Zimbabwe

Public Administration Review –Policy Note

Initial reflections on Public Sector Reform to support the economic and social recovery of Zimbabwe

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Public Sector Reform and Capacity Building Unit

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The Policy Note is prepared as an introductory note to facilitate dialogue between the Government of Zimbabwe, the World Bank and other stakeholders on public sector reform in Zimbabwe to support the economic and social recovery of the country. The Note is authored by the World Bank Africa Region Public Sector Governance Team. The findings, interpretations, and conclusions expressed in this Policy Note do not necessarily reflect the views of the Executive Directors of the World Bank or the governments they represent.
### ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>AAA</td>
<td>Authority, Ability and Acceptance Model</td>
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<td>AGI</td>
<td>Actionable Governance Indicators</td>
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<td>BPR</td>
<td>Business Process Reengineering</td>
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<td>DFID</td>
<td>Department for International Development</td>
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<td>FM</td>
<td>Financial Management</td>
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<td>GAC</td>
<td>Governance and Anti-Corruption</td>
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<td>GAC-TRG</td>
<td>Governance and Anti-Corruption Technical Review Group</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GoZ</td>
<td>Government of Zimbabwe</td>
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<td>GPA</td>
<td>Global Political Agreement</td>
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<td>GWP</td>
<td>Government Work Programmed</td>
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<td>HoPS</td>
<td>Head of Public Service</td>
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<td>HR</td>
<td>Human Resource</td>
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<td>HRM</td>
<td>Human Resource Management</td>
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<td>HRMIS</td>
<td>Human Resource Management Information System</td>
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<td>IFMIS</td>
<td>Integrated Financial Management System</td>
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<td>ICT</td>
<td>Information and Communication Technology</td>
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<td>IT</td>
<td>Information Technology</td>
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<td>MDC</td>
<td>Movement for Democratic Change</td>
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<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<td>MMIS</td>
<td>Materials Management Information System</td>
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<td>MoPS</td>
<td>Ministry of Public Service</td>
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<td>MoF</td>
<td>Ministry of Finance</td>
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<td>MPU</td>
<td>Multiple Processing Unit</td>
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<td>NPM</td>
<td>New Public Management</td>
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<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
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<td>OPC</td>
<td>Office of the President and the Cabinet</td>
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<td>PAR</td>
<td>Public Administration Review</td>
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<td>PDL</td>
<td>Poverty Datum Line</td>
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<td>PFM</td>
<td>Public Financial Management</td>
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<td>PFMIS</td>
<td>Public Financial Management Information System</td>
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<td>PSC</td>
<td>Public Service Commission</td>
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<td>PSG</td>
<td>Public Sector Governance</td>
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<td>PSP-GET</td>
<td>Public Sector Performance Global Expert Team</td>
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<td>SAN</td>
<td>Stored Array Network</td>
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<td>SSB</td>
<td>Salary Service Bureau</td>
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<td>SPC</td>
<td>Secretary to the President and Cabinet</td>
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<td>STERP</td>
<td>Short-term Emergency Recovery Program</td>
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<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities and Threats</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>ZANU-PF</td>
<td>Zimbabwe African National Union –Patriotic Front</td>
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<td>ZAREP</td>
<td>Zimbabwe Accelerated Economic Re-engagement Program</td>
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Chapter 1. Introduction and Context

Section 1. Objectives

1. In early 2010, Zimbabwe’s Minister of Public Service requested Bank support for a Public Administration Review to provide analytical support and technical assistance to identify the key issues to restore the quality of public administration in Zimbabwe. This assistance focuses on three objectives: First, to improve the delivery of public services; second, to begin to establish an evidence-based foundation to inform future public service reform efforts and third, to strengthen management capacity in the Ministry of Public Service (MoPS) to facilitate public administration reform, in the main area under the purview of the Ministry, human resource management. The ongoing policy-dialogue suggests that this transitional period presents a window of opportunity to undertake a diagnostic assessment of the current state of the public administration, key public sector challenges and identification of potential entry-points so as to help prepare a comprehensive reform agenda. The deterioration of public services over the last decade highlights the need for strengthening public sector governance functions to help contribute to the economic and social recovery. As a result, three Bank missions took place in 2010, to identify the scope of a possible support program.

2. This policy note presents an initial framing of recent public administration reform experiences and lessons learned in Zimbabwe and sets the agenda for future client engagement with a view to propose reform options. It has the following objectives: First, it intends to situate and analyze the current progress made and challenges facing the Zimbabwe public service in its wider – and rapidly changing - economic and political context. Second, it aims at presenting the Bank’s engagement in this area over the last three years and to synthesize what has been learned. Third, it identifies reform options given the current context and proposes possible future entry-points.

3. The note has been drafted for client-engagement purposes. It mainly aims at providing an initial basis for client-engagement to reach a broad consensus on reform and the potential areas of Bank support. The stock-taking character, the analysis of the issues, and the language used is in line with this engagement objective. In doing so, it is hoped that the paper may constitute a basis for further discussion and collaboration to strengthen the capacity of the public administration for economic and social recovery.

4. This note is structured as follows into five main chapters as follows. Chapter 1 presents the introduction to this paper and the country context in Zimbabwe. Chapter 2 frames the role of the public administration in economic and social recovery and presents progress made and challenges in public administration reform. Chapter 3 discusses recent Bank support in key public sector management areas. Chapter 4 presents lessons learned by the Bank team throughout its recent engagement. Chapter 5 evaluates the reform space, options, priorities and entry points.

5. This paper provides only a snapshot of selected current public sector governance reform issues at this time in Zimbabwe. This introductory note sets key issues on the agenda for consideration and engagement with Government at this juncture. To do justice to the complexity of the issues on the ground, it would need to be complemented by more in-depth diagnostics, which could be done at a later stage in line with the emerging areas of government interest.

Section 2. Country Context

5. Zimbabwe is a land-locked country in Southern Africa, with 12.6 million inhabitants, with one of the lowest per capita income in the world (US$460 in 2010). The income poverty rate is

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1 The country context information is based on the Draft Zimbabwe Interim Strategy Note Concept Note of December 29, 2010.
estimated to be above 62 percent and unemployment remains high at more than 50 percent. Zimbabwe has the second highest population growth rate in the world and has recently been able to make significant progress in key Millennium Development Goals areas, such as universal primary education, with net enrolment ratio of 91% in 2009. The country is also on course to attain gender parity in both secondary and primary education. Zimbabwe has also experienced a gradual decline in HIV and AIDS, as demonstrated by the trend in prevalence rates for the past decade, from 23.7% in 2001 to 13.7% in 2009.  

6. **After a long decline, the economic and social recovery challenges in Zimbabwe place the public administration at the center of the development agenda.** Once “Africa’s breadbasket”, between 1999 and 2008 Zimbabwe’s economy declined by more than 45 percent. Hyperinflation in 2006, the collapse of infrastructure services, and significant emigration of skilled workers compounded these problems. In July 2008, the official year-on-year inflation reached 231 million percent. Since then, aided by improved commodity prices, the situation has started to improve. According to the 2012 Budget Statement, the economy has now grown by an impressive 9.3 percent in 2011, mainly due to mining (25.8%) finance (24%), tourism (10.3%) and agricultural (7.4%) recovery, and is estimated to reach 9.4 percent growth in 2013. However, the political uncertainty has not been conducive to private investment, which remains at depressed levels. Uncertainties on key policy areas are negatively affecting prospects for growth and private investment, both domestic and foreign. Service-delivery, which was almost halted, has now started to resume.

7. **Zimbabwe embarked on an important political transition in 2008.** After a narrow win in the first round of presidential elections in March 2008 by the Movement for Democratic Change T (MDC-T) leader Tsvangirai, in the June 2008 second round President Mugabe of the ruling Zimbabwe African National Union-Patriotic Front (ZANU-PF) was declared a winner, running as the sole candidate after MDC leader Tsvangirai pulled out. A Global Political Agreement (GPA) on an Inclusive Government was signed in September 2008. The Inclusive Government was formed in February 2009, with Mugabe remaining the President and Tsvangirai taking the post of Prime Minister.

8. **The creation of the Inclusive Government provides an opportunity for overdue reforms, but the government partnership is fragile, significantly limiting the reform space.** While there has been some progress made on the programmatic areas of the GPA, consensus within the coalition Government on systemic change is limited. For example, the GPA laid out a time frame for about two years from the formation of the Inclusive Government, to draft and adopt a new constitution. Over the last three years, it has become apparent that differences have persisted between ZANU-PF and MDC parties on a number of policy directions and key appointments, which has affected the ability of the Government to move towards more systemic changes. Despite the momentum created by the Inclusive Government, these challenges are holding back reform, making even minor change highly contested. Elections are expected before March 2013—marking the end of the five-year mandate by parliament—which will continue to heighten the political uncertainty and space for reform.

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2 United Nation, Millennium Development Goals Status Report, Zimbabwe, 2010
3 The Global Political Agreement, which took effect on February 11, 2009, was approved in September 2008 by ZANU-PF, and by the two MDCs. It was designed to resolve Zimbabwe’s political and economic crisis and chart a new political direction for the country. Within it the two parties agreed to a series of commitments that would enable them to work together to create a genuine, viable, permanent and nationally acceptable solution to the Zimbabwe situation and in particular to implement the agreement with the aims of resolving the current political and economic situations and charting a new political direction for the country.
4 The Inclusive Government (IG) includes the Zimbabwe African National Union - Patriotic Front (ZANU- PF) and the two Movement for Democratic Change (MDC-T and MDC-M) parties.
Chapter 2. The Role of the Public Administration for Economic and Social Recovery

Section 1. The Role of the Public Administration for Growth, Competitiveness and Service-Delivery

9. **This chapter first presents the role of the public administration in Zimbabwe and frames it within the broader challenges facing the country.** It then discusses progress made and challenges in public administration reform, focusing on the time since the start of the Inclusive Government.

10. The advent of a power-sharing Government presented a critical opportunity to renew private sector development, competitiveness and improved delivery of public services, calling for an enabling role of the public sector. Government can be credited with taming hyperinflation, stemming economic contraction and initiating ambitious policy reforms in the first year of its existence. The restoration of macroeconomic stability has seen Zimbabwe’s economy register positive growth for the first time in a decade, though the prospects for this to continue rest on Government’s capacity to improve public sector governance, needed in order to spur investment and to resume effective public service delivery across sectors.

11. **Zimbabwe’s investment climate and competitiveness have a promising potential, yet require substantial reforms:*** The Doing Business Report (2012), measuring the ease of doing business across countries, ranks Zimbabwe as 171 out of 183 economies in the world, partly due to poor regulatory framework, barriers to trade across borders, and lack of investor protection. Similarly, the World Economic Forum’s Global Competitiveness Report ranks Zimbabwe 132 out of 142 countries included in the 2011/2012 Global Competitiveness Index, based on 12 competitiveness pillars. Key challenges include the need to address the poor investment environment, limited access to finance, and weak protection of property rights as well as the need to establish a public-private dialogue and the legal, regulatory and institutional frameworks for public-private partnerships. There is a clear recognition that fundamental public administration reform is crucial to enhance competitiveness and the investment climate. This calls for a reform of the public sector in order to enhance the strategic and management capacity and enable it to pursue a stronger pro-business growth strategy and regulatory environment. This can help facilitate private investment, and provide greater predictability, accountability and transparency in the delivery of services to investors and citizens. The public sector therefore has a dual challenge to facilitate economic recovery by creating an enabling environment for private sector development and to facilitate social recovery by enhancing public service-delivery, with the ultimate goals of achieving sustainable growth and reducing poverty.

12. **The urgent need to restore service-delivery will require significant public administration reforms.** Service-delivery, particularly in the social sectors was severely constrained by the economic crisis. While in 2005 before the hyperinflationary period, 15 percent of GDP were spent on the social sectors, in 2009 social public expenditures only accounted for 6 percent of GDP. With funding at minimum levels, by the end of 2008 most schools and many hospitals closed, and transport and electricity networks were severely disrupted. Both Zimbabwe’s health and education systems, which after achievements in the 1980s were considered as one of good practice examples in Africa, are now characterized by inadequate provision and maintenance of equipment and dilapidated infrastructure, significantly lowering access and quality of services. The human resource situation in these sectors is particularly serious, and has been compounded by the massive emigration of qualified doctors, nurses, and teachers. The health sector only resumed its functions after development partners started

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5 This note uses the term public administration in a narrower sense when referring to the public service in Zimbabwe, in line with the Government terminology, and uses the term public sector in a broader sense. When discussing public sector reform, this includes public administration reform, so in some cases the terms are used interchangeably.
to fund a health retention scheme in response to the cholera epidemic. Similarly, the education sector only resumed after the dollarization when Government allocated a US$100 allowance that made it affordable for teachers to go back to work. Budget allocations to social sectors have recovered in 2010 and 2011 and reached 10.9 percent of GDP in 2011, almost double as 2009, reflecting the need to increase financing to these sectors, as permitted by the overall resource situation. Government allocations to these sectors also factor in substantial donor expenditure outside the budget, such as for provision of text-books. While Government has increased funding to social sectors, most funds continue to go towards employment costs with inadequate amounts for operational costs and other critical expenditures, such as textbooks or medicines. Improving this situation requires a review of the composition of overall public sector spending, renewed capacity to address administration reforms, including strategy, public expenditure management, results orientation and addressing human resource management, and an improvement of service conditions in the social sectors.

13. **Underlying the emphasis on public service reform is the expectation that strengthened service delivery will help restore trust in Government, contributing to improved legitimacy of the Inclusive Government.** The objective of enhancing service delivery as a response to the massive development challenges facing the country is a strategic objective not only of the GPA, but also of other strategies, including the Short-Term Economic Recovery Program and draft Medium Term Plan. Trust in Government hinges, among other things, on its ability to serve the citizens in key sectors that have an immediate impact on their lives, such as health and education, water and electricity. Designing a strategy for improving service delivery and implementing such reforms will require changes in Government vision, strategy, management, implementation and M&E. This will obviously be a long-term process and its results will depend on in-depth and sustainable public sector governance reforms and sector policies to support economic and social recovery.

**Section 2. Key Challenges and Progress made in Public Sector Management**

a) **Introduction**

14. **The historic development of Zimbabwe’s public administration shows its transformation from a colonial administration to a development-focused African public administration, struggling with fiscal and governance challenges.** At independence in 1980, the country inherited a colonial administration, in which service-delivery favored colonial interests and urban areas. The post-independence public sector activities focused on infrastructure and agricultural development. In 1981, the public service started to be indigenized and great efforts were made to include marginalized groups, such as women and young people, creating a fairly competent indigenous public workforce. During the 1980s, public services were rapidly expanded to rural areas. Education and health indicators improved substantially, and the public administration gained greater trust of the population. However, this expansion of public administration functions was not accompanied by systemic governance reforms and public sector expenditure rose dramatically. By the end of the 1980s, economic growth slowed, affecting service delivery and reversing some of the progress. To address these challenges, Zimbabwe embarked in the1990s on a structural adjustment program, to cut public spending and create more space for the private sector. This led to the reduction of employment of approximately 23,000 civilian posts. New public management-inspired reforms focused on the streamlining of functions and outsourcing of non-essential services. The strong association between public administration reform and the reduction of public employment has created a resistance to reform by civil servants and no effective systemic transformation of the civil service was undertaken.

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6 In education, non-wage expenditures have been slightly increasing. Employment costs represent 85 percent of the budget compared to 96 percent in 2009. However, room for non-wage expenditures such as textbooks, exams, teacher training and limited infrastructure rehabilitation is still limited. In health, employment costs absorbed 32 percent of the budget as a significant proportion is allocated to medical supplies. Among the coping strategies are the current “health retention scheme” financed by development partners to retain qualified personnel; subsidizing of teacher salaries at some schools, exacerbating inequalities, the practice of teachers to provide after-school tutoring to supplement incomes.”
15. The first decade of the new century saw a deterioration rather than a transformation of the civil service. The economic decline and the rise of international tensions created a difficult environment in Zimbabwe which led to a massive exodus from the civil service. This fundamental change in the civil service structure was not taken as an opportunity to change the nature of the public workforce. Instead, experienced civil servants were replaced by less experienced civil servants, while the nature of their jobs was not reviewed or transformed. The result is the advent of an overall less talented, but still highly bureaucratic civil service, which undertakes its functions with difficulty and with an excessive transaction cost. This has led to considerable discontent on the part of the population that views the civil service rather as an obstacle than a facilitator of appropriate service-delivery.

16. The public administration in Zimbabwe is now at a critical juncture. The Inclusive Government has made some initial progress, yet faces important challenges. The window of opportunity to set in motion such fundamental reforms might be closing soon. The importance of taking action soon to undertake fundamental public administration reforms, both on the supply-and demand-side, cannot be overemphasized. Restoring trust in Government will depend on a credible reform program with a strategic approach and the delivery of quick wins visible to citizens. The current economic prospects, the reduced capacity of the civil service and the discontent of the population with the efficiency and the effectiveness of the civil service clearly provide the justification for an overhaul of the civil service. To address the challenges of the future, it is not sufficient to tackle the fiscal costs of the civil service, but also important to refocus its strategy, management and attitude vis-à-vis the population.

b) Key challenges

17. Public administration reform needs to address fundamental challenges highlighted almost 25 years ago by the Kavran Report. The 1989 Public Service Review Commission report, the so-called Kavran Report, provides a comprehensive review of the Public Service, as shown in Box 1 below.

Box 1: Selected findings of the Kavran Report: ¹

The Kavran Report reviewed the key areas of the public sector with the objective to make recommendations on seven issues. It aimed at (i) enhancing the effectiveness and efficiency of the structures and functions of Government and the most economic use of manpower; (ii) ensuring the most effective use of both human and financial resources in the implementation of government policies and a meritocratic system of staff deployment, development, grading, promotion, remuneration and conditions of service; (iii) safeguarding public funds and public property through adequate controls; (iv) facilitating transferability and best manpower use across the public service, parastatals and local authorities; (v) optimizing the structure, functions and status of the PSC; (vi) determining the adequacy of training institutions and policies to meet future needs; and (vii) recommending a collective bargaining system.

The report portrayed the public administration at that time as follows: (i) a lack of performance management culture; (ii) arrogance and poor attitudes to work; (iii) high staff turnover; (iv) a bloated, centralized and secretive bureaucracy that was non-transparent, suffered poor communication of decisions and was inaccessible to the public; and (v) institutional overlap and duplication of functions both within and across ministries, combined with cumbersome and overly complex rules and regulations. Overall, it highlighted the perception that the professionalism of civil service had eroded. It depleted an increase in petty and systemic corruption, as public officials were observed engaging in illegal private activities in order to supplement their meager incomes. Public offices became market places, where officials sold goods, such as vegetables, meat, bread and trinkets, and services, such as the issuing of licenses, passports, placements for nurse or teacher training, and entrance to tertiary institutions, to candidates with inappropriate qualifications.

Four major key conclusions were presented: First, senior management must play a greater role in fostering the values of public service, namely, honesty; impartiality; high standards of performance; results orientation; and responsiveness. Second, greater commitment to achieve government’s development objectives should be instilled in all public servants. Third, corruption and dishonesty must be safeguarded by an ethos of integrity in the public service, achieved by example from the top. Finally, it was concluded that the capacity to change and the ability to react to change, the so-called driver of a Public Service of tomorrow is limited.

18. **As emphasized by the Minister of Public Service in 2010, the key challenges highlighted in the Kavran report remain valid or possibly even more entrenched.** The structures are duplicating efforts and the civil service is underperforming; there are clear limits in the meritocratic system and inadequate controls to hinder misuse of public funds; and the high wage differentials and conditions of service deter any transferability between public services. Training institutions have limited capacity and resources to provide effective training, which is compounded by the exodus of qualified civil servants and the subsequent hiring of new, less experienced civil servants. The collective bargaining system, which is not based on a legal framework, has been criticized in recent years for putting undue pressure on a generally insolvent public treasury. Despite the diagnostic of the key issues 25 years ago, there has been only limited action to implement the necessary HRM reforms.

19. **While the advent of the Inclusive Government in 2008 provided an opportunity to take action on these reforms, the challenges have been, and still are, tremendous:** They encompass the vertical chain of upstream policy design and downstream implementation in virtually all ministries. The primary function of any public service is to acquire, manage and deploy people, assets, money and information. These central and cross-cutting functions have become seriously degraded over the past several years, to the point that individual departments had lost their strategic direction, and individual public servants saw survival as their main goal. Public institutions were starved of cash, and any sense of 'service delivery' largely disappeared. For most of the past decade the trajectory of public service performance, morale and delivery has been downwards. This reached the point of a widespread perception of ‘public sector failure’ to uphold the social contract between the state and citizens, especially in the key service-delivery sectors. The primary cause was uncontrolled inflation resulting in a toxic mix of (effectively) zero real wages, the absence of transparency and accountability and extremely low public expectations of service delivery. Civil servants responded by “voting with their feet” and withdrawing their labor either partly or completely – in the case of the latter often by leaving the country, further adding to the brain drain.

20. **Thus, the public administration management challenges to be addressed are substantial, covering all main public administration areas:** Key areas include the need to develop a clear strategy for public sector reform, improve the efficiency, effectiveness, transparency and accountability of public expenditure management (particularly budgeting, procurement, tax administration and public investment management) and human resources management, institutionalize a greater focus on results, strengthen the legal and judicial sector, support to local governments and more broadly, to promote an effective governance and anti-corruption agenda, including demand-side governance. This comprises a large and complex reform program, which requires extensive capacity to plan, manage, implement and monitor. The key issue will be to prioritize reform areas and to find a balance between the fundamental governance and public sector management reforms needed and building consensus for their sequenced implementation. Overall, the challenge for the public administration will be to move from the exercise of control authority to a citizen-centric provision of public services and achievement of results on the ground.

21. **Organizational challenges, such as duplication and coordination challenges, also need to be tackled as part of a credible public sector modernization program.** Shortcomings in policy-making and service-delivery are due to unclear assignment of responsibilities, functions, budgets and the necessary management capacity. The Inclusive Government created an additional seven ministries, increasing the number of line ministries from 24 to 31. This has led to a number of formal and informal coordination challenges as mandates have not been clearly defined through explicit legal frameworks and formal and informal authority can widely vary. For example, a new Ministry of Public Service, with responsibility for leading reforms to improve the performance of the public service has been created, yet the role of the Public Service Commission (PSC), traditionally in charge of public service issues, vis-à-vis the MoPS continues unresolved. Unless a legal and institutional framework clearly delineating the roles of this Ministry and the PSC is established, the Ministry will
only have a limited ability to take on the expected coordinating role on public sector reform, which makes it difficult to agree on a common strategy and implement reforms. The sharing of ministries between the parties of the Inclusive Government, with Ministers and Deputy-Ministers representing different political parties, at times also causes difficult working relationships within and across ministries. Addressing the challenges described above and understanding the dynamics behind the current policy reform space will also require a political economy understanding of the reform environment, interests, incentives, constraints and positioning of key stakeholders and possible entry-points for reform.

22. **After several efforts to define a credible strategy for public sector governance, the Government is yet to develop a clear vision, mission, strategic objectives and a prioritized action plan.** This can partly be explained by the difficulties the Inclusive Government faces to reach consensus around a reform program that goes beyond the management of day to day affairs. Nonetheless, it may also be due to the need to further study different aspects of the current situation to ensure that an appropriate reform plan is developed to address these problems. This highlights the need for further diagnostic work and dialogue to determine in strategic and operational terms how to provide a foundation for public administration reform, and to determine the nature, scope and intensity of the reforms required in the short- and long-term. As the political differences between coalition partners have become more entrenched, this has further narrowed the reform space for systemic reforms, requiring, at least in the short-term, a very gradual and piecemeal approach.

23. **Yet, the case for public administration reform in Zimbabwe is compelling.** The fiscally unsustainable wage bill presents a clear fiscal imperative. The poor conditions of service and associated coping strategies, which contribute to a public service that is de-motivated, disorganized and of limited effectiveness in carrying out responsibilities, provide a human resource management rationale. Lack of effective tools to strengthen public sector management and performance and the political risk associated with the state not being able effectively to deliver basic services provide a performance rationale and legitimacy rationale, respectively. The legal and organizational frameworks that enabled overlapping mandates and unclear division of roles and responsibilities of agents present a clear institutional rationale for identifying and generating options for preliminary public administration reforms. Rebuilding and reforming the public administration thus remains a clear and overwhelming priority.

c) Progress made

23. **After taking office in February 2009, the Inclusive Government has quickly taken action to advance the reform agenda, leading to initial results.** Government has taken a strategic approach to a number of reform issues, including a Short-Term Emergency Recovery Program (STERP), a Government Work Program (GWP), and a Medium-Term Plan (MTP): First, the 2009 STERP included the adoption of a multiple-currency system, removal of price controls, commitment to fiscal discipline, liberalization of foreign exchange regulations, and free marketing of grain and minerals, including gold. STERP II—a three year macro-economic policy and budget framework 2010-2012—presents a structural and social transformative policy framework for managing the country’s economy, and is set to bridge the STERP and the Medium Term Plan. STERP I (2009) and II (2010) provided a sharp break from the past in terms of replacing Government’s approach of intensive administration of the economy with increased reliance on the private sector. Second, the Government has designed a Government Work Program (GWP) with a results-oriented annual work plan and has implemented it in 2010\(^7\) and 2011 with some important progress. Third, Government has developed a Medium-Term Plan 2011-2015, approved by Cabinet in July 2011, with the overarching goals to

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\(^7\) GWP’s five priorities are to: (i) promote economic growth and ensure food security; (ii) provide basic services and infrastructure development; (iii) strengthen and ensure the rule of law and respect for property rights; (iv) advance and safeguard basic freedoms through legislative reform and the constitutional process; and (v) normalize international relations.

transform the economy, reduce poverty and create jobs, maintain macroeconomic stability, and restore the capacity to produce goods and services competitively. Fourth, a cluster model for Government policy-making and implementation across institutions into the following clusters—Economic, Infrastructure, Rights & Interest, Social and Security—has enabled a more strategic and coordinated approach, greater policy dialogue, and enhanced accountability. At the sector level, ministries have developed strategic plans and ambitious programs to achieve the development objectives in their sectors. These steps, particularly the STERP and the GWP, have largely succeeded in stabilizing the economy and have made some early progress in the economic and social sectors, yet the need to address strategic governance-related issues remains prominent. Critical reforms, for example legislative and judicial reform and security systems remain outstanding.

24. **The new Government had to resuscitate virtually the whole of the public service, balancing fiscal and public administration challenges.** Government gave priority to address the fiscal situation, yet had to deal with the wider public sector reform on how to re-professionalize and reform the public service and restore trust in Government. Following the dollarization of the currency, the Government began to address the payroll challenges, and to put in place a sustainable budget. Unless fiscal resources were effectively managed, service delivery could not effectively be reestablished. One of the first steps was to provide some financial support to civil servants. As during the peak of the hyperinflationary period most public services, including the health and education sectors, in effect ‘closed down’, a multi-currency regime and a US$100 monthly allowance for all public servants were introduced. While the wage bill presents a real strain on public finances - resulting in an unsustainable wage bill that has the potential to ‘crowd out’ capital investments and other recurrent costs – there was no other option if public services were to be resuscitated. Thus managing people - ensuring the right people were in the right places and they were motivated and managed - became a secondary objective. The strategic choices made by the GoZ were largely appropriate: regain control of short-term financial planning and thereby of the economy, supported by a preliminary program to revive the service-delivery systems, to be followed by a public administration reform program.

25. **Government has started strengthening a number of key public sector areas through so-called public sector modernization.** In view of the severe organizational, human and financial resource constraints to service delivery, the authorities now seek to identify, prioritize and undertake preliminary public sector reforms in key areas. These include (i) public expenditure management, especially public investment management (PIM) and public financial management (PFM), led by the Ministry of Finance; (ii) human resource management (HRM), including a civil service audit, led by the MoPS; (iii) results-based management (RBM), covering results-based budgeting and management, monitoring and evaluation (M&E), personnel performance management; and e-government; led by Office of the President and Cabinet’s Modernization Department; and (iv) sector reforms, led by the respective line ministries (e.g. social sectors). Other areas, such as strengthening local governance, are being evaluated with an outlook to pursue this agenda on a selective basis.

26. **Initial public sector reform efforts were taken toward integrating results-based management into the reform agenda, but these are yet to generate the desired results-orientation.** Preliminary steps were taken with the introduction of a results-based management framework, consisting of four modules: results-based budgeting; results-based personnel performance system; results-based M&E, and e-government. While the framework looks comprehensive and the process towards greater results-based management and budgeting is obviously long, as indicated by the experience of many OECD countries, many modules are yet to be fully designed and implemented. For example, the personnel management component, which seeks to put in place a public administration-wide HRM information system housed within the PSC has not gone beyond a pilot phase, leaving the HRMIS system dysfunctional. While the results terminology is also used in the 2010 Government Work Plan,

\[9\] While the term public sector modernization is often linked with more technology-focused reforms, such as those carried out in the '90s, it is used here as the broader concept under which the Government envisages public sector management reform.
in practice, public administration capacity to prioritize activities and resources on the basis of Government goals and agreed results, to track progress along key indicators, and to be more citizens-oriented, is so far only nascent.

27. **Public expenditure, including public financial management, has also benefitted from some preliminary strengthening.** Government has started enhancing the efficiency of public investment management and is strengthening the execution of the capital budget. Initiatives have also been taken to upgrade the PFM, including IFMS systems, including those for budget preparation, execution, M&E as well as internal and external audit. The system is currently accessible from all the ministries in Harare and Provinces. It is being used to capture financial data of government on a continuous basis and financial statements are being produced on monthly and quarterly basis. Expenditure transactions are already effected through the SAP system since January, 2011. The Public Financial Management Act and the Audit Office Act were promulgated in 2009 and received presidential assent in 2010. To ensure the desired impact, deepening key PFM reforms will require further policy-changes and capacity-strengthening.
Chapter 3. The Public Administration in Zimbabwe and Bank Engagement on Public Administration Issues

28. This chapter discusses the key areas of Bank engagement. It emphasizes human resource management, especially the civil service audit and other related work as well as the preliminary work undertaken under the Public Administration Review.

Section 1. Bank involvement in Zimbabwe

29. Following the formation of the Inclusive Government, donor assistance has resumed, but only cautiously. Since Zimbabwe went into arrears in 2000, the Bank has been only marginally active in the country. The Bank has now resumed multi-sector dialogue with the Government, and is preparing an Interim Strategy Note. However, the outstanding arrears limit the nature of client engagement to non-lending operations, such as economic and sector work, technical assistance for institutional reform and grant-financed projects to improve livelihoods.

30. Much of the financing for Bank activities comes out of a major multi-donor trust fund, calling for close collaboration with donor partners. In the area of public sector governance, the Bank and the development partners, through the Governance and Anti-Corruption Technical Review Group (GAC-TRG) have over the past three years focused on generating a deeper understanding of key aspects of public sector governance in preparation for future collaboration and to lay the foundation for a multi-faceted and multi-layered approach to public sector modernization. Support has been provided in a broad variety of public sector governance areas by both multi- and bilateral development partners. While an analysis of each of these areas goes beyond this policy-note, this note will discuss the key areas of involvement by the Bank’s Public Sector Governance team. Such public service governance support has focused on baseline analytical studies,10 a payroll and skills audit and other technical assistance, all funded by the multi-donor trust fund.

31. It was against this background that in early 2010 the Minister of Public Service requested Bank support for a Public Administration Review to assess the state of the public administration, with the ultimate objective of improving service delivery. The Minister conveyed his concerns about the poor state of the public administration in Zimbabwe, which he described as “not delivering effectively on its mandate.” He also noted trenchantly that the most recent comprehensive diagnostic study of the range of public service challenges facing Zimbabwe was by now over twenty years old and that the findings of the report of the Public Service Review Commission11 (see discussion in chapter 2) remain largely valid. The Minister pointed to the difficulty of staffing at senior levels of Government, the lack of a training and mentoring program to ensure that junior staff careers were well developed, and the collapse of public administration training centers in Zimbabwe. On the basis of the objectives mentioned in Chapter 1, Bank assistance on this particular task has started in May 2010. The following analysis will provide more information on early experiences and lessons learned so far for client-engagement purposes, with a view to stimulate a debate with key policy-makers on policy-options and next steps.

Section 2. Bank Support on Public Administration Management

1. Strategy and Tactics

32. The Bank has been active supporting public administration modernization in Zimbabwe. Public administration modernization has been accompanied by a variety of development partners, including the Bank on different areas, such as the HRM agenda (the Bank), the PFM agenda (the Bank and

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10 For more information on these studies, see chapter 3, section 2.
DFID), legal and judicial reform (UNDP) and many more. While some donors (e.g. UNDP and some bilateral donors) have focused more on issues of political governance within their priority mandate, such as support to the GPA in areas such as parliamentary, media, and electoral systems support, the Bank has focused on its comparative advantage in key public sector management areas. This section focuses on an assessment of those public sector governance areas in which the Bank has been most active. Additional work with implications for public administration management has been achieved through Bank support in other areas, such as economic management, financial management, private sector development and other sectors, supported by the relevant Bank teams. While a discussion of all public sector areas of reform interest in Zimbabwe is beyond the scope of this note, this note concentrates on the engagement of the Bank’s Public Sector Governance Team.

33. **Strategic support for public administration modernization is based on the following criteria:**

The primary goal is to assist the Government of Zimbabwe to strengthen public administration performance, systems and capacities. On this basis, the Bank focuses on demand-driven advisory and technical assistance activities in key areas of Government interest, starting from the key knowledge-building and -sharing activities over human resource management and the public administration review to building the core systems for public administration management; to improve public sector performance; and to strengthen sectoral institutional arrangements. In order to prioritize activities based on relevance, demand, reform space and development impact, the Bank has identified a number of criteria for support in the area of public administration modernization. Eligible activities would:

- Assist the Government of Zimbabwe in improving systems, policies and practices for greater public administration efficiency, especially improved resource management.
- Encourage a high return on “investment”, that is, the invested resources should result in at least equivalent - direct or indirect – savings in terms of increased efficiency or productivity.
- Create a positive impact on the transitional process by for example fostering greater participation, accountability and transparency.
- Facilitate inter-governmental policy dialogue amongst stakeholders to achieve consensus on the need for specific reforms initiatives, both at a technical and political level.

34. **The Bank’s Public Sector Governance support has taken place through several phases in an approach of strategic incrementalism:**

Once the road to reengagement was opened, the Bank had to choose between two main scenarios: either, a big bang support, basically, taking on major public administration reforms upfront or a gradual approach, incrementally building up capacity in line with client needs. In line with the political reform space, the Bank opted to go for the second option. Its support has been carried out in several phases: (i) basic knowledge-building (e.g. analytical studies to gather a preliminary understanding of key sector issues); (ii) targeted technical assistance in specific areas, particularly on the civil service audit and on employment and wage policy and related initial knowledge-exchange and dialogue on the work on the modernization of core systems, (e.g. central computing platform and records management system); (iii) strategic engagement through knowledge-building and technical assistance through the Public Administration Review. In the medium-term, this engagement might be scaled up through lending and other support. Throughout the policy-dialogue, client-engagement, including responsiveness as well as flexible and demand-driven customized interventions has been a key paradigm for Bank support.

2. **Key Phases of Bank Engagement**

   a) **Baseline analytical work**

35. In a first step, given its years of inactivity in Zimbabwe, the Bank first focused on analytical work to establish a preliminary knowledge basis. This was done to ensure that support would be targeted to the key entry-points and would be underpinned by the necessary country and sector knowledge to have a sustainable impact. This stage aimed at providing a broad background of
knowledge on a number of public administration related areas to generate a preliminary and evidence-based analytical foundation with a view to inform the policy-dialogue for re-engagement. It included broader baseline studies to understand the current situation from which public administration reform options would have to be designed and to help prioritize reform initiatives and Bank support.

Box 2: Overview of Bank studies in the area of Public Sector Management

- **Political Economy and Governance Diagnostic**: This study assesses the opportunities and risks afforded by the onset of a political transition in Zimbabwe. The objective of this assessment was to identify systemic and country-wide governance challenges and to determine risks and opportunities for development partners to support the economic and political recovery.

- **Baseline study on anti-corruption at an institutional level**: This study maps institutions on the demand and supply of the anti-corruption architecture in Zimbabwe, identifies the different sources of corruption that are most pervasive in the country, and proposes entry-points for reform.

- **Baseline study on local government capacities for basic service delivery**: This study provides a literature review on efforts to reform local government and assesses the current capacity and legal framework for local authorities to provide basic service. The study highlights critical legal and regulatory hindrances as well as capacity constraints for local authorities to fulfill their mandate.

- **A Proposal for Change Management**: The proposal suggests a four-tier change management program, focusing on: i) the institutional level (service standards, client charters and results based management systems); ii) the individual level (training courses, implementation guides and manual for the code of conduct); iii) the client level (Government Service Directory, Guide to Government Departments and the “What Are My Service Rights?” Campaign); and iv) knowledge management (knowledge acquisition, knowledge storage and organization, knowledge distribution and knowledge application).

- **Governance and Anti-corruption Tool for the Programmatic MDTF**: The Governance Assessment Tool is designed this tool to provide a governance lens for future Bank projects in Zimbabwe, based on the assumption that social and economic recovery rests on institution and capacity building across sectors. Across sectors, the prevailing governance situation is characterized by dilapidated institutions and diminished human capital base; lack of accountability and transparency; and strong vested interests in a contested political sphere.

- **HRM Actionable Governance Indicators**: The study assesses the HRM system for the civil service, including the institutional arrangements, organizational capacities of key agents and indicators of system performance, analyzing key strengths and weaknesses of the system (see section below and Box 3).

36. A key baseline study responding to Government interest was the Human Resource Management Actionable Indicators Study. Complementing the broader analytical studies on a variety of public administration areas, this study focused on human resource management. Entitled *HRM Actionable Governance Indicators Diagnostics*, this 2009 study assesses the HRM system for the civil service and its strengths and weaknesses. It included an analysis of the institutional arrangements, organizational capacities and helped develop indicators of HRM systems performance.

37. A cross-cutting finding from the study is that there are no effective systems in place to help Government monitor the management of its human resources. Collecting and monitoring information on a regular basis will enable senior management to analyze and understand trends and to make informed decisions to enhance not only the efficiency and effectiveness of the civil service, but also its transparency, accountability and performance.
Box 3: Key findings from the HRM AGI Diagnostics

Human Resource Management Actionable Governance Indicators

The review highlighted key strengths and weaknesses of the HRM system in Zimbabwe as follows:

Regarding the strengths, it noted that the current HRM system has several positive features, which, if applied properly, can support the objective of ensuring equitable, fair and just management of the national government’s human resources:

1) Delegation of authority: There is considerable delegation to line ministries to carry out day-to-day management of civil servants.

2) Relatively functional establishment and wage bill control systems: Although these systems are beset with problems, these contain some good ‘in law’ features such as third party reviews for several HR actions and internal and external audits.

3) Performance-based civil service management: Metrics employed for measuring organizational and individual performance are quite extensive and if applied and monitored regularly can yield good results, and Promotions are competitive and subject to checks.

Regarding its weaknesses it found:

1) Weak accountability for HRM practices:
   a) High levels of discretion are afforded both politicians and senior civil servants without the necessary checks and balances.
   b) There is considerable confusion of roles between the MoPS and the PSC.
   c) Both disciplinary and redress procedures need to be strengthened and streamlined to eliminate such features as potential conflict of interest and biased decision making.

2) Less than fully credible, competitive recruitment and selection procedures:
   a) Recruitment procedures are often not openly competitive and selection stages are monopolized by the PSC.
   b) Most senior positions are only open to officers that are already in the system.

   (i) HRM policies and practices fail to ensure retention of the best, brightest and highest performing civil servants:
       ▪ There seems to be considerable confusion with regard to the procedures to be followed in the selection process, and this has the potential of promoting unethical conduct among those with responsibilities to select candidates for promotion, etc.
       ▪ The conditions of service, in particular poorly competitive remuneration, contribute significantly to attrition among civil servants.
       ▪ Although there is an impressive utilization of performance appraisal, there is limited evidence of its facilitation of employee motivation; e.g., through strengthening the link between performance and career growth prospects.

   (ii) Poor wage bill management: Regular audits have not been effectively linked to meaningful management of the wage bill.

38. **The study confirmed that the public administration’s impact on the recovery process depends to a large extent on its management capabilities.** The study found that the current human resource management (HRM) system is only partly successful in meeting the core objectives of a solid human resource management system, namely: (a) attracting and retaining required human resources; (b) ensuring a fiscally sustainable wage bill; (c) ensuring depoliticized, meritocratic civil service management; (d) ensuring performance-based civil service management; (e) fostering ethical behavior by civil servants; and (f) ensuring effective working relationships across cadres. The assessment found room for improvement in several areas:
Zimbabwe’s civil service appears to have difficulties in attracting and retaining staff. Without systematic collection of data on the incidence of qualified applicants as well as on retention, it is not possible to substantiate the anecdotal evidence, and design adequate measures for Government to better tailor its “attract and retain” policies, such as remuneration policies, to better address its various skill needs.

Appointments to civil service positions are generally perceived to be based on merit. However, there is no systematic effort to monitor evidence on whether civil servants are managed in a meritocratic, depoliticized fashion. Authorities could start monitoring information on quarterly turnover or transfer rates of civil servants.

A civil service audit has uncovered a severe deficit in wage bill control. The Treasury in tandem with the PSC exercises in principle enough authority to maintain overall control over the wage bill. However, in practice, the Treasury has not been able to exert establishment control and verify the legitimacy of hiring. As a consequence, there is currently a significant number of both under- and over-establishment and payroll contains both irregular appointments and ghost workers. To remedy the situation, key data such as monthly employment costs per ministry; filled and vacant positions per ministry; and other trends must be tracked to ensure the fiscal sustainability of the overall wage bill.

Performance appraisals are regularly carried out and monitored whereas absenteeism rates among different categories of civil servants are not monitored. Absenteeism is perceived as a serious problem in several ministries and departments; especially in remote areas. Government does not have mechanisms in place that allow authorities to track this information that in turn would help them in making informed decisions about this problem.

The lack of actionable data limits the capacity of policymakers to undertake a public administration assessment. Public administration reforms, including institutional reforms require a close monitoring of indicators to enable the government to tangibly assess its progress along various reform dimensions. The study recommended a number of possible indicators which would allow such monitoring of reform progress.

b) Civil service audit

39. In a second step, the focus has shifted from analytical work to initial technical assistance by supporting a key Government priority, the reconstruction of its human resource management capacity. Given the severe fiscal and institutional civil service challenges, at Government request, the Bank has been focusing on strengthening Zimbabwe’s civil service by providing targeted technical assistance on human resource management, under the leadership of the Ministry of Public Service.

40. In an effort to assess, streamline and rejuvenate the public service, a four-stage civil service, skills and payroll audit was carried out. This high-level exercise has a double purpose, to identify possible anomalies in the current public administration employment stock and to provide a clear agenda for the move forward. In particular, it aims at: (i) assessing the number of staff, (ii) reviewing the personnel levels and eradicating irregularities on the payroll and hiring malpractices; (iii) evaluating skills levels and identifying gaps and training needs, and (iv) analyzing the state of human resource management systems with a view to upgrade these systems and the infrastructure required for robust maintainable systems. The civil service audit work and the creation of the human resource repository are intended to help introduce and implement the principle of “One job, one file, one salary, one person.” With updated and comprehensive records of all civil servants, the repository serves as an instrument for the centralized safe-keeping of all personnel records which will provide the basis of an integrated human resource and financial management system under construction.
41. **The civil service audit was completed in July 2011.** Volume I (Main Report) was submitted to the Zimbabwean authorities in November 2010, and Volume II (Payroll Audit) and Volume III (Skills Audit), along with a detailed database of all findings, were submitted in July 2011. It is expected that the report will help inform the dialogue and determine reform priorities and future action. Findings highlight the impact that the deterioration of the economic situation over the last decade has had on the fiber of the civil service and underline the need to strengthen the control mechanisms to contain the wage bill. While Government is committed to tackle the dual challenge of reducing a fiscally unsustainable wage bill and concurrently providing a competitive remuneration for civil servants that represents a living wage, the economy will be constrained in the short- to medium-term. Therefore, as stated in the Short-Term Recovery Program, the effectiveness of the public administration needs to be improved through efforts to increase the motivation, skills base and performance of the civil service to contribute to improved service-delivery. The payroll and skills audit is only the first step in what should be a comprehensive review of public employment in Zimbabwe. It now only targets employees employed under the Civil Service and Health Service Act, but needs to be exhaustive so that information pertaining to all public servants can be similarly reviewed and assessed.

42. **The Civil Service Payroll and Skills Audit has provided evidence of serious irregularities and anomalies on the payroll.** Key findings of the audit report include 39,778 highly suspect irregular cases on the payroll, corresponding to an estimated 20 percent of all civil servants. These include, amongst others: (i) civil servants who did not show up for enumeration, that is, potential ghost workers; (ii) civil servants without the necessary clearances and employment letter; (iii) absent employees presumed to be retired, absconded, deceased, transferred or resigned; and (iv) civil servants with duplicate identification numbers. A significant number of both under- and over-establishment were found across ministries, showing that current hiring practices are not in line with the authorized establishment figures. These findings expose severe challenges in payroll management and establishment control and emphasize the need to put in place adequate controls and agree on policies to closely monitor developments. More information on the findings of the civil service audit and a related analysis on civil service employment and the wage bill are included in section 3.

43. **The payroll audit further highlighted the complexity of managing the human resource complements of the Government under the current institutional arrangements.** The system lapses observed by the audit stem from the lack of coordination and binding controls exercised by the different actors in the system. Moreover, the delegation of the responsibility for the payroll to the Public Sector Commission is not consistent with international standards. The refurbishment of the IFMIS on the one hand, and activation of the HRMIS are now marking the need to concretely reassess the flow of responsibilities and management of different HR functions to facilitate the appropriate checks and balances on hiring, and financial concurrence.

44. **In such a system, the HRMIS would form the basis for HR transactions and be integrated with IFMIS.** All transactions would be handled electronically through the HRMIS and be integrated with IFMIS to ensure adequate budget controls, e.g. treasury concurrence for new hiring. To move towards a strengthened human resource management system, activation of the HRMIS on the existing SAP platform will be piloted in the health sector in collaboration with the Health Services Board. This would enable government to learn important lessons for a government-wide roll out of the system. As part of the pilot, the Bank will explore together with Government options for improved wage bill management in the short- and medium-term.

45. **It is recommended that Government focus on re-building for the core public administration management systems.** Without restoring the functionality of the core systems that support essential functions of government, namely, revenue and expenditure management and more specifically, management systems, improved recruitment through exams, assessment centers and interviews and promotion to the public service by encouraging open competitions, rather than recruitment within and seniority in the service.

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12 Early HRM reforms also included the drafting of a code of conduct, the introduction of a computerized human resources information management system, improved recruitment through exams, assessment centers and interviews and promotion to the public service by encouraging open competitions, rather than recruitment within and seniority in the service.
revenue collection and resource management, and a proper records management system, it would be difficult for Government to have the necessary information to report on their performance in these areas. The Human Resources, Financial Management and Materials Management Information Systems (HRMIS, PFMIS, MMIS) would provide the necessary foundation for government departments responsible for resource management, that is HRM, FM and Materials Management (including procurement) and for revenue collection, the Tax Administration System and the Customs Administration System, to deliver on their mandate. This would include strengthening the IFMIS system in the Ministry of Finance as part of the on-going PFM support by the Bank’s FM team.\footnote{While the support of the PFMS system goes beyond the scope of this note, it should be noted that strengthening of the IFMIS is supported by the Bank (IFMIS) upgrade and further implementation and roll-out), the UNDP (capacity-strengthening), the African Development Bank (provision of networking equipment) and that a Country Integrated Fiduciary Assessment has been carried out in 2011.}

46. As a first step, a records management system is being set up to support the human resource management system. A proper document and records management system that includes a well organized system for filing and classification of records with safeguards is needed to maintain an audit trail of actions taken and decisions made to hold civil servants accountable for their actions. The records management system is thus an integral part of the information management system enabling and supporting the core systems, as it maintains the source documents that back up the transactions entered into the HRMIS and payroll, and over time other systems. Based on initial estimates by the Salary Services Bureau, the Central Computing Services and the MoPS, this would require significant investments in hardware, software, training and in reengineering of processes in records management. Any investments in this area would need to be based on a holistic approach, requiring an effective e-government assessment, strategy and framework, so that these activities can be integrated with other core elements of an emerging e-government approach, as reflected in the initial e-government strategy ZimConnect.\footnote{It is composed of five strategic elements: (i) systems consolidation; (ii) ICT infrastructure enhancement; (iii) change agenda; (iv) human capacity and capabilities development; and (v) e-governance.} On this basis, further entry-points to reform could be used, such as the building of central computing facilities (see chapter V).

c) Public Investment Management

47. Complementing the work on public management and human resource management, the Government has started to focus on enhancing public investment management efficiency. While the civil service audit intended to assist in addressing the key challenge of the recurrent budget, the Bank has also been asked to provide technical assistance to improve public investment management and enhance the execution of the capital budget. The Public Sector Investment Programme (PSIP), with a US$610 million budget allocation in 2012, faces significant challenges, such as under-execution, incompleteness and a significant backlog of pipeline projects. From a public sector governance perspective, the challenge lies in building an effective public investment management (PIM) system which can facilitate more cost-effective and efficient implementation of the PSIP. To this effect, the Bank has assisted in carrying out a diagnostic assessment of the existing public investment management (PIM) system, and developing an action plan for short- to mid-term capacity-building efforts to support PIM reforms. The central objective of this support is to support the Government to enhance the efficiency of public investment management through a sound understanding of the core institutional and procedural strengths and weaknesses, and development of a set of politically feasible and institutionally compatible options for reforms. It complements two previous multi-sector missions to support the preparation and execution of the 2010 and 2012 capital budgets.
48. To analyze and synthesize on-going public sector reform efforts, the Bank has responded to a request by the Minister of Public Service in 2010 to undertake a Public Administration Review, with a view to help identify policy options for public sector reform. One of the preliminary activities was a preliminary functional review to inform the design of a more comprehensive review. The objective of the review is to critically analyze the functions, operations, structures and staffing activities of the MoPS with the aim of identifying changes for ensuring: (i) clarity of the mandate, roles and functions of the Ministry, and (ii) a structure, staffing and operating systems conducive to efficient and effective performance by the Ministry. The following preliminary results only reflect a first stage of a functional review. It is based on a desk-review based on data and information collected during short missions to Zimbabwe in July and October 2010. Depending on Government commitment, this functional review could be further deepened to broaden its scope and content. A more comprehensive review would benefit from a participatory process and be informed by a stakeholders’ analysis. In this way, the recommendations will be more broadly owned by MoPS staff and other critical stakeholders, and therefore will be more readily and smoothly implemented.

Box 4: Strategy and organizational structure of the MoPS

The MOPS has developed statements on its vision, mission, values and strategic goals, which would benefit from further refinement and implementation. In 2009, the MOPS elaborated an ambitious Strategic Plan for the period 2010-2014 on the vision, mission, values and strategic goals for the Ministry. This Strategic Plan states that its vision is to be a “world class leader in public service management and administration” and its mission is to “ensure excellence in the performance of the Public Service through best management practices in human capital training and development, research, reforms relating to the administration and management of the Public Service, institutional capacity building, and the maintenance of harmonious labor relations.” Its values include “visionary leadership, professionalism, integrity, continuous learning, creativity, responsiveness, diligence and strength in diversity. Its strategic goals are to manage the payroll and wage bill within agreed financial/accounting standards by 2014; increase competence levels of 80% of Civil Servants with a rating of 3 and below by 2014, recapitalize the Ministry’s institutions to global standards by 2014, improve the welfare of public service employees to regional standards in terms of remuneration, benefits, pension, funeral and other benefits and allowances by 2014; align public service administration and management systems and policies to global standards by 2014; improve the image of the whole Public Service to global standards by 2014, capacitate to 100% the Ministry’s ability to conduct research and utilize results by 2014.

The current organizational structure, establishment and staffing of the Ministry is as follows: The top structure of the Ministry, below the Permanent Secretary (as the Chief Executive) provides for the Office of Principal Director (who is de facto the Deputy to the Permanent Secretary) and functional departments and three support units. The functional departments comprise the following: Human Resources, Training, Public Service Reform, Industrial Relations and the following support units: Finance and Administration, Internal Audit and HIV/AIDS. The total staff of the Ministry is currently estimated at about 400. Three quarters of the total number of staff are deployed to the training units.

49. The preliminary functional review includes a preliminary and informal SWOT analysis of the MoPS. The situation analysis is summarized by way of a strengths, weaknesses, opportunities and threats (SWOT) analysis as presented below. The analysis is based on finding up to October 2010.
Table 1: SWOT Analysis of the MoPS

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<th>Strengths</th>
<th>Weaknesses</th>
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<tr>
<td>• The mandate of the Ministry is cross-cutting across Government.</td>
<td>• Boundaries of mandate, role and functions are not clearly defined, including vis-à-vis the PSC.</td>
</tr>
<tr>
<td>• The mandate links the Ministry to the Head of Public Service, who is also the Secretary to Cabinet.</td>
<td>• Mandate does not grant authority for oversight and coordination role across Government.</td>
</tr>
<tr>
<td>• A team of knowledgeable and experienced personnel (Minister, PS, PD and other directors) have the leadership role.</td>
<td>• Mandate is insufficiently defined and is not linked to the necessary budgetary allocations.</td>
</tr>
<tr>
<td>• A shared sense of commitment among the leaders to achieve mandate and capacity reform the Public Service and improve the quality of public service delivery.</td>
<td>• Public service compensation and incentives are too low to sustain satisfactory retention and motivation of sufficient public servants.</td>
</tr>
<tr>
<td>• A comparatively strong and nationwide network of training centers.</td>
<td>• Shortage of appropriately skilled, knowledgeable and experienced personnel, exacerbated by the on-going brain drain.</td>
</tr>
<tr>
<td></td>
<td>• Serious shortage of highly qualified and experienced personnel at the training centers.</td>
</tr>
<tr>
<td></td>
<td>• Inadequate training environment.</td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td><strong>Threats</strong></td>
</tr>
<tr>
<td>• Potential support of the Chief Secretary as the Head of Public Service to address the issue of MoPS mandate and of the broader agenda of Public Service Reform.</td>
<td>• Severe brain drain, as skilled public servants leave the country.</td>
</tr>
<tr>
<td>• A closer working relationship with the OPC, especially in the implementation of RBM.</td>
<td>• In absence of tangible results, both MoF and development partners will not provide resources for Public Service Reform.</td>
</tr>
<tr>
<td>• Prospects for support to the Ministry’s reform agenda from development partners.</td>
<td>• Political will may not be there for tough policy decisions required for implementation of a results-oriented Public Service Reform.</td>
</tr>
<tr>
<td>• Improvements in e-government, e-learning.</td>
<td>• Resistance to change within and outside MoPS.</td>
</tr>
</tbody>
</table>

50. **At this preliminary juncture, there are four main strategic options emanating from the functional review of the MoPS.** These include (i) delineating the roles and functions between MoPS and the PSC; (ii) developing mechanisms to ensure effective collaboration and communication and a synergistic working relationship between the Office of the President and Cabinet (OPC) and the MoPS; (iii) strengthening the MoPS’s capacity to develop, monitor and evaluate compliance with standards for quality public services; and (iv) fostering the MoPS’ capacity for proactive policy development.

51. **The strategic demarcation of roles and functions between the MoPS and the PSC is yet to be established.** A major challenge is the lack of clarity regarding political and technical leadership for public administration reform. The challenge of overlap and ambiguity in demarcation of mandate, roles and functions between the MoPS and the PSC is historical and originates in the constitutional provisions that established the Commission. In those provisions, the PSC is given the dual roles of HRM, and enforcing and overseeing compliance with meritocratic principles. There is a case for clarity and rationalization of mandates, roles and functions between MoPS and PSC. Beyond a political consensus between the competing organizations, a constitutional amendment may be required. That will take some time but it is a strategic imperative.

52. **Mechanism to ensure effective collaboration and communication and greater overall synergies between OPC and the MoPS are needed.** It would be important to have a single point of responsibility for HRM. The constitutional Head of the Public Service is also the Chief Secretary to the President and Cabinet, who is the chief executive of the OPC. Therefore, the MoPS performs its roles and functions at the ultimate command of the Chief Secretary. MoPS could be a technical/operational arm of the OPC. The appointment of a Minister to be in charge of the Public
Service portfolio has created a gap between MoPS and OPC because the Minister cannot be reporting to the Chief Secretary. Neither is the reverse option, i.e. the Chief Secretary reports to the Minister, tenable. Nonetheless, effective functioning of the MoPS requires a close working relationship with the SPC, including mechanisms to ensure effective collaboration, communication and a synergistic working relationship between OPC and the MoPS. One option would be to give the MoPS the authority to ensure service-delivery standards or as a sort of technical advisor to OPC on service-delivery, but this question would require political consensus.

53. **The capacity of the MoPS to develop, monitor and evaluate compliance with standards for quality public services (e.g. client service charters) requires strengthening.** Even with its current limited mandate, MoPS is the preeminent leader for initiatives to improve public service delivery. The Ministry has already taken the initiative to guide ministries to develop and promulgate public administration reform initiatives, such as client service charters. However, a more comprehensive program is needed to yield tangible and sustainable results. To this end, the Ministry needs to strengthen its capacity to develop, monitor and evaluate compliance with standards for quality public services.

54. **It will be important to foster the capacity of the MoPS for proactive policy-design.** The two key results areas for proactive policy-design by MoPS, in line with its mandate, would be to focus on human resources development and public service delivery. For this, the Ministry’s structure and establishment, especially at the top may need to accommodate more policy specialists in these areas. To move the Ministry towards an enhanced and proactive strategic orientation, it may be necessary to focus on three main things: First, depart from the conventional model of a Ministry’s structure, and adopt a more top-heavy, flatter and yet leaner organizational structure. Second, strengthening the technical capacity, particularly for HR and for monitoring service-delivery, and thus over time strengthen its credibility as a technical leader. Third, as a result of the technical and managerial changes, strengthen the formal and informal authority of the MoPS to drive Public Service Reform.

Section 3. The public service and human resource management in Zimbabwe

55. **Understanding the public service, and in particular, the functioning of the human resource management in the public service is key to understanding the public administration in Zimbabwe.** This section presents an analysis of human resource management in Zimbabwe, on the basis of the payroll audit described above. It analyzes public sector employment and public sector wages across the public administration. This will also help understand better the progress made and challenges by the Ministry of Public Service in Zimbabwe and laying out a way forward.

1) **Public Sector Employment**

56. **Total employment in the public administration was estimated at approximately 280,249 employees in 2010.** This includes about 70,000 employees in the security sector, but does not include about 25,000 employees in local governments. An additional 200,686 are civil servants of which about 19,000 contract workers mostly concentrated in the ministries of agriculture, education, health and roads and public works.

57. **The size of Zimbabwe’s public administration appears relatively low by world-wide standards.** At just 2.27 percent of the total population, employment in Zimbabwe is generally in line, although on the high side, with the regional average for Africa and considerably smaller than public administration is comparable countries in Asia, Latin America, Eastern and Central Europe and OECD countries. This shows that the size of public administration is highly correlated with the size of the revenues available to individual countries. Within the sub-region, international comparison also shows that the size of the civil service in Zimbabwe is comparable to that of its immediate neighbors. As shown in **Error! Reference source not found.**, Zimbabwe employs about 15 civil servants to serve
population of 1000 persons, a level similar to Malawi, Zambia, Kenya and Tanzania, but considerably below the level of South Africa, Botswana and Namibia. Zimbabwe’s public administration challenges are therefore more related to composition, and delivery of public services. Sectoral disaggregation of data highlights that - as of 2009- education and health workers accounted for a large majority of civilian employment, with 77 percent of civil servants being mapped to these sectors.

**Figure 1: Number of Civil Servants per Thousand Population**

![Bar chart showing number of civil servants per thousand population for different countries over time.](image)


58. **Inter-temporal comparisons indicate that public employment since the 1990s has remained essentially stable, except for some key systemic shocks.** Employment in public administration grew dramatically after independence from 10570 in 1980 to 191,000 at the end of the 1990s as a result of the policies aimed at developing the civil service within a statist development strategy. Since then it has at various times contracted and increased to address some of the budgetary constraints that Zimbabwe has faced over the last two decades.

59. **In the mid-1990s Zimbabwe embarked on a structural adjustment program, including a civil service reform aimed at reducing personnel costs, which already then comprised about 30% of the entire budget.** The objective was to cut the public service wage bill from about 15% of GDP to 12% of GDP by cutting real wages and the number of posts. The number of posts cut in Zimbabwe was relatively modest, compared to similar programs in Africa at that time, since the two largest spending ministries’ departments, Health and Education, were exempted. Nonetheless, 23,000 civilian posts were eliminated. Although the armed forces, police and prison service were initially excluded from the exercise, subsequently the army establishment was reduced from 50,000 to 40,000.
60. Similarly, during the last decade the number of established posts increased by about 2.8 percent per year over 2000-2009 reaching about 209,000 in 2009. Within this overall trend, large increases in established posts were recorded in 2003 as a result of a nearly 70 percent increase in the posts associated with land reform in the Ministry of Agriculture and a nearly 40 percent increase in the posts for health workers in 2005.

Table 2: Established Posts and Staff in Position

| Year | Established Posts | Staff in Position | | |
|------|------------------|------------------|---|---|---|---|---|
|      |                  | Total            | As a % of Established Posts | Education and Higher Education | Health | Education and Health as % of total |
| 2004 | 176,506          | 161878           | 91.7            | 114165               | 23390     | 85.0            |
| 2005 | 189,392          | 159558           | 84.2            | 108865               | 23860     | 83.2            |
| 2006 | 193386           | 163974           | 84.8            | 109803               | 26375     | 83.0            |
| 2007 | 193386           | 178229           | 92.2            | 118970               | 27596     | 82.2            |
| 2008 | 201220           | 180188           | 89.5            | 117313               | 26342     |                 |
| 2009 | 209371           | 182147           | 87.0            | 115655               | 25088     | 77.3            |
| 2010 (Budget) | -- | 200389 | |

Source: MOF, SSB
61. **The age profile of Zimbabwe public administration shows that the civil service is young.** More than sixty percent of the civil service is younger than 40 years of age. Less than ten percent of the civil service is within ten years or retirement from the civil service. The Salary Service Bureau data on new appointments and staff in position indicates that between 2004 and 2009 nearly 64,000 civil servants; about 32 percent of the total civil servants in 2009, left the civil service and nearly 80,000 civil servants (40 percent) were newly appointed. This is also confirmed by the age structure which shows that in 2009 nearly 64 percent of the civil servants are less than 40 years old (32 percent are less than 30 years). This has two implications. First, the high turnover implies a serious erosion of skills in the civil service. Second, the relatively young civil service means that over the next ten years only about 8.5 percent, less than one percent per year, can be expected to retire.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Employment</th>
<th>Persons Leaving</th>
<th>Persons Hired</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>161878</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>159558</td>
<td>11578</td>
<td>9258</td>
</tr>
<tr>
<td>2006</td>
<td>163974</td>
<td>4978</td>
<td>9394</td>
</tr>
<tr>
<td>2007</td>
<td>178229</td>
<td>249</td>
<td>14006</td>
</tr>
<tr>
<td>2008</td>
<td>180188</td>
<td>19523</td>
<td>21482</td>
</tr>
<tr>
<td>2009</td>
<td>182147</td>
<td>28503</td>
<td>30462</td>
</tr>
<tr>
<td>2010 (Budget)</td>
<td>200389</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: MOF, SSB*

62. **The limited experience of the civil service is paired with capacity constraints.** The recently completed civil service audit has confirmed the widely held belief that the economic crisis has significantly exacerbated the exodus of qualified civil servants away from the civil service. It emerges that only 85,620 civil servants out of a total of 188,019 employed by various ministries possess the required qualifications to justify their appointment to the designated positions. Skill gaps are especially acute in certain sectors. In the education sector for instance, the emigration of teachers has obliged the Government to hire student teachers, who do not have high salaries and are not fully trained. In 2009, there were about 3600 student teachers, about 4 percent of the total number of teachers – most of these were hired in the last two years. For health workers, where the problem of hiring and retaining qualified staff is particularly acute, the Government has relied on making it easy for health workers to re-enter the civil service and access to some donor resources for salary top-ups.
### Table 4: Turnover in the Civil Service, 2004-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Employment</th>
<th>Persons Leaving</th>
<th>Persons Hired</th>
</tr>
</thead>
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<tr>
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<td>30462</td>
</tr>
<tr>
<td>2010 (Budget)</td>
<td>200389</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: MOF, SSB

### Figure 3: Age Profile of the Civil Service (% by age), 2009

![Age Profile Chart](chart.png)


2) Public Administration Wages

63. **The public administration wage bill is high.** The 2011 Budget Statement identifies the allocation for overall employment costs amounts to US$1.4 billion out of a total budget of US$2.7 billion in 2011.\(^{15}\) In the first quarter of 2012, monthly employment costs have been higher than 70 percent of expenditures. Since 2009, total employment costs have increased significantly from US$517 in 2009 to an estimated US$917 million and US$1,4 billion in 2010 and 2011, respectively. The wage bill as a percentage of GDP is expected to grow from 9.1 percent in 2009 to 15.0 percent in 2011. In other terms, the employment costs are estimated to reach 52.5 percent of tax and non-tax revenues (compared to historical levels of about 40 percent). This is high by international standards. As shown in [Error! Reference source not found.], Zimbabwe’s wage bill as a share of GDP is well above the world average and it is higher than many of its neighboring countries (Malawi, Kenya and Tanzania). While some neighbors, such as South Africa and Botswana\(^{16}\) do have similar wage bill expenditures, Zimbabwe spends a larger share of its tax and non-tax revenues on wages than any of its neighbors (Chart 2). This indicates that the Government is obliged to reduce outlays on other non-wage expenditures to maintain reasonable salaries. Under these circumstances, wage and employment costs crowd out other critical recurrent expenditures and capital investments.

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\(^{15}\) This covers the wage bill, pension costs, medical aid and social security contribution for the full public service, including civil servants, uniformed forces and other public employees.

\(^{16}\) In this analysis Namibia stands out as having one of the highest wage bills as a proportion of GDP in Southern Africa.
64. **Over time, individual compensations of civil servants have been seriously eroded.** Despite wage expenditures accounting for a large share of budgetary revenues, civil servants’ salaries remain low in relation to poverty levels. In December 2009 the highest civil servants’ salary was less than half of the PDL. Similarly civil servants’ salaries are also uniformly lower than those in the private sector (See Annex 3). The difference is higher in more organized industries such as Banking and plastics, but it is not significant in less organized industries such as textiles and tobacco processing. Low wages have forced civil servants as well as the Government to adopt a number of coping strategies. For the civil servants these include: (i) not turning up for work or working less, (ii) having a second job, (iii) joining the informal economy by starting a small business, and (iv) migrating.

65. **Even prior to the collapse of the economy in 2008, civil service salaries were steadily declining in real terms and relative to the Poverty Datum Line (PDL), the usual measure used by unions to negotiate wage adjustments.** During 2000-2005, civil servants salaries declined in real terms by nearly 36 percent to a point where by 2005, salaries of civil servants Grade C5 and below were below the PDL. After 2005, inflation accelerated and the Government was simply not able to keep up increases in salaries and allowances in nominal terms to maintain real incomes. Civil servants’ salaries continued to fall in real terms until they completely collapsed in 2008. This left civil servants with no option but to stop coming to work, join the informal economy or migrate. Following the adoption of the multicurrency system, beginning in February 2009, civil servants were paid a flat monthly allowance of US$ 100 pm. At the time of the mid-term review in July 2009, salaries were adjusted by doubling the maximum salary and introducing a variation across grades. As result of these adjustments, average wage at the end of 2009 was about 18 percent higher than the average wage in 2009, as shown in **Error! Reference source not found.**
66. The use of the Poverty Datum line for wage adjustment negotiations has been a source of concerns over the past years, as this measure does not seem to reflect the real price of living in Zimbabwe. As a result, it will be impossible to meet the standards associated with the PDL. Moreover, the formal private sector tends to over inflate wages. This constrains public administration development and provides an artificial comparative basis for public administration wage setting. The assessment of wage adequacy in Zimbabwe needs to be comprehensively reviewed, and the basis of discussion with labor union over a multi-year framework for wage negotiations.

<table>
<thead>
<tr>
<th>Table 5: Wage Adjustment During 2009</th>
<th>Table 6: Civil Services Salaries Compared to Key Poverty Indicators 1/</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade</td>
<td>% of Staff In Grade</td>
</tr>
<tr>
<td>-------</td>
<td>---------------------</td>
</tr>
<tr>
<td>A</td>
<td>3.7</td>
</tr>
<tr>
<td>B</td>
<td>17.6</td>
</tr>
<tr>
<td>C</td>
<td>13.6</td>
</tr>
<tr>
<td>D</td>
<td>60.8</td>
</tr>
<tr>
<td>E</td>
<td>4.0</td>
</tr>
<tr>
<td>F</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td><strong>Weighted Average month</strong></td>
</tr>
</tbody>
</table>

Source: SSB. For civil servants only.

<table>
<thead>
<tr>
<th>Salary of Civil Servants</th>
<th>Feb-09</th>
<th>Dec-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Maximum</td>
<td>100</td>
<td>200</td>
</tr>
<tr>
<td>Total Consumption PDL (US$/Month)</td>
<td>500</td>
<td>425</td>
</tr>
<tr>
<td>Food PDL (US$/Month)</td>
<td>160</td>
<td>125</td>
</tr>
<tr>
<td>Per Capita Income (2009 US$) 2/</td>
<td>141</td>
<td></td>
</tr>
<tr>
<td>CPI Dec (2008=100)</td>
<td>94.6</td>
<td>92.3</td>
</tr>
</tbody>
</table>

Source: MOF and Bank Staff Estimates

1/ All values are per month for a family of five persons. PDL Data for Nov
2/ The per capita income is $340 per annum.

67. Despite the fiscal constraints, Government is making efforts to increase salaries to retain its workforce. The 2011 budget statement which announces a 40 percent increase in overall employment costs—from a US$1 billion expected outturn in 2010 to a US$1.4 billion allocation in 2011—demonstrates Government efforts to provide more adequate remuneration to its public servants. Table 6 provides an overview of the salary increments awarded to civil servants over the last two years. It shows a 50 percent increase in July 2009, from a US$100 to US$151 weighted average, and a 35 percent increase in January 2010 to a US$204 weighted average.

<table>
<thead>
<tr>
<th>Table 7: Salary Adjustments during 2009 - 2011</th>
</tr>
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<tbody>
<tr>
<td>Grade</td>
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<tr>
<td>-------</td>
</tr>
<tr>
<td>A</td>
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<td>B</td>
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<td>C</td>
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<td>D</td>
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<td>E</td>
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<tr>
<td>F</td>
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<td></td>
</tr>
</tbody>
</table>

Source: MOF

68. The civil service wages are severely compressed. The compression ratio, which indicates the salary difference between the lowest and highest grade, is currently 1:2.1. This is low by regional (1:4.7) and by international standards (1:12.1). The strong compression level is a disincentive to the attraction and retention of qualified staff at higher levels of the salary scale that are likely to opt for more lucrative jobs with the private sector, donors and/or opportunities abroad.
Chapter 4. Lessons learned and Implications for Future PSG work in Zimbabwe

69. The Bank’s engagement in Zimbabwe in PSG during the last two years has benefitted from important lessons learned. As highlighted in Table 8, lessons learned focus on (i) strategic incrementalism; (ii) client engagement; (iii) pragmatic selectivity; and (iv) one country-one client policy.

Table 8: Lessons learned and implications for future PSG work in Zimbabwe

<table>
<thead>
<tr>
<th>1. Strategic Incrementalism:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Given the fragile situation on the ground, the team has chosen to adopt a strategy of strategic incrementalism for our PSG work in Zimbabwe. This has implied a demand-driven and phased-in approach focusing on key areas, in line with the existing reform space. It has meant carefully building on earlier work, yet adjusting flexibly to new circumstances.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>a) Establishing a solid analytical work as a basis for targeted technical assistance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>In times of transition, it is important to focus first on in-depth analytical work to build a solid and evidence-based knowledge base. This helps recover country-knowledge (that might have been lost/oultated due to Bank/sector inactivity in the country) and to prepare for targeted client engagement through technical assistance and future lending and other support.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>b) Phased-in approach:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A sequenced approach in four phases, starting with baseline studies on broader issues, such as GAC and political economy, then moving to more specific analytical work, such as on HRM, have helped pave the ground for high-level in-depth technical assistance through the civil service audit, PIM and strategic and cross-cutting engagement through the PAR, leveraging the previous work.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>c) Focusing on thematic linkages and emphasizing economies of scale.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The different reform areas have various areas of overlap and reinforce each other. By focusing on areas where different reform streams meet, there is an opportunity to create positive synergies and economies of scale. The identification of these areas creates opportunities for catalytic changes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1. Expanding strategic Incrementalism:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The team will continue to follow the strategy of strategic incrementalism. It will leverage the work done so far for the PAR in a gradual approach, carefully aligned to the reform space in the country. In a next phase, once the country situation permits, the team will respond to client interest and expanding previous work, aims at preparing a Public Sector Management Project.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>a) Linking analytical work with technical assistance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The team will continue to link analytical work with technical assistance, both as a goal in itself and to inform technical assistance work. Further specific work on the wage and employment strategy is planned as a follow-up to the civil service audit. On the basis of earlier broader work on the political economy, a more specific political economy study could be prepared.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>b) Demand-driven analytical work:</th>
</tr>
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<tbody>
<tr>
<td>Responding to client interest, future analytical work will be further targeted to the client needs, e.g. on HR and RBM issues, and/or be extended to other institutions, particularly line ministries. This could also include sector governance work, such as in health or mining.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>c) Building gradual consensus and greater coordination:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening the coordination between institutions, such as ministries and agencies, by focusing on the strategic agenda rather than “silos” contributed to a process of consensus-building needed for greater coordination.</td>
</tr>
</tbody>
</table>
2. Building client engagement and responsiveness: Re-engagement in transition countries often calls for a higher level and intensity of client engagement. Engaging with new clients under these circumstances requires building trust, regular sharing of information with careful management of expectations and timing, and client relationship development marked by going the extra-mile and being particularly responsive to client needs.

   a) Need for flexible engagement: Such an approach can be very time-intensive, and might require gradual movement on a bumpy road in phases, some moving faster than others, with no linear progress. The payoff however, will be a solid Bank-client relationship with products very closely targeted to client needs.

   b) Broaden circles of engagement: In a fragile transition environment with opposed interests by different Inclusive Government partners, it is important to engage not only with the direct client, but to broaden client engagement and interest. Even if the policy commitment from the main client is strong, it can be undermined by internal or external forces to the institution. Building alliances across ministries and with higher-level institutions thus becomes even more important to be able to overcome initial resistances. The team here has focused first on engaging with the designated client at the MoPS, but has most recently also engaged more deeply with other institutions, e.g. OPC.

3. One country-one client:
   Rather than selecting support to institutions along the political coalitions, the team has chosen to work on a one-country, one client policy. This responds to the government policy of the “Inclusive Government”. The team considers this the most effective way to move forward by building consensus, building coalitions for change and to establish long-term relationships.

   a) Openness: Such an approach requires openness to all institutions and stakeholders, and a proactive engagement with additional stakeholders independent of their political positioning.

   b) Realistic and low-profile engagement: It can also imply taking the role of an honest broker, offering technically feasible solutions, yet assuming certain modesty with the understanding that some solutions go beyond the Bank’s role and depend on the collaboration between partners on the ground.

2. Deepening client responsiveness:
   The team will continue to engage closely with Government through regular engagement with political and technical counterparts, workshops to facilitate joint approaches to public administration reform and to engage additional stakeholders, and knowledge-dissemination events on best practices. Analytical work can include demand-based brief think pieces or more in-depth analytical work, and other collaboration can be accompanied by just-in time seminars and South-South exchanges. Engagement with individual institutions will be based on a customized approach, with as much buy-in as possible from other stakeholders. To expand consensus and mitigate risks, this will be supported by a change management strategy.

   a) Expand engagement: The team will broaden client engagement by anchoring its work not only in a single Ministry, but by engaging other institutions, such as the OPC and PSC, which, given their broader mandates, and different levels of authority might be able to better leverage cross-cutting public administration reforms as well as interested line-ministries.

3. Expand integrated approach:
   The team will continue to work with different institutions and stakeholders, such as OPC and line ministries, no matter what their political affiliation might be. It will work on building consensus around technical issues, even though it is aware of its limitations and that the political loyalties might be stronger than technical reform interests.

   a) Participatory approach: It will do so through a participatory approach that is based on the Bank’s role as Knowledge Bank that offers customized knowledge, yet does not interfere in the political affairs of the country, even if that means that processes will be slower in the short-term, and that more trust needs to be built with some clients than with others.
4. Pragmatic selectivity in addressing PSG challenges:
In countries with significant governance challenges, it is important to be pragmatic and selective when addressing PSG issues. Instead of taking a frontal approach on tackling the more fundamental governance and transparency issues (Governance with a big “G”), which at this stage is most likely to face opposition from the client, the team has chosen to address governance issues through a sequenced approach, starting with a focus on public sector management issues (governance with a small “G”) and seek first to engage the client on these issues. These issues can then over time serve as entry-points to broader reforms, as the reform space widens.

a) Political economy understanding: Technical work on specific PSG areas will often benefit from previous or parallel political economy analysis, including stakeholder assessments to assess opportunities and constraints in the country and in the client institution, such as the political dynamics, formal and informal authority and reform interests, and political risks. The importance of such work is paramount to better understand the roles, interests, incentives and constraints and the respective positioning of stakeholders and is advisable to be done as early as possible to allow for a realistic assessment of the reform space.

b) Balancing technical strengthening with organizational strengthening: Within the selected public sector management areas, the team’s engagement has shown the importance of striking an appropriate balance between supporting Government with work on selected technical areas (e.g. HRM policies) while at the same time strengthening management capacity through organizational strengthening in key client institutions (e.g. through a functional review). This addresses not only the “what?” but also the “how?” questions to ensure that client engagement is based on an integrated, long-term approach.

4. Balancing engagement while maximizing the reform space:
The team will continue to work with the client on a strategy of pragmatic selectivity on those public sector management issues, on which demand from the client exists, where progress realistically can be made, and which can be used to create demonstration effects to be replicated elsewhere. While the reform appetite is not yet given, the team will remains open to a gradual engagement on more fundamental public sector governance issues, if such demands arise.

a) Political economy work: In line with increasing Bank practices to enhance the Bank’s client support and enhance development effectiveness, the team will carry out an internal political economy analysis to better understand the governance opportunities and challenges. It will start with an informal political economy analysis to guide the team and then ideally deepen this analysis through a formal political economy analysis. Building on the results of this analysis, it will adjust on-going work and gradually incorporate work on public sector governance into the public sector management areas, engaging with broader stakeholder coalitions to strengthen demands, as client engagement allows.

b) Use of complementary entry-points: At the same time, the team will remain responsive to requests for organizational strengthening, both from the MoPS and line ministries. The organizational strengthening will also serve as an entry-point to expand further public sector work, depending on client requests. This will include a change management strategy that helps implementing the reform options identified and to help identify and mitigate risks.
Chapter 5. Reform Space, Options, Priorities and Entry-Points

70. This chapter analyzes the reform space, possible reform areas, priorities and entry-points with the view to provide some options for policy-makers. Rather than determining a prescriptive, sequenced reform path, this section intends to lay on the table the possible avenues, as the basis for future policy-dialogue between Government and the Bank. Section 1 presents an evaluation of the overall reform space and reform areas and priorities. Section 2 focuses on a key challenge associated with any reform for public service reconstruction in Zimbabwe: capacity strengthening. Section 3 presents key reform options following from the PAR and beyond, with an emphasis on those areas where the Bank has a strong comparative advantage and could thus add substantial value.

Section 1. Reform Space, Areas and Priorities

71. Reforming the public sector is challenging even at the best of times and in the most propitious circumstances, making the challenge for Zimbabwe even more daunting. All countries, including OECD ones, find public sector reforms difficult. First, such reforms are politically challenging in that they involve upsetting the status quo and creating potential ‘losers’ who might object and try to disrupt any changes. Second, public sector reforms are technically complex and require relatively sophisticated systems and procedures to be put in place for their successful operation. Third, such reforms are organizationally demanding – and often public services do not possess the change management skills needed to guide reform programs. Developing countries find implementation of public sector reform programs particularly difficult due to a range of factors: low levels of organizational capacity, weak formal institutions, lack of central government direction and drive, weak implementation skills and – often - the lack of support from public servants themselves. Thus the complexity and difficulty of public sector reforms cannot be underestimated, even more in countries with a limited reform space.

Selected success factors for the design of a reform program include:

- A reform policy based on current and comprehensive knowledge of the current status of the public sector, supported by solid analytical work and in-depth political economy understanding;
- A reform benefitting from a broad political consensus regarding the role of the state, and the proposed public sector reforms;
- The development of a capable leadership (including possible reform units) at the center of Government capable of thinking strategically about the reforms and providing quality policy analysis and of bringing together all relevant actors in Government to ensure both its comprehensiveness and shared purpose.
- The participation, from the earliest policy design stages of society actors and the unions, through, *inter alia*, the development of an effective change management, risk management and communication strategy which can educate the public on the intention of the reforms and generate greater buy-in;
- A holistic and integrated program for public sector reform that is capable to assess the reform opportunities and the development of consolidated cost-effective reform options.
- A strategically opportunistic approach to undertaking the shared reform agenda over an extended period of time, targeting reform efforts at any given moment based on what strategically important windows of opportunity open up.

72. Where governments are strong and united, a reform process usually starts with asking the big questions on the role of the public sector. What is the boundary of the public sector? What functions are still needed, and should they be undertaken by the public, private or the non-profit sectors or a mix of them? If the service or function is not needed, then the ministry, department or agency might be abolished. Other high level strategic questions are also often considered: what is the
nature of the relationship between the central and the local government (is local government the agent of the central state or does it exist in its own autonomous legal sphere?). To what extent can the private sector become partner in service delivery? What role can demand-side governance reforms play?

73. A crucial step in any reform process is to identify the range of strategic choices. A judgment needs to be reached on what will be both technically desirable and politically feasible. Public sector reform as it has come to be understood – and practiced - over the last twenty years encompasses a wide range of areas for reform as well as different institutional arrangements. Identifying what is appropriate in any country context will be the single most important strategic decision to be taken. Merely replicating the formal structures of other (usually richer) countries is unlikely to work and each country requires its own tailor made institutions. The Bank’s Public Sector Performance ‘Global Expert Team’ (PSP GET) uses the framework outlined in Figure 5. It identifies five broad areas for public sector reform:

Figure 5: Strategic reform dimensions

74. Recent reviews of public service reform experiences can often be dispiriting, and point to the need to adapt reforms to the existing reform space. Reform and change never take place in a void or in a context where all options are possible. There are always contextual issues to consider, manifested in an entity’s external and internal environment. Some call this the political economy context,\(^{17}\) while others refer to the historical or institutional setting.\(^{18}\) Most recent theories talk about the reform space or change space, as shown in Box 5.

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\(^{17}\) To name just a few: Griffin (1974) used this term in analyzing change emerging from the green revolution in agriculture, Grindle and Thomas (1991) apply it in looking at reform in developing countries, Golembiewski (1969) and Wilson (1989) speak of the challenge of enacting reforms in complex political environments, and Ilchman and Uphoff (1997 but originally published in 1969) are perhaps most direct in calling their book on the topic, *The Political Economy of Change*.

Box 5: The Change Space Model

Matt Andrews at Harvard University has developed what is called a ‘Change Space’ model to analyze reform space. The model is based on the three ‘As’ of authority, ability and acceptance. It posits that organizational and social change emerges when there is (i) acceptance, the belief that the change is needed; (ii) the appropriate authority and accountability structures that influence whether and how agents develop and act on change beliefs; and (iii) ability to deliver that change as well as episodic adjustments. This space is required to ensure contextual readiness for change and to foster a progression through different stages of the change process. The space for change needs to fit the specific change content and it emerges more readily when organically through problem solving, than when solutions are provided from the outside. The lack of change space in many development contexts often goes ignored, contributing to failure. Figure 6 illustrates this basic model (Andrews 2004, 2008b) and shows that space is created only when these three factors overlap.

Figure 6: The AAA model of change space

75. Depending on the existing reform space, an important decision is to define which technical areas are politically feasible in contemporary Zimbabwe. Table 3 presents the strategic reform dimensions illustrated in Figure 1 and evaluates their political feasibility, taking into account the reform space or change space as shown in Box 5. The green cells suggest where there is greatest potential for reform within the current political and technical reform space, taking into account the current reform space. It is important to highlight here that an in-depth analysis of demand-side governance issues, as important as they are, goes beyond this public administration review, so the focus in the table below is on public administration/supply-side governance issues.
Table 9: Strategic reform space

<table>
<thead>
<tr>
<th>Strategic theme</th>
<th>Reform aspects</th>
<th>Change Space</th>
</tr>
</thead>
</table>
| Public expenditure and financial accountability reforms | • budget process: rules, systems and practices  
• accounting (cash based to accruals)  
• auditing (compliance, value for money, systems audit) | **Reasonable**: Fiscal restrictions impose a need for reform. Politically feasible although the focus of current PFM is limited. The financial situation requires cash budgeting. PFM reform is currently proceeding along some of these lines. In particular, MoF has created a broad appreciation of the need for reform, which has created the necessary change space. |
| Internal public service / human resource management reforms | • workforce size and composition  
• pay and incentive packages  
• career systems  
• performance orientation | **Reasonable**: The fiscal ‘crisis’ is exerting pressure on the reformist MoF, and this is supported by the MPS. Feasibility of prospects for rationalization greater than revising pay and incentives. Some potential to consider hybrid career/job system. More potential for implementing RBM. Change space will depend on the extent to which there is appropriate authority and accountability structures demonstrated through mutual support for proposed reforms by both coalition parties. |
| Reforms to the structure of the public sector | • identification of core functions  
• regulatory management  
• decentralization  
• organizational diversification | **Limited scope.** Where patronage remains, there is little scope for greater autonomy (through e.g. executive agencies or arms length type arrangements). There is resistance to change from staff throughout the public sector, compounded with weak clear leadership to promote reforms in this area. In a coalition of this nature, such reform are difficult when coalition parties have opposing views on the need for change; the authority and accountability structures are not supportive, and there resistance to see reforms through. That is, limited reform space exist as the AAAs are non-convergent. |
| Alternative service delivery | • contracting in – out  
• outsourcing  
• public-private partnerships | **Low scope**: Skepticism on private sector collaboration. There may be some potential for this in very limited circumstances (office cleaning, catering etc). Would not have major impact on service delivery. |
Demand-side reforms

- market-type mechanisms (user fees, vouchers)
- participation
- open government (freedom of information, Ombudspersons etc)

Only limited scope, if any: These constitute a range of ‘NPM’ reforms and arguably are largely infeasible in Zimbabwe at the moment. Limited recognition of the positive impact of civil society participation. Initial steps could be taken to move towards strengthening NGOs and the role of the press. Support for demand-side reforms is low within any of the coalition parties.

76. Regarding the possible reform areas, the menu of options is in theory wide open: It spans all five areas shown in Figure 61. It includes on the one hand the more fundamental public sector governance areas and on the other hand the public sector management areas—both the thematic ones (PFM, HRM, RBM etc) and those related to organizational strengthening. Regarding specific areas on the public sector management menu, the potential areas at stake are still very numerous and highly complex. While an analysis of each of the areas goes beyond the scope of this paper, experience in Zimbabwe shows that there are some opportunities for change: Some of the basic building blocks are in place, both push and pull factors, the urgent need to undertake reform, public demand for both supply-side and demand-side reforms, particularly for improved service delivery and, in the case of the MoPS, a committed and knowledgeable Minister as well as an able and enthusiastic senior technical and policy team.

77. In practice, the reform space is further narrowing, making higher level public sector governance reform areas unlikely entry-points for reform.19 For the immediate future, fundamental public sector governance reforms appear to be outside the Inclusive Government’s reform priorities. Given the public sector governance history over the last decades, the structure and composition of the Inclusive Government (or more accurately, between the two governments in one state), a joint vision, strategy and framework are yet to be elaborated. Thus, in the absence of greater consensus, some of the key strategic questions of wider public sector governance reform, as identified in Figure 5 can currently not be addressed. In light of the current reform space, as shown in Table 8, on the basis of a pragmatic assessment of change space, public financial management and human resources management, both complemented by organizational reforms appear as the most likely entry-points.

78. The prioritization of reforms will depend on the degree of technical difficulty and their political feasibility. Reforms options need to be prioritized on the basis of the political interest in pursuing them, the technical and political feasibility of reform, as well as the fiscal, social and institutional benefits of reforms. They will also require a clear calculation of reform benefits and costs, including the opportunity costs of not tackling such reforms. Table 4 presents three levels of intervention in terms of the technical and political feasibility, illustrating each of the objectives with specific examples. In many cases, the reforms that carry the greatest potential are technically the hardest and politically the most challenging. Pay reform is an example primus inter pares. It is technically possible to design a medium term pay strategy whereby all public service salaries move over say five years to a living wage, with appropriate differentials and compression ratios. In the short term, immediate salary enhancements can be awarded to specific posts defined as priority (be they front line staff or key policy positions). The challenge is for politicians to persuade the wider public service (and especially those not benefitting immediately) that such an asymmetrical policy is acceptable. Research shows that such arrangements do cause resentment and antagonism. By contrast, training

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19 See discussion on recent developments in chapter 1 and chapter 2.
and skill development, while popular and mostly uncontroversial, have proven to have by themselves only limited effectiveness. Yet another option - although more feasible in the medium-term- would be to consider reforms that focus on enhancing performance accountability, as they – as opposed to just improving pay or simply building capacity- would change the incentives, rules and their enforcement.

79. Most public service initiatives entail a mix of initiatives at the individual, organizational and institutional levels. Change (e.g. building greater capacity for sustained improvement in performance) can also be driven by a variety of levers: new technology, reformed systems, new processes, organizational restructuring etc. The critical issue is to get the mix right according to context. In Zimbabwe there is arguably more scope now for reform designed to address the individual and organizational levels than the institutional. Equally, change programs in single ministries or departments would be more likely to succeed than complex cross-government mechanisms. Thus appropriate entry points would be reform-minded ministries with a committed and united senior leadership team. If married to relevant front-line skills upgrading, such an initiative could have an impact in the short term. In addition, the reforms aiming at strengthened performance-accountability of course remain an option in the medium-term.
Table 10: Reform Options

<table>
<thead>
<tr>
<th>‘Level’ of Intervention</th>
<th>Objective</th>
<th>Technical Difficulty</th>
<th>Political Feasibility</th>
<th>Potential Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>Skills-based training</td>
<td>Straight-forward</td>
<td>Easy: nobody can disagree with training!</td>
<td>Low – medium</td>
</tr>
<tr>
<td>Organizational</td>
<td>Organizational restructuring</td>
<td>Medium</td>
<td>Medium: requires clear vision and leadership, and requires confronting the reluctance of staffs everywhere to change</td>
<td>Medium</td>
</tr>
<tr>
<td>Institutional</td>
<td>Budget reform</td>
<td>Hard</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Pay reform</td>
<td>Hard</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>RBM and M&amp;E</td>
<td>Hard</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Strategic advice</td>
<td>Medium – Hard</td>
<td>Hard, often unwelcome</td>
<td>Varies, depends on the authorizing environment</td>
</tr>
</tbody>
</table>

Section 2. Capacity-Strengthening for Public Sector Reforms

80. It is often difficult for technicians from a world of functioning, formal organizations to grasp the full implications of institutional decay and even collapse and the resulting needs for capacity strengthening. Rebuilding organizations and enabling them to ‘deliver’, and turning individual competencies into organizational performance are major intellectual and practical challenges. While Zimbabwe is not emerging from civil war and wholesale institutional destruction, as are some other countries in Africa, the challenges of “re-capacitating” the public service are still fundamental.

81. Capacity-strengthening in Zimbabwe takes place in a context where the state was left to decay and atrophy as hyper-inflation took hold and as many skilled and experienced public servants fled the country. Some of the formal structures ceased to function in any meaningful sense in the five years prior to 2009, especially outside the main urban areas. Some – amazingly – survived. The declining flow of operating funds, in particular, affected public service delivery in the small cities and rural areas. This included the education system, health services, the judiciary, and local government.

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20 This table only aims at providing a succinct synthesis of the key issues. Of course, each issue can be further nuanced, depending on the design and implementation features, but the objective here is to show the overall options on the table as a basis for consideration by policy-makers.
Such a degree of institutional decay is now being addressed as whole ministries attempt to put themselves back together, organizationally and psychologically.

82. “Organizations everywhere are essentially patterns of relationships that sustain access to resources, protection, and knowledge” as noted recently by Peter Morgan.\textsuperscript{21} In Zimbabwe, many of these connections have been fragmented in the recent past. In some cases, especially in the education and health sectors, which dominate the way the majority of citizens experience the state, effective command, hierarchical control and communication broke down completely. Logistical and operational support systems disintegrated. Most efforts at planning ceased and key staff left. Just as important, many of the broader inter-organizational systems within which they functioned (e.g. the government financial or human resource management) fell apart. Any system or organization-wide perspective disappeared. Few resources went into the system and little performance came out. As Morgan noted, “no support is available and few demands are made”\textsuperscript{22}.

83. **Capacity-strengthening can be partly at least an exercise in recreating previous structures and practices that had achieved a degree of both effectiveness and legitimacy.** Zimbabwe is fortunate in that while such national memories have been ‘hollowed out’ over recent years, they do remain strong. Many public servants have – remarkably – remained at their desks and have retained a public service ethos. But institutional neglect has taken its toll. The formal structures in many public sector organizations often add up to a small group of senior people (a Minister and a few senior staff) tenuously connected to a large group of relatively disorganized, de-motivated and under-managed staff at the service delivery level, often operating in extreme circumstances with few resources.

84. **While institutions may be able to negotiate and plan, and even devise strategies of one kind or another, many may not be able to implement much or do new things.** This raises the question at what point institutions lose the capacity to execute or perform complex functions. In the words of Scott,\textsuperscript{23} the state can plan, organize, even regulate, but where it fails is at enforcing its rules. While there is often an impressive legal framework, it is not enforced. This makes implementation an unusually severe challenge across sectors. This is an issue that needs particular consideration in the context of Zimbabwe, but there are clear signs for optimism. Prior to the formation of the Inclusive Government, development partners were quietly funding delivery systems for basic health care, education and the distribution of food. These delivery systems were Zimbabwean delivery systems. They are existent, and there is an institutional memory of what functioning government entails. Thus it is as if the ‘institutional’ patient had fallen into a coma, and is now recovering. As Zimbabwe inches forwards, ensuring effective service delivery will involve dilemmas and constraints. Experience shows that some development partners prioritize program implementation units to guarantee immediate service delivery over longer term capacity development, even though there is an increasing emphasis on development impact and sustainability. It is often difficult to avoid ending up with a patchwork of different systems and processes – the so-called second public service – as new and different development partners start providing support. Because of its remarkable resilience, Zimbabwe will be able to avoid the anarchy of this, the worst case scenario. But it will do so only if it can present a coherent reform and re-professionalization program.

85. **Capacity-strengthening needs are complex and multiple.** A casual observer may remark that "the Government lost its capacity to deliver" over the past decade. At a certain simplistic level this is probably true - but capacity is a notoriously slippery concept. Capacity 'gaps' need to be assessed at the individual, organizational and institutional levels and diagnostics need to differentiate carefully among them. Is the problem one of skills and competencies in individuals, is it in systems and


\textsuperscript{22} Morgan, op cit.

\textsuperscript{23} Scott, J. C. (1999), Seeing like a State. How Certain Schemes to Improve the Human Condition have Failed, Yale University Press, New Haven.
procedures in organizations, or is it in the “rules of the game” that influence if not determine individual and collective behavior? Identifying the precise nature of capacity shortfalls is critical. There are three capacity weaknesses in the public service, one at each of these three analytical 'levels'.

86. **Capacity-strengthening is needed at the individual, organizational and institutional levels.** In line with the reform options shown in Table 4, there are different capacity-strengthening options. Zimbabwe benefits from an historical legacy of a strong education system, as compared to other African countries. Throughout the 1980s and 1990s its graduates were among the best in Africa. Many of those graduates still hold senior positions in Government. The individual competencies and skills of many senior public servants in the Government are not in dispute; but there are issues over competence at lower levels in the service. As the public service has grown in recent years, it has employed many public servants who do not have the requisite skills for the posts they now hold. Thus it is often at the very front-line of delivery that skills are weakest. Strategic policy-making skills of senior staff are reasonably strong; but the chain is often weakest at the point where the state meets society. Perceptions of state failure are thus easily created and sustained. The second capacity issue is organizational. As a result of hyper-inflation and an increasing politicization of the public service, what used to be reasonably well-functioning systems for people management, have considerably weakened. As real wages fell, public servants were forced to adopt a range of coping strategies common across Africa. The tools available to managers to motivate and manage were undermined. Through neglect and lack of use the basic organizational structures and systems were significantly weakened. Resuscitating those cross-cutting organizational systems now appears to be a clear priority. The third capacity deficit is institutional: the formal and informal rules of the game and the incentives for greater motivation of public servants. Two factors stand out, one, the adequacy of terms and conditions of service (colloquially called 'pay and rations'), and two, effective delegation of decision-making. In contemporary Zimbabwe, these two elements support each other in demoralizing public servants. Although incomparably better than in early 2008, real pay still is inadequate to care for an average urban family, and decision making is still centralized and hierarchical.

87. **Addressing these capacity-needs requires an integrated approach.** Little purpose will be served by raising pay (even if this were immediately feasible) if no action is taken on internal systems and front-line personnel. The starting point of any support would be a consensus within Government that these issues need addressing together. A mix of strategic advice, organizational restructuring, pay reform and selective skills-based training is needed. This is an ambitious agenda, but experience shows that 'capacity building' is one of the most difficult of development agendas to address.

88. **A result of the modest scale and the incremental nature of the program agreed between the Bank and the Minister of Public Service was a focus on organizational development initiatives.** While themselves both worthwhile and welcome (reforming business processes, improving strategic planning, embedding performance management, reforming and simplifying information and HR systems etc), collectively they do not constitute reform of the wider institutional structure, both formal and informal, which determines the role and functioning of the public service and individual public servants. In other words, while they cannot address fundamental public sector governance challenges, such as checks and balances, experience across countries shows that as part of public sector management reforms, they often represent very important entry-points to reform. Beyond their immediate results, they have also often generated greater demand for reforms, expanding coalitions for change. However, as long as a bureaucracy is part of a wider system of embedded patronage politics, it will be extremely difficult to transform the public service into one that is ‘effective, efficient, accountable and transparent’, unless there is unambiguous and united political leadership.

89. **The MoPS is aware of these opportunities and constraints and has started to undertake first reform efforts.** It has shown genuine commitment to fundamental public service reform and reconstruction, starting with its preliminary organizational and institutional reforms, such as through the functional review. The Minister himself, and his officials, including some outside the sponsoring
ministry, were fully aware of the importance of reform and the constraints faced. But given the political economy of Zimbabwe, reforming the formal and informal rules of the game (the critical institutions of governance) remain out of reach. The PAR strategy recognized this and can fairly be described as opportunistic and incremental. But even modest initiatives as a functional review can encounter opposition, of a political or technical nature, even though there are a number of worthwhile ‘business process re-engineering’ (BPR) type initiatives that can be put in place. But it needs to be remembered that BPR by itself will not “professionalize”, let alone de-politicize, the public service. Such a change would require a fundamental change in the prevailing political institutions – the rules of the game. These public sector governance reforms will require more than BPR.

Section 3. Entry-points for Reform

90. On the basis of the previous analysis, this section proposes possible entry-points for reform for consideration by the policy-makers in Zimbabwe. These entry-points are mainly emerging from the recent collaboration between the Government and the Bank on public sector modernization, but also include additional strategic reform areas which could be of interest to the policy-makers. In the short-term, the following include but are not limited to the main entry-points: (i) deepening HRM reforms, including the design of an employment and wage policy; (ii) strengthening RBM and M&E; (iii) enhancing public sector management through sector reforms; (iv) support to the core systems approach, particularly contributing to the e-government architecture with the building of central computing platforms; and (v) institutional strengthening of the MoPS and/or other line ministries. In addition, it would be opportune to support public sector reforms under strategic government initiatives such as the Zimbabwe Accelerated Re-Engagement Programme (ZAREP) which is currently under development to support an IMF Staff Monitored Programme (SMP) process. At present, human resource management which is (entry-point (i)) will figure prominently in ZAREP. Naturally, all entry-points for reforms depend on Government commitment and the existence of a political and technical reform space. Reforms can be undertaken in parallel or in a sequenced manner, building on the demonstration effects achieved. In the medium-term, they can be complemented by other reforms in other public sector management areas requiring reform, such as public expenditure management, decentralization, justice, and other GAC areas, but for client-engagement purposes, this section focuses on four options which can be feasible in the short-term.

91. First, in line with the objective of strengthening the public service, deepening HRM reforms appears as a key reform priority. This is reflected in the 2012 budget paper and draft ZAREP document. As shown above, the civil service in Zimbabwe is facing a three-fold challenge, requiring (i) a comprehensive employment policy, (ii) a sustainable wage bill, and (iii) improved HRM systems. At various points in history, the GoZ has successfully managed to contain the fiscal costs of the civil service. The more fundamental challenges associated with civil service management enhancing its effectiveness, transparency and accountability and thus strengthening its performance in delivering quality services however still need to be further addressed. As a result of the rapid extension of services delivered, the public sector has now grown relatively large. Its fiscal weight is currently beyond sustainability. Meanwhile, public sector unions are calling for greater wage adequacy. The management model of the civil service is encouraging the development of a cumbersome, hierarchical and excessively bureaucratic civil service, which is excessively focused on process and is delivering little value added to the economic development of the country. Limited results-orientation further hinders any significant performance improvements.

92. The Inclusive Government today is faced with a number of systemic decisions on how to do HRM reform. From a fiscal standpoint, Government needs to choose between continuing to fund employment costs at the current rate to the detriment of recurrent expenditures and capital investments, both of which are essential to ensure adequate service-delivery. Given the tight fiscal environment, the Government faces a workforce management choice, between filling vacant posts
and increasing remuneration for existing civil servants, decompressing salaries to attract and retain qualified senior managers, and allocating resources to training. This choice is in fact a choice between continuing with the current civil service system and moving to a different civil service management model, which would ideally be based on a medium-term wage and employment policy.

93. **A potential entry-point to HRM reforms could be the elaboration of a public employment and wage policy and the design of an integrated HRMIS.** This entry-point, which appears as a logical continuation of recent work done on the civil service audit, could encompass two related areas: One would be the design of an integrated HRMIS, including a customized analysis and roadmap, on the basis of international practices and lessons learned, of all the actions that need to be taken to put in place a solid HRM system at a central and decentralized level, including a review of HRM practices and policies. Second, the design of a public employment and wage policy, which is further analyzed in Annex 1. While the benefits of such reforms are clear, experience has shown that these reforms can be both politically and technically one of the most challenging. As international experience has shown, such reforms can require fundamental institutional, administrative and cultural changes in the way the public administration is managed. They therefore require strong political commitment, sound design, and rigorous, yet flexible implementation. Ideally, the work would include both the MoPS and the PSC, with active participation and guidance by the OPC and the MoF.

94. **Designing a reform strategy will need to be based on an effective risk management strategy.** In the case of HRM reforms, one risk is the changing political support for such a reform, which might have existed in the past, but for which reform space is limited. Creating sufficient political support from key stakeholders across the Inclusive Government will therefore be instrumental in ensuring bipartisan sponsorship of the reform agenda. Aligning reform proposals with powerful leaders and bureaucrats can help integrate reforms with other institutional initiatives. This would include a joint buy-in by the MoPS and the PSC to the design and implementation of the reform as well as participation by civil society/unions. Second, such a reform will need to overcome the risks of resistance by civil servants and the unions. Given previous associations of public sector reforms with fiscal cuts in the ‘90s and the perceived acceptance of low performance and “survival corruption” which has undermined ethics, there will be a need to design and communicate reforms through a more holistic approach than just addressing the fiscal pressures to minimize potential and perceived risks. Third, the risk of reform-failure due to an insufficiently integrated reform will need to be addressed by ensuring that reform design is not too narrowly addressing the symptoms, but can also address the underlying fundamental public sector reforms issues. Finally, having clear-time-bound milestones that Government is committed to meeting over the course of the reform process and publicizing the results of that monitoring in a timely fashion would help manage the risk of derailment of such a reform agenda.

95. **Second, strengthening of results-based management (RBM) and monitoring and evaluation (M&E):** RBM and M&E tools would contribute to enhanced policy and budgetary decision-making, support strategic planning and allow for the design and redesign of policies and programs, providing valuable information about their effectiveness, efficiency, and efficacy. Even though such tools are sometimes more appropriate for more advanced public sector reforms, laying an early foundation will help to make progress on these tools at a later stage. Such a task would focus on the current policies, systems and practices on results-based management for an improved design and implementation of RBM tools, within and/or beyond the MoPS. It would evaluate progress made on the introduction of RBM, identify the current baseline and examine to what extent RBM has led to changes towards a performance management culture. It would provide options on how RBM can provide the performance metrics needed to move the public service culture away from control and towards a greater service orientation and strengthen the collaboration between the RBM Secretariat, MoF, the MPS, and the line ministries. The output would be a note on RBM, including the performance chain, the identification of the weakest link and other constraints, performance ‘enablers’ (IT, strategic
plans, activity budgets etc), and the current incentives, with options for a greater strengthening of RBM in the sector. Given the need to undertake a number of underlying reforms and the difficulty and time horizon needed to develop and implement incentives schemes and turn to a performance management culture, greater progress on RBM would be highly desirable but might need more time to gain greater traction and gradually move to a greater performance and results culture. Therefore, a sequenced design would be required, starting from the updating and strengthening of basic systems and capacities that would serve as a basis to build and consolidate RBM pillars (such as program budgeting, inputs and outputs by sectors, indicators and monitoring systems). Technically, a juxtaposition of interventions between RBM, M&E, strategic management and budget reform would be helpful, as the specific entry-point is often budget reform or service-delivery improvements. Politically, given the complexity of this task, this would require that strong political leadership that can be sustained over the medium-term to effectively carry out these demanding reforms. One alternative option would be to take a more modest approach in the short-term, e.g. start by helping identify objectives, capture evidence on progress in achieving them and using that information to build PBM and M&E in the longer term.

96. **This would also call for a strengthening of the M&E systems.** This would be based on the understanding that M&E can improve public sector management efficiency, effectiveness, transparency, and accountability by influencing the decision-making process through their linkages with the budget and their systematic assessment of government projects and programs performance and their contribution to the achievement of government goals. This requires in the medium-term the strengthening of a results-based management culture that integrates a public sector modernization strategy with government goals, strategic planning, and prioritization and allocation of funds aligned with government goals and performance evaluations to improve decision making. One option would be to start with reform-minded ministries. Such a task would (i) create a system to identify projects and programs following national priority policies; (ii) implement the system and identify those projects; (iii) design an M&E tool for those projects, with a specific focus on policy-evaluation – complementary to the budget evaluation; (iv) provide an analysis of possible changes in projects and programs linked to national policies; and (v) promote coordination with the MoF and line ministries on proposed budget changes of those projects. The output would be a note and toolkit with reform recommendations. Building effective RBM and M&E mechanisms is likely to be a highly complex technical and political medium-term challenge, requiring institutional, technical, operational and normative changes as well as strengthening the required consensus for their gradual implementation. Last but not least, such a strengthening would also include public investment strengthening, as discussed above.

97. **Third, strengthening public sector management in selected sectors through sectoral institutional analysis and pilot activities.** This pillar will support a number of specific initiatives designed to improve service-delivery in the short-term. Building on the Minister vision of the need to improve service delivery, it could focus on assessing and strengthening key public sector management issues that might constitute bottlenecks for effective service delivery in health and educations, two of the sectors with high fiscal and institutional impact and that encompass much of the way citizens experience the public sector. One the one hand, this could include the design and implementation of “Rapid Assessments and Action Plans” in key service delivery institutions. These evaluations are designed to quickly identify the major bottlenecks hindering the effective and efficient provision of health and education services and; propose action plans with managerial and operational interventions that could be rapidly implemented and with high potential impact on the provision of education and health services. At the same time, they serve as a tool to strengthen the trust relationship between citizens and the government through reforms that can generate quick impact and "momentum" for more ambitious reforms. On the other hand, it could also include a functional review of a core service-oriented ministry with a view to introduce a greater results-orientation and ultimately improve service-delivery. The review would select one or two key service delivery sectors
(or subsectors), such as health or education, and assess the adequacy and relevance of the legal framework governing policy making and implementation. It would assess the baseline for key service-delivery data to provide a qualitative and quantitative basis for service-delivery improvements, including a review of objectives, activities, performance management and measurement, and outputs and outcomes. The output would be a note on the functional review and reform recommendations. Such tasks could nicely build on the work undertaken in the MoPS and make an important practical contribution towards improved sector service-delivery systems. However, it will require proactive commitment, leadership and collaboration by both the MoPS and the respective line ministry. Finally, this option of focusing on specific sectors could include demand-driven work on high priority sectors for the country, for example mining. Strengthening public sector management, for example through an analysis of the mining value chain (both upstream and downstream) could be one of the entry-points, and could complement on-going sector work through a high-impact analysis and action plan for consideration of policy-makers, if such interest exists.

98. **Fourth, another entry-point would be the reconstruction of core systems, particularly contributing to the e-government architecture in Zimbabwe with the building of central computing platforms.** Building on the emerging ZimConnect e-government strategy, such an entry-point could provide an important contribution to a national e-government framework in which national plans and strategies provide policies and frameworks to integrate ICT activities for sustainable public sector modernization. In the medium-long-term, it would also help support standards and integration of systems to move to an integrated, secure and paperless administration and lay the foundation to shift from a government-centric to a citizens-centric model of service-delivery to extend and improve Government reach to citizens. The reconstruction of the government’s IT infrastructure, which has been depleted over the past several years, provides the opportunity to create new, more integrated better synergies between different branches of the government. Such improved cooperation and simplified business processes are likely to lead to improved, faster, more reliable services to the citizen. For this reason, it is crucial to develop an integrated, core system infrastructure which facilitates rather than complicates the interaction between different agencies and maximizes the opportunities for improved service-delivery.

99. **The need to build central computing facilities has been highlighted in the preliminary findings of the civil service audit.** Given that the existing computing platforms use outdated and unsupportable technology, it would be more cost-effective to replace the existing computing platforms with a Central Computing Platform. This would obviate the need for each core system such as PFMS, HRMIS, Payroll and Pension, etc. to have its own dedicated hardware and provision for maintenance and support. The critical shortage of qualified technical resources in the civil service makes it difficult to maintain and support the technical infrastructure required to host core system applications, especially in an environment where the technical infrastructure itself is in a dilapidated state. On this basis, the Bank could further deepen its on-going knowledge-exchange and policy-dialogue, and at a later stage, possible investments, on a new central computing platform supported by shared services designed to support multiple applications using virtualization technology. As part of a broader e-government strategy, the Central Computing Platform would need to be cost-effective to build and operate, ensure interoperability and scalability of all the planned systems and include the backup and disaster recovery capability. Best practices have shown not only the huge efficiency savings to be generated by such systems, but also the strong transparency and accountability gains, so this entry-point appears to be particularly strategic for overall public sector modernization efforts led by Government and applicable to all public sector areas. However, it needs to be taken into account that such central systems can be quite difficult to build, require political consensus between different stakeholders and provision of the necessary annual maintenance operating costs is not always assured. These issues will need to be duly considered when designing such central facilities.
100. **Fifth, the organizational reform of the MoPS and/or line ministries through diagnostics of the strategy, roles, functions and processes and respective strengthening of both policy and management functions.** This task would include a strengthening of the vision and mission, strategy, including an organizational and functional review of the Ministry and its relationship with the PSC and management practices, including management in teams and the creation of peer networks. It would also look at issues on how to maximize the collaboration on public sector modernization across government and how to strengthen the authority of the MoPS vis-à-vis other institutions and establish a united leadership on public administration reform and human resource management. The output will be a note and workshop on the diagnostics and the proposals for institutional strengthening. It would build on the preliminary diagnostics on the functional review, presented above in chapter 3. It would require proactive leadership by the Ministry, including full buy-in from all political and technical levels, as well as support from the OPC and the PSC. This task would be an important contribution to the strategic, organization and functional strengthening of a recently established ministry and enhance its capacity to lead public sector management reforms. However, the task – as an early entry-point might by itself not lead to any major results in public sector reform and would ideally be complemented by more in-depth reforms in HRM and/or other areas to further leverage its impact. It might also serve as an instrument to support sector reforms in line ministries, and thus support the public sector management strengthening in the sectors as mentioned above.

101. **Finally, the proposed Zimbabwe Accelerated Re-Engagement Economic Program 2012-2014 (ZAREP) suggests a number of entry-points to support public administration reform.** The draft Matrix for ZAREP from March 2012 outlines the priorities to strengthen fiscal policy, external sector, financial sector regulations, business environment, public financial management, and other areas of reform. The activities to strengthen public administration management include (i) the implementation of the payroll and skills audit; (ii) development of a medium-term wage policy, including securing political direction on the 2012 bonus as well as wage increments; (iii) integration of the payroll system with the PFM system to manage and control the public service staff establishment; (iv) improved execution of capital projects; (v) strengthening of the procurement function; (vi) further implementation of the PFMS Roadmap, and (vii) initiation of a first cycle of a domestic EITI initiative, the Zimbabwe Mining Revenue Transparency. If such strategic program is presented and passed by Cabinet, it could provide a unique opportunity for the Bank to support a domestic reform agenda which at the political level demonstrate a certain level of cross-party acceptance of the reform needs. The opportunity thus lies in supporting the reformers within government, championing each of the outlined activities, to enhance the change space for each policy area with the view to enable constructive policy dialogue and commitment to see demonstrate results in the particular reform areas.

102. **To discuss these entry-points, it is proposed to organize a high-level workshop with key representatives on public sector reform to evaluate possible reform options, entry-points and next steps.** Such a workshop could be led by Government and facilitated by a Bank team through a participatory approach with workshops and consultations, whereby the Bank assists the Government of Zimbabwe in the process of identifying its own priorities, reform space, design preferences and sequencing. It could include the MoPS as well as the OPC, the MoF and the PSC and representatives of line ministries. Such an event could help build greater consensus on public sector opportunities, and constraints, and on this basis, identify jointly agreed reform paths and support strategies to reform champions in different areas. The output would be a note and a series of workshops with key stakeholders with proposals for possible reform options in the short and long-term. This could then be complemented by more detailed discussions with individual policy-makers and institutions to respond to any specific requests that might arise. Finally, it could also be supported by a brief change management strategy to customize any reform options to the specific needs of stakeholders.