiragu, 2002:163)

However, a new approach has been implemented by countries like Ghana, Malawi,

South Africa and Tanzania. In this regard these countries have opted for the introduction of a linkage of functional reviews to the implementation of a medium-term expenditure framework. The objective of the medium-term expenditure framework (MTEF) is to produce a system that allows for better decision-making about public expenditure.

MANAGING PERFORMANCE

A public service management performance system refers to an approach to achieve a shared vision of the purpose and aims of the organisation, helping each employee to understand and recognise his/her contribution to the vision and mission of the organisation and thus to manage and enhance the performance of the organisation. It is furthermore an approach to manage people that entails planning employee performance, facilitating the achievement of work related goals and reviewing performance as a way of motivating employees to achieve their full potential in line with the organization's goals. This approach aims to change the public sector culture from being input-oriented, to being outcome-oriented.

On 5 February 2001, Ministers of Civil Services throughout Africa held their Third Biennial Pan African Conference in Windhoek, Namibia. At that conference the Ministers agreed that as part of the unity of African countries, all public services in Africa should work in harmony with a special charter. In this regard the conference adopted the Charter for the Public Service in Africa, which serves as a framework

within which all the Public Services on the continent would work towards the same goals of service excellence. The Charter highlights the following:

- The fundamental principles of the Public Service;
- The rules that govern the relationship between the Public Service and the public;
- The relationship between the Public Service and its public servants is to be based on professional merit (that is, you will become a public servant if you deserve it as a professional) and respect for human rights (equal opportunities for all, especially women, persons with disabilities, and particularly disadvantaged groups); and
- The code of conduct of public servants (the fundamental values of the public servant).

All African countries that signed the Charter for the Public Service in Africa promised to respect the basic universal principles of the Public Service, that is, that laws exist, that they are well known, and that they are easy to understand and easy for everyone to use. Other public service management reform measures that have been implemented to improve the performance of its public sector are the modernization of the human resources management system, the financial management system as well as the improvement of skills within the public sector. With reference to human resources management improvement, some countries like Japan, Singapore and South Korea introduced merit-based recruitment and promotion strategies.

Countries such as South Africa, Namibia, Nigeria and Ethiopia who have experienced racial or ethnic diversity have implemented policies to rectify the illnesses of the past, such as affirmative action policies and strategies. Furthermore, countries such as South Africa, Namibia and Ghana also introduced policies and strategies to ensure proper gender representation within the public sector (Adamolekun & Kiragu 2002:165).

With regard to financial management reform two main reform measures have been implemented, namely budget reform and expenditure control. In this regard countries like South Africa, Namibia, Ghana, Malawi and Uganda implemented a MTEF which helps to ensure a more strategic approach to resource allocation and management (the budgetary process) and to enhance government's capacity to control public spending.

Two other measures related to financial management reform are the strengthening of accounting and auditing capacity in countries such as Ghana, Malawi, Kenya and Uganda, and the establishment of autonomous revenue authorities to ensure significant increase in revenue from tax and customs. The officials in these revenue branches of government cease to be career civil servants, and their contracts provide for rewards that are linked to performance (Adamolekun & Kiragu, 2002:165).

The improvement of skills within the public sector is considered a major priority of governments globally. Developing work related skills is imperative since all employ-

ees working within the public sector irrespective of their background or academic qualifications have to work and develop in an ever changing and developing work and community environment. Personnel training and development therefore require processes to expand knowledge, acquiring skills and changing attitudes. The training in the public services should therefore be designed in such a way that it is need focused training intervention aimed at ensuring that the public servants display a spirit of commitment, dedication and efficiency in rendering services to the public (Van der Waldt, 2002:180).

CORPORATE GOVERNANCE

The catalyst of economic growth, and particularly in developing countries, includes foreign direct investment and the creation and maintenance of an effective and efficient private sector. Foreign investor's decision to invest within developing countries depends on the fiscal and tax policies of the countries, the institutional framework for trade and investments and good corporate governance. Governance in its broadest sense includes credible and democratic government. Governments therefore have a critical role to play in establishing the economic and political fundamentals that underpin economic growth and in facilitating the practice of good governance. (Khoza & Adam, 2005:14).

Due to globalization the world has become a smaller place and competition for capital has intensified as traditional barriers to the movement of capital, people and information have broken down. The result there-

fore is the development of new markets and new sources of the products and services required, for example, India has become a leading centre in software development. The developing world eagerly looks at the developed world to stimulate local economic growth. However, international investors require more uniform standards of good governance, because they are accountable to their shareholders whose concerns extend not to just a meaningful return, but also increasingly to the manner in which that return is generated. In Africa, the New Partnership for Africa's Development (NEPAD) has provided a much-needed impetus for the charge towards better governance across the continent. There is a growing recognition that initiatives like NEPAD are important, both from a national perspective, to make countries attractive to investors and to achieve effective regional integration (Khoza & Adam, 2005: 20). In order to ensure effective, efficient and economically sound service delivery, governments need to implement the principles of good corporate governance within all machinery of government. Within the African context, President Thabo Mbeki (1998) of South Africa has observed that:

"the world investor community has understandably asked that as Africans we must establish the conditions to enable them to take rational business decisions to make long term investment in Africa"

This implies that governments will create a conducive environment to attract foreign investment, encourage and promote the

condition for employment, infrastructure development, the delivery of basic service and adhering to the principles of corporate governance. According to the Cadbury Report of 1992, corporate governance is defined as "the system by which organisations are directed and controlled" (Corporate Governance, 1992). It is further indicated that certain fundamentals lie at the heart of corporate governance. These fundamentals include:

- sound economic, social and environmental performance;
- effective financial accounting and management;
- integrated risk management processes;
- systems and processes for effective decision making;
- organisational integrity;
- effective monitoring and control;
- independent auditing and verification;
- accountability and responsibility; and
- adequate sustainability reporting and transparency (Khoza & Adams, 2005: 32).

Ultimately, good corporate governance is about effective leadership. Good corporate governance is not a "nice-to-have". However, it is absolutely vital for the survival and future growth of any country. This can only be achieved if citizens of a country are informed and they feel that they are free to speak out. Only if governments allow for a transparent and open society can innovation flourish. Innovation is the prerequisite for economic growth, change and development within any country (Rukoro, 2004).

SCANDALS AND CORRUPTION

Besides the above mentioned factors leading to reform, the process of public sector reform can be triggered by political scandals, corruption scandals and economic crises. Political and corruption scandals are usually fueled by an independent press, while economic crises can be blamed on poor public policies. Scandals and crises can put corruption on the public agenda, but they do not always direct reform in useful directions (Rose-Ackerman, 1999: 209). When a crisis produces strong support for change, politicians must act quickly, often without sufficient planning or expert advice. In contrast, during quite stable periods when reform could be thoughtfully implemented, political support is lacking (Berensztejn, 1998). Crises can produce either real reforms or dysfunctional responses (Corrales, 1998).

When scandals erupt, the media has been criticised for personalising the news by focusing on the individuals at the centre of the scandal and ignoring the systematic conditions that created incentives for corruption (Gament, 1991). It is expected from government reformers to punish the guilty. The challenge therefore is to reduce the underlying corrupt incentives. If this is not being done, then the establishment of anti-corruption campaigns became little more than witch hunts that will tend to disproportionately seek out the regime's political opponents (Singh, 1997:638).

Corruption and unethical behaviour amongst public officials are highlighted by

the free local press and citizens require action on behalf of governments. Besides the media, International organisations like Transparency International and the Organisation for Economic Cooperation and Development (OECD) have taken up the challenge to highlight the consequences of corrupt practices and to advocate standing up to corruption. Economic crises, such as high inflation might prompt interest groups to agree on economic policy reform more quickly than under conditions of prize stability (Drazen & Grilli, 1993). An economic crisis can act like a major scandal to push reform, for example, the current economic crises in Zimbabwe requires urgent attention on behalf of the government. In countries where the public fiscal system and the profitability of business have been undermined by corruption in tax collection and public procurement, economic crises can provide a catalyst for anticorruption policies as well as macroeconomic adjustment. If the underlying relationships based on corruption, family connections, and patronage are not changed, standard macroeconomic prescriptions may not succeed (Rose-Ackerman, 1999: 212).

Economic and political crises are costly and risky preconditions to reform, because crises can cause violence, chaos and a challenge to state legitimacy (Bruno & Easterly, 1996). Reform might become a huge cost to the society or the country might descend into anarchy. However, crises and scandals can be used to push reluctant public and private decision makers towards change.

SUSTAINING REFORMS – LESSONS OF EXPERIENCE

Sustaining public sector reform is a difficult and challenging task. Two possible paths of durable public sector reform can be identified. The first, which will be possible only in times of great crises and dissatisfaction with the status quo, is a “big bang” approach in which massive changes are introduced at once. The second option involves an incremental strategy in which the reforming steps are carefully designed to build support over time. Some short term gains may need to be sacrificed in order to get the sequencing right (Rose-Ackerman, 1999: 223).

Public sector reform requires support from inside and outside of government. Once the domestic and international business communities believe that they will benefit from the reform measures, they will support the initiatives undertaken by governments. Strong political leadership is required to spearhead this approach and the creation of a new mindset amongst politicians and public officials need to be established. A lack of professionalism, dedication, commitment, initiative and poor leadership amongst political leaders and public officials might hamper the success of the implementation of the public sector reform measures. Citizens need to be informed about the changes and how it will affect

them. Citizens should also feel that they are free to speak out, implying free-thinking individuals who speak their minds unreservedly and express themselves without the fear of retribution. It furthermore requires a transparent open society where innovation can flourish. Innovation is the prerequisite for economic growth, for change and for development. Citizens need to realize that the theoretical right to speak out will mean nothing if it is not practiced. Free expression of speech has to be supported by a real experience that this is indeed accepted, appreciated and respected by the government and officialdom (Rukoro, 2004).

CONCLUSION

In this article the author has analysed the factors, triggers and measures of reform and trust that it will generate further research into public sector reform in transitional countries. The purpose of public sector reform is to ensure effective, efficient and economically sound service delivery to the citizens of a country and thereby contribute towards the promotion of the general welfare of the society. It is generally accepted that successful and sustainable economic reform cannot take place without a competent public administration. Only the future will tell whether these measures will ensure that proper service rendering has been achieved.

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