“Effective States and Engaged Societies:
Capacity Development for Growth, Service Delivery, Empowerment and Security in Africa”

CAPACITY BUILDING FOR THE CIVIL SERVICE

By
Mike Stevens
Consultant
AFTPR
June 2005
I. INTRODUCTION

1. This is one of four cross-cutting issues papers prepared for the Task Force on Capacity Building in the Africa region. It looks at the region’s experience with civil service capacity building\(^1\). Nearly two decades have passed since the Bank began helping countries address civil service capacity problems, and the first three civil service reform projects were in Africa. Since then, the Bank has helped finance over 100 (check) civil service projects in all countries. The greatest concentration of projects has been in Africa. Although much has been learned about what works, lessons are still being learned, and the Bank’s approach continues to evolve.

2. Capacity building once meant skills development and training. Civil service reform means changes to systems, organizations and processes. Now the terms are synonymous. To use existing staff capacity well and to create new capacity, changes have to be made in the way public organizations operate. This means reform, but, as this paper explains, while the target of reforms is the formal institutions of government, interventions also need to change the informal rules by which civil services in Africa have come to operate. Capacity building for African civil services means bringing formal and informal rules together so that they both support good governance.

3. That capacity needs to be built is beyond argument. The effectiveness of the civil service (defined in the broadest sense of the public service and its many branches) is crucial to the development of African countries. It conducts macroeconomic policy, regulates the economy, supplies critical public goods, and delivers services. Its wage bill accounts for between a quarter and one third of total government spending, and is by far the largest employer in the country. How well it plays its role is critical to the effective use of aid, no more so than the Bank’s assistance, which is channeled directly to government.

4. But civil services in Africa, with very few exceptions, are not working well. As the paper relates, though most civil services have passed the low point they were at about ten to fifteen years ago, they remain less capable and efficient institutions than they were, say, three decades ago. Since independence a huge investment of local and donor resources has flowed into in capacity building in the public sector. But much capacity has been lost in many countries’ civil services. Most critically, skilled technicians and professionals have left to join the private sector or to seek employment in other countries. Furthermore, although many of the staff still working in governments have retained skills, the environment in which they are operating has become “disabling”, discouraging them from using what they have acquired constructively and in the public interest. Thus the challenge of civil service capacity building is not just replacing those who have left,

\(^1\) The term “civil service” is used here in its broad sense, and can be used interchangeably with “public service” – employees holding positions on the government payroll in ministries, agencies and departments, other than members of the armed forces.
but enabling able people still employed by governments to use their skills more productively, and also to bring those skills up to date.

5. The crisis in the civil service in most African countries has been running a long time. The situation is mostly better than it was a decade or so ago, in that staff incentives in some countries have improved, excessive payroll growth has been checked (but not eliminated), and the work environment has seen some improvement. But the structural and incentive problems that drove the once hopeful African civil services into crisis remain largely unresolved. On the surface the institutions, processes and rules are little different from what they were after independence. But beneath the formal rules a great deal of informality has become entrenched. Some of this is driven by survival mechanisms arising from low pay. Much of it to do with the acquisition and distribution of rents. Combined, they subvert the formal rules.

6. The hard truth is that many African civil services have become systemically rent seeking, principally engaged in the absorption of resources, and only secondarily concerned about the production of service outputs and outcomes. This is known by the general public and reported regularly in surveys of civil service performance and accepted as normal behaviour by all concerned. For middle and lower level civil servants this is petty corruption, driven by a survival imperative brought on by inadequate pay. For senior civil servants with access to larger rents it is about maintaining elite status. The immediate cost, in terms of public resources diverted is quite high, but the greatest cost is the debilitating effect on departmental performance.

7. At one level the dysfunctions in the civil service are the consequence across the region of the over-expansion of public employment, driven by a development paradigm that drove up government spending while at the same time crippled its revenue base. This combination led to the collapse of pay structures. At another level it is the product of how governance has been exercised for many years. Civil services do not exist independently of the wider social and political environment, and in this sense the civil service in African countries has become a victim of poor governance. Political interference has destroyed in many countries the merit principle on which the civil service was founded.

8. Governance standards are now changing in Africa, following a continent-wide return to multi-party democracies after authoritarianism. With greater press freedom and a much more vibrant civil society, the prospect looms of political transformation. This provides a new opportunity for improving the way civil services have functioned, and restoring capacity in the public sector. But the challenge is a tough one, and there are many factors making it difficult for countries to lift their civil services out of the traps they have fallen into. A very small group of countries in the region never let their civil services fall into dysfunctions, and there are lessons to learn from them even if others can no longer trace their paths. Another group of countries which let their civil services fall deeply into dysfunction, seem to be making extraordinary efforts to break free from ingrained habits. Many of these now have donor assisted civil service reform programs. Others seem incorrigibly rent seeking, and poor candidates for capacity building, at least
for the while. Moving these countries up the arc of greater public sector capacity, and is
the greatest challenge facing both client countries and their development partners today.
It is also central to sustained poverty reduction.

9. The main messages of the paper are:
• The challenge for many African countries is *restoring* capacity in government, a
task more difficult second time around because civil services are now much
larger, incentives have become distorted, and informality has become entrenched.
• While African civil services have lost many skilled technicians, professionals and
managers, the biggest problem today is not an absence but the misuse of available
skills. This is due to distorted incentives, a deteriorated work environment and
widespread informality. Capacity building must therefore tackle structural,
incentive and value issues as well as expand training for skills development
• Reversing the “brain drain” requires tackling its root causes in the public sector,
not by offering special inducements to return.
• Civil service reform programs must be country owned, but donors can help create
the demand for reform, both directly and indirectly.
• While pay reform alone will change little, implementing more effective pay
policies is critical to capacity rebuilding in government.
• Bank staff must gain a better understanding of how existing civil services operate,
both the formal and informal rules, perhaps through a new diagnostic instrument.
Analytical work, the sharing of comparative experience and dialogue are needed
to develop effective reform models.
• Actions supported by the Bank at the sector project level must be consistent with
the broader capacity building strategy.
• Civil service capacity building must proceed hand-in-hand with public financial
management capacity building
• HIV/AIDS has made severe inroads into CS capacity and worse is to come. Bank
support for CS capacity building must take account of this.

II. CIVIL SERVICE CAPACITY BUILDING IN PERSPECTIVE

Civil services in Africa once worked much better than they do today. *This is not a
reference to colonial times, but the period following independence, when the first
generation of African senior officials took over the reins and, generally speaking, rule
based governance was practiced.* Although much smaller, and only beginning to tackle
the development challenge, civil services in those days worked well in many developing
countries. *The experience is not repeatable because conditions have changed, but history
offers lessons for today.*

10. As with public financial management (PFM) capacity building, the challenge is
*rebuilding* capacity in the civil services in many African countries. Apart from Botswana
and Mauritius which avoided decline, capacity in African civil services was greater in the
first one to two decades after independence than the decades which followed. In those
days civil service morale was high, working conditions were satisfactory, and ethical
standards were observed. For the young university graduate entering his or her country’s
public service to start a career in government, pay and allowances were good\textsuperscript{2} and
promotion prospects were favourable. Government budgets, moreover, were predictable,
and could be expected to furnish the civil servant with the tools and materials to do the
job. The development challenges were daunting, but the future was bright.

11. None of those entering the civil service in those days could have imagined the
decline in civil service conditions that began for most countries in the mid to late 1970s
and accelerated during the 1980s. This decline left the civil service in many countries
dysfunctional and beset with systemic corruption. All of that first generation of civil
servants who joined their countries’ civil services around the time of independence have
now quit or retired. If pressed, they will talk nostalgically about the past, when things
worked. The solution is not to recreate a “golden age” of well functioning civil services
(which some view through rose tinted glasses). That option is no longer open. Rather, the
way forward is to understand how capacity came to be eroded in civil services across
Africa, and to use this understanding to chart a path into the future. To know how
capacity can be built in the civil service, first it is necessary to understand how it was
once built and then lost.

**Box 1 - Civil Service Capacity Building in Botswana**

Botswana came to independence with, literally, only a handful of Batswana in officer positions, on which
to build a new Botswana civil service. This it succeeded in doing, with the result that today the country has
a well qualified, competent, motivated and ethical civil service which has played a key role in making the
country what it is today – a successful middle income country in SSA with increasingly diversified sources
of economic growth. The reasons why this happened were the following:

- The merit principle was preserved in appointments and promotions, and there was little
  political interference in the running of the CS. Early on, the leadership recognized that
development goals required a competent CS.
- Although localization of the civil service, as in other countries, had a high priority after
  independence, it was carried out in a measured, not precipitate way, and locals filling
  expatriate positions had to show merit, and would be removed if they persistently failed.
- Donors, on their part, were prepared to provide technical assistance over a longer period than
  to most other countries.
- The bulk of TA constituted staff in line, not supernumary positions. TA was not “projectized”
  and staff were subject to civil service rules.
- Although pay scales were adjusted after independence, they were kept broadly competitive,
  by regular salaries commissions. Although there was some slippage, they never moved far
  out of line with labour market comparators.
- Early on, the GoB was able to streamline allowances, incorporate housing into pay, and
  charge officers economic rents for government quarter. The Government also privatized its
  pool housing by selling to CS tenants.

\textsuperscript{2} A graduate entering either the civil service or university teaching could expect subsidized housing of a
good standard, a car advance, and the prospect of further professional training, perhaps in a graduate
program overseas.
• Substantial resources, initially donor funds, but latterly the government’s, were invested in training. This was related to job requirements, but also included long term training overseas linked to career development.
• Personnel and payroll systems were kept up to date, and the required investments in system modernization were made when needed.
• Key ministries like MFDP were able to build up a strong culture of performance and values. MFDP and the public service ministry cooperated well to manage the budget and the wage bill.
• Budgets remained predictable and adequately resourced, providing civil servants the resources to do the job.

In short, Botswana got the basics right, and kept it that way. Much the same happened in Mauritius.

12. Inevitably, in a paper like the present one, generalizations across countries are the order of the day, to bring out the broad themes and extract a common storyline from the experience of so many countries. Country differences notwithstanding, it is fair to say that civil service capacity across the Region was on an ascendant path for the first one to two decades after independence. Most governments successfully “Africanized” the senior ranks of the civil service in the years before and after independence without serious threat to capacity.

13. They were able to do this for several reasons. First, most countries possessed a core cadre of able graduate African civil servants on which a national civil service could be built. These officers had joined their country’s civil service prior to independence. They knew how a civil service functioned, believed in its institutions and respected its processes. Second, a sufficient number of former colonial civil servants were induced to remain to smooth transition. Gaps were filled by technical assistance, both from the former colonial power and other donors. Third, governments and donors invested heavily in building up public service training institutions. Fourth, this was accompanied by a major capacity building investment in universities, in which both bilateral donors and foundations like Ford and Rockefeller. Universities provided quality graduate material (though not in the quantities demanded) for expanding departmental workforces. Fifth, by and large, newly elected governments were content to leave the management of the government machine to civil servants.

Box 2 - Building University Capacity

In contrast to their later neglect of universities, the major bilateral donors (principally CIDA, ODA and USAID in Anglophone Africa and France and CIDA in Francophone Africa) provided substantial support to the university system in African countries. In this they were joined by the major US foundations, such as Carnegie, Ford and Rockefeller. The aim was to make already established universities (Ibadan, Ife in Nigeria, Legon in Ghana, Fourah Bay in Sierra Leone, Makerere and Nairobi in East Africa, and newly created ones such as DSM and UBLS, centres of excellence, able to produce a growing number of quality

3 The paper is based on the author’s own experience of developments in the mainstream Anglophone countries during this period, which can be assumed to hold true, with some variations, in the principal Francophone countries – though the speed at which localization of technical and professional positions took place was slower in some of these latter countries. Of course, there are exceptions: the collapse of Guinea’s CS capacity was immediate, following the overnight withdrawal of French TA support of that country’s leadership’s refusal to join the francophone community. Zaire never had a chance to develop a well functioning civil service. Angola, Mozambique and Cape Verde came late to independence in the aftermath of colonial and civil wars. Somalia never developed any real civil service capacity.
graduates for both the emerging public services and private sectors in countries. USAID also supported agricultural/technical universities (eg: Njala, S-L). Donors financed the building of lecture theatres, student hostels, faculty offices and libraries. They also supported exchange programs to enable African academics to study abroad and foreign academics to do research in African universities. Donors organized studies and commissions on the further development of the university system, and helped develop university governance systems. Unfortunate, donor support to universities in Africa dropped off sharply in the middle to late 1970s, as program priorities shifted to basic needs, and universities were seen as high cost elitist organizations.

14. At the same time governments moved also to change the structure and culture of the civil service from a law and order to developmental model, in keeping with a new, more interventionist, paradigm of the role of the public sector in development. State-led development entailed the creation of new government machinery (such as planning commissions, rural development departments etc), new processes (development planning and capital budgets, manpower planning), new policies (basic needs – the forerunner of MDGs), new industrial bodies (utilities and state-owned enterprises), and new ways of running the CS (training and localization plans, job evaluation, job descriptions and specialist cadres, unified salary scales and a shift of power from public service commissions to new public service ministries).

Box 3  - National Incomes Policies

In the late 1960s/early 1970s, following the example of OECD countries, many African countries adopted national incomes policies. They did this partly to control general wage inflation, but also to prevent the limited number of local graduates earning monopoly rents from their scarce professional skills, as a result of government and private firms competing for their services. Behind this in some countries (eg: Tanzania), greater equality of earnings became a tenet of policy, in the interests of social harmony.

The main instruments of national incomes policies were: (i) harmonized pay scales across government, which could serve as a guide to public enterprises and the private sector; (ii) job evaluation and grading within government to ensure that job-for-job government gradings matched those in the private sector; (iii) manpower surveys, to forecast economy wide demand for skills, and to allocate the output from tertiary training institutions accordingly; (iv) tripartite consultative bodies backed by pay research units to ensure that the policy was understood by all labour market actors and applied.

By the end of the decade, national incomes policies had broken down (if ever they had worked in some countries). The reasons for their demise were: (i) governments failed to maintain real pay levels, so ceased to be a relevant comparator for the private sector; (ii) manpower plans notwithstanding, governments took first pick of the output of tertiary training institutes, leaving private sector companies to scramble for the remainder; (iii) by compressing CS pay scales, successive salaries commissions tended to recommend scales which over-compensated those in unskilled categories, and underpaid staff with technical and professional qualifications. (iv) Private sector employers maintained that the comparison between public and private sector jobs was inherently flawed, since productivity in the two sectors was so much different.

The footprint of national incomes policies remains, however, in the harmonized pay scales, based on careful internal relativities that many governments retain. These have little to do with the labour market realities outside the public sector, and provide an insufficient basis on which to recruit, retain and motivate skilled technical and professional staff.

15. It was also a period of rapid, and, as events showed, unsustainable increases in government payrolls. This was driven by the expansion of government into new areas such as trade and industrial production, which spawned an outgrowth of public
enterprises. Another driver of public payroll growth was the adoption of basic needs policies. These required the mobilization of large numbers of government paid teachers and health workers, the creation of unwieldy agricultural extension services and many other programs which, while they took government out of the capital and provincial centres into rural areas, greatly increased central government employment. Accompanying these policies in many countries was the explicit pursuit of socialist policies, which had the effect of restricting the space for the private sector not only in the banking and enterprise sectors, but also in service delivery.

In the early days, government employees were well paid. Senior officials inheriting expatriate positions enjoyed pay comparable to metropolitan governments. Middle level technical and professional grades were a little lower, but still competitive relative to sub-regional labour markets. Unskilled staff were paid less but better than their equivalents in the less formal parts of the private sector. Compression ratios at independence were about 100:1. With the first round of pay restructuring, they were brought down to around 20-30:1, partly by improving the minimum wage (on equity grounds), but also by trimming pay at the top. Nonetheless, by the mid 70’s African civil services still had pay structures sufficient to recruit, retain and motivate qualified staff.

And there was something to show for the greater engagement of government in the challenge of development. Many African economies grew at a respectable rate around 5%) through the 1960s and into the 1970s. There were also improved social indicators, particularly of literacy, child mortality and life expectancy. Sources of aid were diversifying and aggregate flows of aid (but no longer foreign direct investment) were increasing. To African governments and those working in them, the model of state led development appeared to be working.

The Unravelling of the Post-Independence Model

The external shocks of the middle of the decade soon challenged this viewpoint. From this point onwards the macro economic strain countries experienced manifested itself in large trade and fiscal deficits, excessive domestic borrowing and increasing inflation. For the civil service, the impact fell upon the wage bill, and governments were increasingly unable to meet their wage bills without the pay structure yielding. The erosion in civil service pay began in the 1970s and then gathered pace during the following decade, with pay in some cases falling to below 10% in real terms relative to what it had been earlier. The underlying causes of economic strain were only superficially external shocks. More fundamentally the problem was growth reducing macroeconomic and sector policies juxtaposed against the continued expansion of public

---

4 Countries had much fewer secondary schools at this time, but those that existed were generally much better run, either as government or mission run schools. Similarly, hospitals, particularly those located outside the capital, were run by missions. Instead of grant aiding these facilities, governments mostly took them over, and they, in turn, suffered the same decline in standards as government schools and hospitals.

5 Author’s estimate. No one thought about compression ratios at the time. Measurement followed the recognition of a problem.
service payroll. In country after country economic growth (and thus government revenues) stagnated, yet payrolls continued growing in the 5-10% range, driven by both ambitious social goals and the mushrooming of the parastatal sector.

19. Governments responded by granting nominal pay increases below the prevailing inflation rate. Bowing to political pressure, increases were skewed towards the bottom of the pay scale range. This had the effect of compressing salary scales, to about 10:1, and in some cases even less (eg: Tanzania below 5:1 by the mid 1980s), placing many staff below a “living wage”. (In Francophone Africa, the downward trajectory was less severe – the CFA link to the FF limited currency erosion, and public service unions were stronger). This protected the wage bill, to an extent, and the strain fell elsewhere on the budget.

20. At the same time, alternative mechanisms were used to compensate for eroded formal pay. First, allowances, cut back after independence, expanded. Cash allowances, in lieu of salary adjustments, enabled governments to offset the compression of pay in a more selective way. Benefits in kind, enjoyed primarily by senior officials, became more valuable and also helped offset the erosion of pay. Second, officials adopted ways of making up for deficient official pay, ranging from the legal but ethically dubious, to outright illegality. The erosion of pay continued. Once pay for the bulk of civil servants fell below a “living wage”, the contract between employer and employee had been sundered. Thereafter, civil services throughout Africa became systemically rent seeking. It was the corruption of need rather than greed, in most cases. But the effect was the destruction of the civil service as the means to deliver government policies.

Box 4 - Salary Augmentation Methods

There has never been a systematic effort to prepare a taxonomy of salary augmentation methods, but civil servants would recognize most of the following:. They range across a spectrum.

1. Mostly at variance with the rules, but generally not illegal
   - Taking on a second job outside office hours unrelated to one’s job (trading, coaching students, taxi business)
   - Work effort adjustment by reducing the amount of hours spent on one’s formal job, either by absenteeism, or by spending official time on private income earning activities
   - Generating personal income from one’s job (acting as supplier to one’s department, using departmental knowledge to undertake a consulting assignment for a donor)
   - Manipulating allowances (eg: maximizing travel budget per diems), sharing of board “sitting allowances” by senior officials
   - Seeking donor salary supplements

2. Illegal but widely condoned
   - Extracting bribes in return for delivering services or processing paperwork
   - Extracting bribes for waiver of regulatory functions

---

6 In retrospect it is hard to understand why governments kept on recruiting more staff when it was clear that public revenues were insufficient to meet their salaries. Part of the explanation (mostly right in the event) was the view that the shocks were temporary. Another was that governments were now irretrievably locked into the pursuit of service delivery goals, such as UPE, through direct provision. A third was the persistent over estimation of revenues
• Obtaining commissions from departmental suppliers

There are other practices which are illegal, fraudulent and corrupt, such as false entries in payrolls to acquire additional allowances or salary (ghosts), or manipulating public procurement processes to obtain significant payments from contractors, or inter-departmental bribes to obtain release of funds. But these are best thought of as personal enrichment schemes rather than ways of surviving a deficient public salary. They are also mostly the domain of senior civil servants, beyond the reach of middle level civil servants, though they may will be aware of them.

21. In addition to the erosion of pay, another factor was undermining the civil service. This was political interference, which grew apace under one-party and military regimes. Merit (where it had replaced seniority) became subordinated to patronage and ethnicity. This led to further demoralization of civil services across Africa. This is not to deny that from the earliest times, there were episodes of tension between newly appointed ministers and their officials, but the latter had a knowledge advantage over politicians, who, anyway, were still basking in the glow of recently achieved independence. The machinery of government was controlled by officials, not politicians, and officials were protected by newly created public service commissions.

22. As pay and working conditions eroded, political interference increased, there was an exodus of qualified professional and technical staff, out of government. If this was accompanied by economic deterioration (and, perhaps, security conditions), the exodus would be out of the country. At the same time, the decline in standards in universities (a parallel story of over-expansion, crisis in funding, poor governance, patronage and corruption) resulted in a lowering of the quality of new graduate entrants into the civil service.

Box 5 - Brain Drain out of the Civil Service

It is said that there are more Ghanaian doctors in Toronto than in Greater Accra. Indeed, while the US, Canada and the UK with respect to Anglophone countries, and Canada and France in respect to Francophone countries have poured millions into the training of professionals in SSA, they have become the direct beneficiaries of that investment. Such cadres are driven out of government by poor pay and working conditions. If the private is flourishing and there are still good schools, then they are likely to stay within the country. If the economy is depressed, or civil conflict has made life impossible, professionals with skills in global demand will leave the country. Other countries benefit. Botswana has long enjoyed the contribution of Zimbabwean teachers and health workers. The UK National Health Service has similarly benefited from West African skills. Movement of professionals across borders expands knowledge and is fundamentally healthy, but should never become, as it has for Africa, for so long a period a one way street.

The first lesson in capacity rebuilding, therefore, is to stop capacity erosion. This is best done not by costly schemes to pay for the return of expatriate nationals (save, perhaps for very high level locals on contract terms in reform leadership positions), but rather by addressing the conditions that led to the brain drain in the first place. It is much more cost effective to stop further losses, than to create replacement capacity or induce those who have left to return. If the latter is to happen durably, conditions within the country need to change. Address capacity erosion at source, and part of the diaspora will return without inducements.
23. The initial response of donors to the crisis in governments was structural adjustment. While the policy reforms that were at the heart of structural adjustment programs helped reverse economic decline, they exacted a price on the civil service. The dismantling of price controls, abolition of directed credits, liberalization of exchange rates and trade regimes and the privatization of SOEs, had unintended consequences on the living standards of civil servants. These reforms reduced the incomes of senior civil servants, by removing some of the support mechanisms they depended upon. Possibly, this increased more outright forms of rent seeking. And fiscal controls imposed a tight corset on the wage bill, at least until economic recovery caused the tax base to expand again, and tax administration reforms raised the ratio of domestic revenues to GDP.

Box 6  
“First Generation” Civil Service Reform Programs

Gambia, Ghana, and Guinea were the first countries in Africa to undergo donor supported civil service reform programs, in the late 1980s, in the wake of structural adjustment. The reform strategy was to reduce excess numbers by improving establishment and wage bill controls and using civil service censuses to eliminate “ghost” workers, and functional reviews to identify excess staffing. Bilateral donors helped finance severance payments (the Bank at that time was prevented from doing so directly in investment operations), and tracer studies were conducted to follow-up on retrenched staff (the latter preferred the money to government supplied training for private sector employment).

On the face of it, these programs were successful in reducing civil service numbers. But in the case of Ghana many of the people retrenched from the civil service re-entered government employment through the subvented agencies sector, and the ultimate wage bill savings were insufficient to significantly improve civil service pay. Nowadays, these CSRPs are seen as excessively focused on wage bill containment. That, perhaps, is an unfair judgment. The size of the wage bill remains an issue, and the CSRPs were right to tackle overstaffing and payroll fraud, and help governments install stronger establishment controls.

24. To deal with the main driver of pay collapse, the relentless expansion of numbers on government payrolls, governments, under strong IFI pressure, implemented pay and employment reforms – the so-called “First Generation” CSRPs. These were able to check the expansion in numbers, reduce ghosts, and actually carry out some genuine force reductions. But they were expensive in financial terms (due to high legally mandated separation costs), politically costly, and generally didn’t get to the heart of the

---

7 Directed credit meant that senior civil servants had access to bank loans at negative real rates of interest. Overvalued exchange rates allowed officials to draw advances ahead of foreign travel at the official exchange rate and convert them to local currency at the black market rate. Price controls kept down the cost of essential foodstuffs. And all of these schemes created rents for the civil servants who operated them.

8 The traditional civil service is designed for career employment. While most governments have the legal right to terminate employment “in the public interest”, the compensation costs are onerous for the employer. A common formula in the region is the requirement to pay one month’s salary for every year of service. When salary in lieu of notice is added, together with any accumulated leave and, perhaps, additional end-of-service benefits, the cost of separating a long serving, unproductive officer can be more than twice the officer’s annual salary. This means that the wage bill costs of a retrenchment program increase with separation payments before they fall due to a reduction in numbers. And the savings to the budget are reduced by the fact that after a minimum age is reached (45 in some countries), a full pension must be paid. Since governments in SSA have defined benefit pay-as-you-go schemes, the net wage bill savings from implementing a retrenchment scheme are small. This places SSA governments in a separation costs trap. The civil service is too large to compensate adequately, yet too costly to retrench.
problem – policies that had committed governments to programs they could not finance, particularly in the social sectors. Further, they did not release enough wage bill savings to allow meaningful real pay improvements. “Second Generation” CSRPs, based upon selective agency reform and pay improvement, rather than across the board downsizing, are now being tried in countries like Tanzania, Uganda and Zambia.

Box 7 - “Second generation Civil Service Reform Programs”

Second generation civil service reform programs are based on a more selective approach to civil service restructuring and pay reform. In the first place, structural reforms are likely to be focused in a smaller number of key departments and agencies. Second, staff who remain in these departments may be rewarded with pay that is better than the rest of the civil service, in return for better performance. Or certain key technical and professional categories may be identified as eligible for immediate salary enhancements. The latter, often termed Selected Accelerated Salary Enhancement (SASE) schemes, are to reward critical categories of staff, pending a more general reform of pay. In this connection, governments are encouraged to develop a Medium Term Pay Reform Strategy (MTPRS), typically based upon departing from the traditional harmonized model, decompressing differentials and bringing the pay of technical and professional cadres closer to labour market comparators.

Tanzania is one of the leading exponents of this approach. But while structural reforms have gone well, and there has been some improvements in real pay over the years, the government has not made enough progress implementing the MTPRS to convince donors to fund SASE pay augmentation.

III. REBUILDING CAPACITY - CONFRONTING REALITY

The past offers lessons, but not a path of reform, since the capacity conditions now are vastly different. In those days formal and informal rules reinforced one another. Now in many countries the formal rules are a shell within which much different informal rules determine outcomes. Understanding this difference and why dysfunctional civil services are so stable is the first task in developing a capacity building strategy.

Past Approaches are Unlikely to Work in the Future

25. A good starting point is to acknowledge that, although capacity was successfully built in African civil services in earlier times, the approach used then is unlikely to be sufficient for the future. This is because the starting point was very different. The emphasis of capacity building in those days was on skills development and on building up an infrastructure of public sector training institutions, such as civil service training centres, teacher training colleges, nurses training attached to hospitals etc. Donors, in those days, were more prepared to fund promising staff on overseas training courses than they are now, when the risks of trainees not returning are much greater. Overseas training, despite its cost, was thought worthwhile if the right people were selected and would return to a work environment in which their new skills could be put to use.

Voluntary retrenchment schemes are no better, since the separation grant necessary to induce an officer to retire early cannot be less than the legal minimum, and the pension still has to be paid.
Civil service policymakers could focus on skills development and creating training capacity because they could rely on the other elements in the capacity building equation being in place. While there was clearly a skills gap that could be met through training, the monetary and non-monetary incentives within public sector organizations were adequate to retain and motivate staff. The organizational structures and systems had already been laid down and were functioning, with a core group of experienced nationals (and expatriates) familiar with the processes of government. Most important, there was congruity between formal and informal rules. Furthermore, although domestic revenues were relatively undeveloped and aid flows had not yet diversified, budgets worked, and policy and program commitments were broadly in line with available resources. This meant that governments could both meet their wage bills, and fund the accompanying operations and maintenance expenditures necessary for a good working environment. Thus those with newly acquired skills could expect to bring those skills into a work environment in which they would be used, and enhance those skills through experience.

Less robust was the broader governance environment, and this was to prove the Achilles heel of that first round of capacity building. Checks on the executive were weak and many countries were soon to change their independence constitutions to one party states and, perhaps, appoint a “president for life”. Judiciaries for the most part did not see their role as curbing the excesses of the government (which paid their salaries anyway). The private sector was small, and dominated by expatriate firms, and civil society was unorganized and weak. Besides, competition was viewed with suspicion, and as the state led development paradigm became dominant, there was no interest in alternative service providers. Mission schools and hospitals and private clinics were curtailed, closed or taken over to ensure that national education and health policies would be uniformly applied. To the extent there existed strong CSOs like trades unions, they had long identified with one political party or another in the independence struggle. Their concern, anyway, was to expand public sector union enrolments, improve the conditions of their members rather than hold government to account.

Thus while investment in training, including the refurbishment of training colleges, updating of curricula and training of trainers, is needed, it is no longer a sufficient means to capacity building. Furthermore, the problem is only partly lack of skills in government. While a lot of staff capacity has been lost, much still remains, if only it could be put to productive use. Thus, while the first wave of capacity building was about expanding the number of people with skills, the second wave is primarily about making better use of existing skills in government, and discouraging the good ones leaving.

Present Situation is Stable and partly Functional

On the face of it, one would expect African Civil Services to be eager for capacity rebuilding and reform. The Bank’s experience with civil service reform testifies to the

---

9 The capacity building framework used here is taken from the TF concept paper *Effective States and Engaged Societies*, January 2005, para 11.
contrary. Governments almost without exception have announced civil service reform programs, but very few have implemented them resolutely, particularly when it comes to structural reforms. This is partly due to bureaucratic resistance, but also political caution. And strong vested interests have grown up in favour of the status quo. While the majority of civil servants would welcome more training, better pay and an improved work environment, the present situation of civil service dysfunction (as viewed from outside), is remarkably stable. This is because for some key stakeholders, the present situation is either too difficult to change, or in some other respects, functional.

30. In the first place, if the primary purpose of a large civil service is to serve as an instrument of patronage and political management, the present situation provides ministers and politicians with a large client base. By now the general public has low expectations of service delivery, and discounts the likelihood of change. Furthermore, there are huge political costs to a serious program of downsizing (which terminates real people, not ghosts). And if a government does decide to embark on serious retrenchment, then the separation costs are likely to drive up the total wage bill in the short term - unless donors are prepared to meet the lion’s share of the costs. Moreover, if this does happen, the additional pension burden is likely to eat into the long term wage bill savings from reducing overstaffing.

31. Even if politicians see a dysfunctional civil service as a barrier to service delivery improvement, it may be politically more rational for them to channel the available resources into capital projects of refurbishment and new construction. These bring visibility to ministers and some productivity improvements in service delivery, even if the core problem is left unresolved. Many distrust the civil service to reform itself, yet lack the knowledge of civil service rules and cultures to take on the leadership of reform themselves. Or, they may have rationally concluded that the effort of reform is not worth the political cost.

32. Civil servants have adapted to the status quo, developing ways of surviving through salary augmentation mechanisms which draw resources from either outside or inside government. Most would like to be employed in a well functioning civil service. Many, however, fear the process of reform, believing they would be worse off in the short run, and might never see the long run, as reforms unfold which threaten personal survival mechanisms and secure employment.

33. Some senior civil servants may even be better off in a dysfunctional civil service setting, with collapsed pay structures, because of the large rents they are able to extract when control systems have collapsed. Typically, such people are not the senior technical

---

10 This ambivalence is born out, for example, in the Afrobarometer surveys of public attitudes to markets and democracy. In Ghana, for example, surveys show that people acknowledge that service delivery is poor, and that overstaffing in government is a cause. Yet they are uncertain about downsizing, and value a large public sector for the jobs it offers. Even if pay is poor, a public sector job offers connections and other benefits.

11 This can be seen in Nigeria where in a small number of states with reform minded governors, these governors have backed off serious civil service reform, despite major wage bill affordability problems, and decided to allocate the bulk of resources to capital programs instead.
specialists and professionals, but their managers. While professionals have left government in droves, it is rare to hear of a director or a permanent secretary resigning.

34. Civil services which are dysfunctional from the perspective of sustained service delivery can be functional in selected areas if they are deemed important enough. State visits are organized immaculately, internal security issues (not routine police functions) are handled expeditiously, and even if they dislike the terms, finance ministries usually manage to comply (at least initially) with Fund program if debt relief and aid are conditional on the outcome. Governments reveal a capacity to get tasks done if they are politically important enough. Typically this is achieved by making additional payments to the key staff to complete the work on time, funded from other parts of departmental budgets. Some tasks can be done by a few technocrats in key positions in the central management agencies. and if doing them is a condition of balance of payments or budget support, they will be done.

35. Indeed, looking across government the capacity landscape is actually very uneven. As already noted, there is invariably capacity around the office of the president, to support political management. Areas of government which have been enclaved, such as revenue departments, tend to work better than the rest of government. In most countries there are some public agencies that have retained a tradition of doing things well, and been able to preserve this capability notwithstanding the erosion of capacity elsewhere in government. Where donors have succeeded in creating a special work environment for their projects, for example through salary supplements, civil servants working there can be highly productive. Social funds take this practice a stage further this by moving a set of government activities outside civil service rules and the normal budget process.12

36. The result is an administrative system which is stable, efficient in meeting the immediate needs of stakeholders who control it, capable in certain areas, but wasteful and ineffective as an instrument for providing a broad range of public goods and services on a sustained basis. While certain technical and professional skills are in short supply, there are still plenty of able officials working in government who could be vastly more productive if the work environment could be improved, and their personal incentives aligned better with policy and program goals. Governments may purport to want civil service reform, but in reality, by the actions (or non-actions) they reveal their preference for the status quo.

---

12 Such as macroeconomic policy. The budget aggregates can be managed by only a few people, through the cash release system, to ensure fiscal targets are met. Budgets can be made which allocate more to poverty reduction programs. At a higher order of difficulty, since it involves many more people, is implementing programs efficiently and effectively. See paper on capacity building for PFM for a discussion of this.

13 This was true of several parastatals in Kenya (described by David Leonard, in his book …..). It was true of the Guma Valley Water Company, which supplied treated water to Freetown, in the 1960s/early70s, and the operation of the Owens Falls power station in Uganda during the Idi Amin years in the late 1970s.

14 This works if the yardstick is improved performance by staff working for social funds. Whether social funds are sustainable (invariably they are replenished by donors, not governments), comply with the principle of subsidiarity, and promote democratic accountability is another matter.
37. The problem with the status quo, however, is that while some very specific tasks can be done, others that require sustained performance by a large number of people, such as service delivery (critical for the MDGs), get done very badly. Furthermore, since the structures and staffing for service delivery (both at central and sub-national levels) are already in place and mandated, these act as a huge sponge, sucking up both domestic and aid resources, wasting inputs and delivering few outputs. This does not bode well for “scaling up”. And in macroeconomic terms, such inefficiency is growth reducing.\footnote{Both IFIs and governments often call for increased domestic resource mobilization. But there is no gain in extracting a surplus from economic agents disciplined by market forces, only to transfer them to value reducing departmental service delivery structures. Citizens end up paying for services twice: once through taxation, then through bribes to get public employees to deliver what they are supposed to do.}

IV. REBUILDING CAPACITY - SOME DIRECTIONS FOR THE FUTURE?

There are no sure paths to rebuilding capacity in the public sector settings we find in Africa today, but some pointers can be given to what is the central challenge of development in the continent, and a prior condition to sustained alleviation of poverty.

Building Knowledge

38. The first task for World Bank staff engaged in capacity building is to acquire knowledge, to understand as fully as possible, the country setting, and to share the information with country counterparts. This means talking to as many stakeholders in the country to get their perspectives on what is happening in the civil service and what should be done to rebuild capacity. Especially important is talking to civil servants themselves. Senior officials will usually declare themselves in favour of CSR, but then go on to define it largely in traditional terms, seeking support for skills training and re-equipment, avoiding the structural issues that need to be addressed. One way of getting middle level civil servant insights would be to hold focus group meetings, using local consultants as facilitators. Asking participants to identify and rank the constraints to being more effective in their jobs is a good place to start. It is also good change management.

39. If the Bank is to support civil service capacity building, then an assessment must be made not just of the skills training requirements, but also of the other elements that comprise the capacity building environment, notably the condition of organizational systems and processes, the pay and related incentives civil servants face, the quality of the work environment, how personnel management is practiced, whether good performance is rewarded and poor performance sanctioned, and generally, the broader governance setting. The purpose of knowledge building is not to design the project for clients, but to support a meaningful dialogue, and steer the client away from partial solutions. Just as the PFM and procurement areas have their own diagnostic tools, it may
be necessary to develop a similar instrument for the civil service. Unlike CFAAs and CPARs, a CS diagnostic tool must try to survey the informal as well as the formal rules.

**Balancing Supply and Demand**

40. The early programs focused on providing training, the supply side of capacity building. This made sense because in the post independence period, the demand side of the equation could be taken for granted. There was huge political demand, in the wake of independence, for a civil service staffed at the senior management and professional levels with local officers, who in turn could deliver the projects and programs that were needed for development to take place. If there was a debate at the time, it concerned such issues as the speed of localization, whether TA staff should be in line or advisory positions, and whether training courses should be short and frequent or longer duration and largely pre-service.

41. Nowadays, there’s a much greater need to ensure the supply side of capacity building is matched with strong demand for capacity building. Civil services generally do not reform themselves (or do so only partially), so the question becomes how and whether the Bank can do anything to secure the demand side for capacity building in the civil service.

42. Further thought needs to be given to this question. In the meantime, the Bank could consider giving support to the demand side in the following ways. First, by encouraging governments (with PRSC conditionality if necessary) to require the main service delivery ministries and agencies to produce annual reports containing narratives on their activities in the past year. Progressively, these could be required to contain more performance information, including information on outputs and outcomes. The aim would be to make government departments more transparent, and thus empower outside bodies to demand greater accountability.

43. Second, the demand side for reform could be stimulated by encouraging governments, with grant finance if necessary, to carry out regular surveys of service delivery effectiveness, and commit to publish the results, particularly if they can be stratified by major region or town, and a competitive element introduced.

44. Third, more ways should be found to support with grant funds (either from the bank or by bilateral donors and other foundations) civil society organizations which are prepared to hold the civil service to account, by undertaking service delivery surveys independently of the government, corruption surveys, citizen report cards etc which hold a mirror up to civil service performance. As already noted, the general public in African countries is ambivalent about government performance. They are well aware of service delivery failure and the need to pay small bribes or make contributions in kind to get treatment in a government run clinic, a child admitted to school, or a permit issued. At the same time they value government as a supplier of public sector jobs, even if poorly paid, and seek such jobs from patronage providers. Ultimately, civil services will change only when the attitudes of the general public shift, and there is potential to mobilize and
demand better performance, including through local government democratic processes. Civil society organizations can play a critical role in such a transformation.

45. Fourth, capacity building could be made a regular part of the dialogue with donors providing budget support. The latter provides government the resources to tackle spending needs outside of a project framework. It would not be unreasonable for donors to demand, by whatever means it decides, that government addresses some of the structural constraints to civil service capacity. The requirement that reform programs should be “owned” does not rule out actions by donors which raise country demand for reform. CS capacity building should be given as much prominence in the policy dialogue as PFM capacity building. It is clear that in the case of the latter, the HIPC (and soon PEFA) assessment framework has made governments concentrate on what should be done to improve ratings. The development of a CS assessment framework that could lend itself to both self and external assessment would help make the discussion of CS capacity issues more concrete, in the context, say, of annual PRSC discussions and in-year monitoring. CS capacity is just as important as PFM capacity, in that the former is simply the personnel dimension of the operating systems of government, on which public goods and service provision depend.

Helping Governments Re-examine their Role

46. Although structural adjustment rescued the macro economy, from a public sector management perspective, it left unfinished business. First, it did little to change sectoral policies within government. Second, governments were still left with many of the organizational structures, job descriptions and staffing levels which derived from the previous paradigm. By and large, governments have not sufficiently realigned their structures and staffing with a newer paradigm of the role of government, facilitating or regulating, not replacing the private sector, and devolving services to the level of government where accountability for performance is likely to be the greatest.

47. If policymaking can be seen as a decision tree, then governments over the past forty years unerringly seem to have chosen to intervene with a public programs whenever the choice between public and private responsibility occurred, to provide a service directly rather than by contracting out or regulating, and to deliver through central government programs rather than decentralizing responsibility (and revenue raising) to sub-national governments.

---

16 Ghana is a case in point. After years of donor support (principally Bank and DFID) for CSR with only partial results, by mutual agreement both sides have backed off proceeding with yet another consultant designed and implemented CSRP, and instead given the GoG space to review all that has happened and come up with its own program, which will be financed not by tied project aid but with budget support resources. The GoG is still working on its reform proposals. In the meantime, multi-donor budget support providers will continue to highlight the importance of reform in this area, stressing the outcomes desired, leaving the means to get there to the government.
48. Sector by sector governments need to be encouraged to reverse their steps down the policy path that led to departmental programs (and thus structures and public employees) coming into being. This has been one of the purposes behind “functional reviews” which the Bank has supported in many CSRPs. For the most part, these have not been effective in getting governments to revisit policy and the way it have been carried out. Functional reviews, instead, have come to be staffing level reviews – accepting the functions of a department as given, and determining whether existing staffing levels are appropriate.

49. There is probably too much interest vested in existing structures for them to yield to a consultant driven exercise such as a functional review. More realistic is to pursue a dialogue on the role of government at the sector level, over a longer period of time, with the aim of moving policy makers away from outdated ways of looking at the role of government. Here, the parallel development of a MTEF would help change the present incremental incentives of budgeting which discourage intra-sectoral reallocations, and provide no incentive for ministries to revisit policy, examine priorities afresh, and look at new ways of achieving policy goals. This illustrates the need to proceed with CS and PFM capacity building in a coordinated way.
50. There is a vital role to be played by Bank sector staff helping governments take a fresh look at the range of services they are attempting to provide, whether there are alternative ways of achieving policy objectives, and whether a directly provided service should be the responsibility of central rather than sub-national governments. Given the deep rooted nature of the traditional paradigm, this dialogue needs to be sustained for a decade or more.

51. But if donors are to participate in a dialogue on the role of government, they need to remind themselves that the primary purpose of government (as their own history demonstrates) is not service delivery but the provision of basic public goods, such as security, law and order, macroeconomic management and economic regulation. If there is a service delivery role for the public sector, it lies with local rather than central government, working with community organizations. Caution, too, needs to be exercise on the MDGs, lest pursuit of these laudible goals does not lead to a repetition of the “basic needs” driven expansion of government that took place over three decades ago.

Tackling Pay

52. Reforming civil service pay will not in itself put an end to the salary augmentation mechanisms which have so distorted performance. But without pay reform, civil services will remain mired in informality. If this is accepted, the question becomes: what sort of pay reform? Under “first generation” CSRPs, the assumption was that wage bill savings gained from retrenchment would be applied to pay improvement, without specifying how this should happen. To the extent they had wage bill savings (or increased revenues), governments used them to adjust salaries uniformly, preserving the harmonized, internal relativity driven, traditional pay scales. This dissipated wage bill savings across the entire salary structure.

53. What’s required is a change in pay policy. The harmonized scales need to be replaced by a public sector pay policy in which government becomes more of a pay follower than a failed pay leader (the original intent of incomes policies). Pay reform thus has to be much more selective, aimed at bringing pay into line, over time, with local job market comparators. Inevitably, this means quite substantial decompression, and this calls for careful political management. Accountants with professional qualifications), doctors, engineers, IT specialists will need to be paid at rates comparable to what these skills command in the local private sector. And the transition to more market related pay may need to be implemented on a department by department basis. Only when a department or agency has undergone a thorough review of its structures, programs and staffing levels, will its staff benefit from improved pay. Alternatively, certain key groups of professionals in government (eg: accountants) could be designated recipients of enhanced pay arrangements.

54. All of this is complicated, and needs to be carefully worked out, on a case by case basis. Several countries (Tanzania, Zambia) have already started down this road by preparing and publishing a Medium Term Public Pay reform Strategy. In due course,
allowances and benefits in kind could be incorporated into base pay, so that the latter becomes the principal means of rewarding staff.

**Improving the Work Environment**

55. Government offices across Africa are pretty depressing work environments. Buildings have not been maintained for years, files spill out of registries into corridors, toilets are blocked, air conditioners either don’t work or render normal conversation impossible, a few computers exist, but are in the wrong hands, and secretaries still hammer away on manual typewriters.

56. Money invested in office refurbishment if it is not part of a broader plan to overhaul a department’s functions and staffing, is a waste of resources. On the other hand, if it is planned carefully, it can have a strong positive impact on staff morale and, in turn, productivity.\(^*\)

57. By the same token, money invested in renovating training establishments signals to staff that capacity building is being given priority by government. A full program of upgrading training capacity would entail: renovation of buildings and equipment, updating curricula, training of trainers, and the publication and implementation of a new training policy. It might also entail changes to the budgeting and management arrangements of training establishments, perhaps introducing an element of competition in the supply of training.

**New Models of Civil Service Reform**

59. There is work to be done by the Bank, bilateral donors and client governments developing different models of civil service reform. Each country will be different, not because the formal rules of the civil service differ (they do not within the main blocs of administrative tradition), but because the political possibilities will be different, as will the leadership within the central management agencies, and the degree to which informality has undermined the main systems of civil service management. Entry points will differ. In some countries modernizing payroll systems and personnel controls will be a critical early step. In others, the strengthening of the civil service ministry and its systems may be the priority. If pressure is building for a pay award, it will be important to shape the award in a way that moves government pay scales towards greater labour market congruity.

60. Above all, CSRPs need to be conceived of in ways that will bring the informal rules into more harmony with the formal rules, so as to change the incentive system facing existing staff, and make better use of their capabilities. This may be missed if the project is designed by external consultants, who may fail to grasp the essence of reform

---

\(^*\) Office refurbishment was part of the Bank’s capacity building support to the MoFEP in Uganda, and contributed greatly to overall renewal. It signaled to staff that even if pay could only modestly be improved, the Government recognized the importance of a good work environment and was committed to the success of the reforms.
(the distorted incentive framework), and attempt to transplant CS reform models from more advanced countries. New Public Management (NPM) reforms are primarily about making rule bound bureaucracies more performance oriented by loosening central controls and making civil service managers more accountable for results. But the starting point in most African countries is that central controls have already been loosened, in practice, and replaced by a set of informal rules which promote behaviour in the private interest of civil servants rather than the public interest of the general public.

**Sector Programs and Civil Service Capacity Building**

61. There is a tendency among Bank sector staff to regard the support given to CSR as the responsibility of other units in the Bank, and therefore not to be taken greatly into account in the design and execution of sector projects and programs. In a way this is understandable. CSR problems often appear intractable, and there may not be much belief that solutions will be forthcoming within the life of the sector program they are working on.

62. But compartmentalization leads to problems. An obvious example is when deficient local salaries cause project staff to propose the payment of salary supplements to civil servants working on sector projects. Another is the adoption of project organizational structures designed to distance the project as far as possible from the rest of the machinery of government. Enclaving, particularly in weak civil service settings, is a deeply rooted instinct of Bank sector staff. When existing structures appear dysfunctional, the preference is usually to create new structures rather than get to the heart of the problems of the existing structures and try to correct them. This creates donor-dependent structures, whose sustainability depends on donor willingness to finance successive phases of the project.18

63. From a civil service capacity building perspective, sometimes this instinct is right, most often it is wrong. Whilst aware of enclaving, Bank public management staff usually are so pre-occupied with getting their own projects approved and implemented, that they do not raise sector project design issues with the TM.19 Once Bank staff have helped governments develop and agree a civil service capacity building strategy, this needs to be disseminated and actions at the sector project level make consistent with it.

**Coordinating Civil Service and Public Financial Management Capacity Building**

18 Social funds run this risk. While on the face of it, many are successful in achieving their program objectives, few if any social funds have been kept going by governments once the initial donor supported phase is over. Rather than be wound up, they are sustained by donors.

19 A case in point has just risen in Nigeria, where Bank project staff, concerned about the slow implementation of Bank financed projects and the weak motivation of PIU staff, are proposing a scheme of salary supplements, paid out of credit proceeds. In the meantime, the Economic Reform and Governance Project, approved Dec 04, provides funding for the development of a new approach to public sector pay setting, which, if implemented, would provide a framework within which progressively pay structures could become more labour market related, and accelerated salary adjustment given to key cadres.
64. Just as PFM capacity building requires supporting actions on the personnel front (such as pay reform for key technical and professional cadres) so CS capacity building needs complementary action on the PFM front. One area that will be critical is PFM actions to tighten financial management discipline, on the grounds that if government is characterized by excessive informality, then this must be countered by better enforcement of both personnel and financial management rules.

65. A critical area where there is clear complementarity is payroll management. Payrolls are areas of vulnerability for both civil service and financial management reform. From a CS perspective, the payroll is a critical instrument of personnel control. Lose control of the payroll and the government has lost control of CS numbers. But payrolls themselves are PFM systems, first and foremost. They deal with very large sums of money and their modernization has to be coordinated with the modernization of financial management and accounting generally.

66. Another area is budgeting. When budgets are put together in an incremental manner, there is little incentive for a MDA to hold back on its annual budget submissions, and look at intra-departmental priorities and trade-offs. This changes if the country is successful in developing a MTEF, and MDAs each year are confronted with a hard budget constraint, and a medium term resources envelope in which to plan future spending. In turn, a MTEF will make a MDA strategic planning exercise less likely to become a wish list of additional activities and spending.

Ethics and the Merit Principle

67. One of the casualties of the past few decades had been the merit principle, the notion that civil servants should be appointed and promoted on merit, and that qualifications and performance should be fairly assessed. In Anglophone Africa one of the institutions established to protect the merit principle was the Public Service Commission. These bodies still exist, but for the most part have decayed in line along with the principle, as political interference, ethnicity and patronage have come to dominate the appointment and promotion process in many countries. Sometimes ethnicity can be constitutionally built into the civil service. There is a case for looking afresh at these mechanisms and their role in protecting merit, and the balance of functions between the PSC and the public service ministry. There is also a case for looking afresh at the ethics infrastructure and content of the civil service, and reinforcing them. An emphasis on ethics alone will make little impression on grossly underpaid staff, particularly if they are working for corrupt managers. But it could be woven into the change management process, by asking focus groups of staff what they believe is right.
and wrong in civil service conduct, and what should be done to make those values a reality.

**Impact of HIV/AIDS on Civil Service Capacity Building**

68. Finally, there is a need to give greater prominence to HIV/AIDS in CS capacity building work. The devastating impact of HIV/AIDS on civil service capacity in Africa, particularly in Eastern and Central Africa, has been felt for some time, but few, if any (check), Bank supported CSRPs explicitly include measures either to ameliorate its impact, assess its future toll, or take actions to compensate for the loss of skills. It is not clear at this point what actions should be taken in CSRPs that are not already addressed in existing HIV/AIDS programs, but the issue urgently requires exploring.

69. There is a need to consider what might be done to counter the impact on a country’s largest employer, and, in particular, key functional areas. A study on the impact on the civil service in one of the most heavily affected countries could be a starting point. Such a study would look at the impact on high level skills of both prolonged sickness, and, eventual death of HIV/AIDS sufferers in the civil service, and model the implications on overall numbers and what this means for capacity building in the civil service.