Civil Service Pay & Employment Reform In Africa:
Selected Implementation Experiences

by
Louis de Merode
Senior Public Management Specialist

Africa Technical Department
World Bank

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ABBREVIATIONS

CGRA  -  Commissariat for Administrative Reform (Guinea)
CSRP  -  Civil Service Reform Program
CAG   -  Controller and Accountant-General (Ghana)
ERP   -  Economic Recovery Program
ESAF  -  Extended Structural Adjustment Facility
MSD   -  Management Services Division (Ghana and The Gambia)
OHCS  -  Office of the Head of the Civil Service (Ghana)
OCCSRP - Oversight Committee for the CSRP (Ghana)
O&M   -  Operations and Maintenance
PMO   -  Personnel Management Office (The Gambia)
RMC   -  Redeployment Management Committee (Ghana)
SAIS  -  Structural Adjustment Institutional Support Project
SAL   -  Structural Adjustment Loan
SAF   -  Structural Adjustment Facility
UK-ODA - U.K. - Overseas Development Administration
UNDP  -  United Nations Development Program
WGAR  -  Working Group for Administrative Reform (The Gambia)
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FOREWORD

The task of strengthening public sector management in a degraded macroeconomic context must rank as one of the most difficult development challenges ever to be faced by governments and donors. In the private sector itself, ensuring the survival of a firm threatened in its existence while preserving it as a vibrant competitor for the future is considered an extraordinary challenge. Yet in both cases the task cannot be assumed away nor can it be delayed.

This report covers in depth the first aspect of this daunting task: the reversal of the downward spiral of excessive employment growth, declining remuneration and diminishing productivity of the majority of Africa's civil services. The report shows how it can be done, albeit so far only at an unacceptably slow pace.

That it can be done at all is in itself a significant finding of the study, as the conventional wisdom held that the task was impossible. The political consequences were thought to be unmanageable for governments. The economical consequences were thought to be intolerable for civil servants forced into employment transitions for which, the conventional wisdom held, they were insufficiently adaptable and poorly prepared. The story of the three country experiences told by this study amounts to a convincing rebuttal. And the implementation material provided in the study, which documents in detail the best practices in the three cases, should constitute a rich source of reference materials for reform practitioners in the future.

As the report acknowledges, however, current reforms will not be enough. At best, a convincing case can be made that the three countries are better off with the reforms than without. This a however a far cry from meaningful progress by most acceptable definitions. The search must therefore continue for reform strategies equally compatible with sound macroeconomic management, but with a quicker and greater impact on civil service performance, with a more sustainable effect on capacity-building, and with lesser social and political consequences.

Thus the second important contribution of the study is to show the limits of current approaches, and the need to continue to experiment in other directions.

The major challenge the study lays out for African researchers, policymakers, and practitioners is the identification of those organizational and motivation practices which are able to harness African cultural values, both individual and collective, towards goals of greater effectiveness and efficiency.

Mamadou Dia
Division Chief
Institutional Development and Management Division
Africa Technical Department
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EXECUTIVE SUMMARY

The study draws on detailed reviews of the pay and employment aspects of three of the most durable and successful civil service reforms in Africa, all undertaken in a structural adjustment context: Ghana, the Gambia and Guinea.

Pay and employment issues affect government performance in several important ways: they affect budget deficits and composition, they impact on staff recruitment and retention, on motivation and work effort, and on efficiency. There is growing evidence that in Africa, real civil service pay has significantly declined in real terms over the last two decades, due to a combination of excessive civil service recruitment and employment levels and to worsening macroeconomic conditions. Pay cuts have often fallen disproportionately on the highest grades. In-kind allowances have cushioned the fall for a minority of civil servants, but have had to be rationed and have led to severe disparities which in turn have bred resentment and generated management burdens, corruption and rent-seeking behaviors.

Of 76 Bank-wide operations with civil service reform components since 1981, 47 have been in Africa. The Bank’s entry into policy-based lending is responsible for this high level of activity, which contrasted with earlier periods where the Bank’s direct involvement in civil service reform was very rare. Two basic sets of reasons have been invoked: fiscal adjustment and weak government capacity. On the one hand, while Operations and Maintenance (O&M) and capital expenditures took the brunt of the first expenditure cuts made necessary by declining budget revenues and increasing debt service payments, at some stage the wage bill was the main area left where additional savings could be sought to contain public expenditures. On the other hand, weak administrative capacities are seen to represent a bottleneck both to the immediate feasibility as well as to the long-term sustainability of structural adjustment programs. Transcending both sets of reasons is also an evolving conception of the role of the state. In Africa as elsewhere, the tendency has been for the state to withdraw progressively from direct production of goods and services, to focus on essential functions, and to strive to establish and facilitate an enabling environment for the efficient functioning of markets rather than control and intervene.

Ghana is the first case examined in the report. Because of excessive recruitment, poor economic performance and political instability, Ghana’s civil service in 1986 was a far cry from what at independence was considered one of the country’s main development assets. Pay was extremely low, pay compression high, and overstaffing was pervasive at lower levels. The civil service reform program, which became an integral part of successive SAL operations starting with the launch of the Economic Recovery Program in 1983, was broad and ambitious. Started in 1986, over its first four years it involved three censuses, recruitment
restrictions, the retrenchment of 3 percent of total civil service employment per year, a corresponding outplacement program, the improvement of pay levels, pay decompression, the overhaul of the grading system, and the strengthening of the central civil service management agency. The program was supported by the UK-ODA and by the Bank through technical assistance programs.

The problems of the Gambian civil service in 1985 at the outset of its reform program were serious and pervasive, but the civil service's institutional infrastructure had not experienced the severe decay that had taken place in Ghana. Public sector capacity was not as major an issue as in Ghana, but the economic and financial weight of the Gambian civil service was even greater, largely due to excessive recruitment in the seventies. The reform program, which was also linked to successive SALs and supported by the Bank and the UK-ODA, involved a two-step retrenchment program overlapping with the restructuring of two sector ministries, a corresponding outplacement program, budget restrictions on personnel emoluments, a pay adjustment, grading reform, and the institutional strengthening of the central civil service management agency.

Of the three countries, Guinea's civil service problems were the most acute. Sekou Toure's disastrous legacy included a largely undifferentiated public sector where the civil service and public enterprises were subject to identical pay and employment conditions, the private sector was effectively stifled, the state had been the employer of last resort for some 25 years, and public sector pay was extremely low. Thus the civil service reform program, undertaken under the radically different market-based premises of the successor regime, was the most far-reaching and also the most complex of the three, involving as it did a large element of transformation of the role of the state. It comprised the restructuring of all Ministries, three censuses, competency testing of a majority of civil service staff and the retrenchment of those who failed the tests, an early retirement program, a voluntary departure program, a corresponding outplacement program and the overhaul of the pay and grading framework.

The institutional components of the three reform programs focus on reorganizing and strengthening the central personnel agency and on strengthening payroll management. Components included the development of improved personnel information systems (all three), the creation of a unified cadre of personnel officers and their training (all three), the establishment or strengthening of manpower planning, budgeting and control capabilities (all three), and the development of management services such as job inspections and management reviews (Ghana and The Gambia). All three programs also included the development of training policies and the strengthening of training delivery capacities throughout the civil service. Efforts to improve payroll management, as well as to strengthen the articulation between personnel and financial management, were also undertaken, all involving computerization programs.
The report's analysis of reform impacts first lays out a few contextual factors. Significant definitional differences exist between the three civil services. Initial conditions are also varied, with budgetary issues being more important in The Gambia and Ghana, employment issues more prominent in Ghana, and administrative capacity constraints most severe in Guinea. All three countries however displayed a high initial level of political commitment to reform and experienced relatively high economic growth during the reform period.

Despite limitations due to poor data and the lack of monitoring indicators, the data show conclusively that all three countries have achieved effective downsizing of the civil service, ranging from 1 percent a year in The Gambia to over 5 percent in Guinea. In Ghana, the only country for which such an analysis is possible, it appears that this was achieved despite uncontrolled recruitment which may have been as high as 25 percent of staff retrenched.

The pay impact is more varied. Real average pay is seen to have increased by 30 percent per year in Guinea, by some 2 percent in Ghana, and to have declined by about 3 percent per year in The Gambia, although available data overstate the magnitude of pay increases in Guinea by a wide margin due to the existence initially of poorly documented but widespread benefits in kind. Progress was made in Ghana in decompressing pay and thus improving pay competitiveness at higher levels.

The picture of the budgetary impact of the reforms is one of convergence: The Gambia and Ghana achieved some restructuring of the budget, although with a relatively small impact on the share of O&M expenditures. In Guinea, which had the lowest initial wage bill and pay levels, the importance of the wage bill actually increased over the reform period, although much of it reflects a one-time gain from the savings accruing from a reduced role of the state. Detailed analyses of budgetary costs and benefits yield two conclusions. First, downsizing has been financially beneficial to the budget. It took between one and five years for cumulative budgetary savings to exceed initial costs. Second, net savings from downsizing leave very little if any margin for short-term pay improvements, and the rate of medium-term pay improvements is thus likely to be much lower than the historical rates of deterioration.

The impact of the reforms on performance is harder to gauge, for methodological reasons, for lack of data and because reform implementation has been too short to yield changes in patterns of work effort and organizational culture. The available evidence is mixed. On the one hand, pay improvements and staffing streamlining have featured in all organizations displaying much improved performance; anecdotal evidence in Ghana from agencies having received special "enclave" pay treatment suggests that public sector workers respond with much improved performance to a combination of strong leadership, better pay, better working conditions and satisfying work. On the other hand, nowhere have improved pay and downsizing alone brought about major productivity gains.
Indeed observers believe that in Guinea, the country with the largest staffing reductions and pay improvements, moon-lighting, rent-seeking and absenteeism in the civil service have not been significantly curbed.

Reform sustainability was assessed against three types of objectives: reform policy outcomes, institutional outcomes, and institutional capabilities for continuous change and adaptation. By these yardsticks, the sustainability impact of the reform programs was found to have been variable. The Gambia was found to be close to having achieved a satisfactory and viable institutional infrastructure for routine and "stable-state" civil service management purposes, but to be lacking in the capability for institutional adaptation and change, and to be having difficulties moving in that direction. Indeed, reform accomplishments appeared to be eroding. Guinea had yet to reach the stage where viable basic institutional capabilities were in place, although work was progressing towards this end. At this stage, however, reform accomplishments were still very precarious. Finally, Ghana was found to have made the greatest progress over the period of reform: institutional building blocks were being put in place, including payroll and personnel information systems, grading and career development frameworks, manpower planning, budgeting and control processes, and management services. Sustainability of reform outcomes appeared to be secure. Rapid progress was being made towards the achievement of viable basic institutional capabilities, and there remained significant momentum towards the achievement of viable capabilities for adaptation and change. The major challenge for all programs was the establishment of grass-root constituencies for reform allowing reform to survive both the phasing-out of policy lending and political change.

The lessons from the three country experiences are several.

- At the level of reform strategies, the need clearly emerges of a disciplined strategic approach to reform where short-term measures are explicitly designed to support long-term objectives, and where policy and institutional actions are closely integrated as well as explicitly related to the macroframework.

- Private sector growth has made a considerable, perhaps essential difference to the three reform programs, by generating additional revenues to finance pay reforms, and by creating employment opportunities for retrenched government workers.

- Commitment and reform ownership are critical success factors, especially to the sustainability of the reforms. Political commitment is particularly important; analysis of the three reforms suggests that civil service reform is susceptible to good political management and requires active marketing efforts. Technical assistance and reform management strategies, and the use of conditionality are all highly relevant to commitment and ownership.
Technical assistance has been an indispensable element of the reform programs, although it has had a variable impact. Several different modes of delivery were used, ranging from resident technical assistants to long-term consulting contracts with management consulting firms. It was found that the technical assistance task required a large variety of professional skills and interpersonal roles, carried out under considerable time uncertainty. It was felt that of all the approaches reviewed, the one used in Ghana, a resident coordinator backed up by visiting specialists from a management consulting joint-venture, was best able to produce timely and flexibly the combinations of skills and roles required by the task, and that its higher unit cost was counterbalanced by better utilization of billable time. It also produced greater reform ownership than in the other instances, perhaps because it generated greater pressure first for training counterpart staff, initially for backstopping between consultant visits and eventually for "localization" of technical assistance skills, and second for generating forward reform momentum.

While most observers agree that conditionality played an important and facilitating part in some areas and at some stages of the reform process, there are several pitfalls. In most situations, conditionality cannot substitute for reform commitment and internalization. The practice of SAL programs of tying together unrelated reform items from multiple sectors, can undermine the internal integration of reform programs. Lastly, several instances were found of unrealistic schedules undermining meaningful participative processes and proper technical preparation of reform measures, and of excessive emphasis on short-term measures. The study also finds that process-type conditions (as opposed to outcome conditions where the emphasis is on results) are more conducive to reform ownership.

Reform management strategies also had different impacts on reform outcomes. As reform shifts from cost-cutting to capacity-building issues, reform management must be able to count on the commitment not only of top leadership levels, but also of higher and middle-management levels in the civil service and, if reform is to survive political change, of the rank and file of the civil service and of the general public. This will also require increasingly participatory techniques and lower-key donor and technical assistance roles. Ghana's reform management arrangements providing for the separation of management of cost-cutting from capacity-building measures proved useful, as did the role of a reform "champion" in the early stages in The Gambia.

The implementation of reform programs helped dispel unhelpful preconceptions that had inhibited earlier programs, such as the notion that civil servants would be unable to adapt to employment transitions or unwilling to seek employment in the agricultural and informal sectors, both of which notions were unfounded.
- Enclave approaches, whereby agencies are granted autonomy to depart from general civil service pay and employment conditions, are shown to be effective under certain conditions, but to generate resentment in the mainstream civil service and have other negative side-effects. Thus they should only be undertaken under very restrictive conditions of clear accountability for performance, strategic importance, good leadership and if there is a credible long-term program to improve pay throughout the civil service.

- The cases suggest some answers to sequencing issues. First is the need to ensure the proper sequencing of policy and institutional actions, in order to ensure the implementation and sustainability of policy changes. Censuses in relation to establishment control is a case in point. Second is the sequencing between pay and employment reform, where the study finds that pay improvement and downsizing are bound to be sufficiently slow that the issue of sequencing has limited interest. To the extent such an issue exists it can be overcome through an initial emphasis on decompression rather than overall pay improvement. Third is the need for analysis prior to downsizing, where the report concludes that in most cases a rigorous process for selecting staff to be retrenched is more important than a detailed prior analysis.

A few common problem areas were found in the three reform programs.

- With the qualified exception of Guinea, reform failed to improve individual pay levels significantly, although pay levels would be significantly lower still in the absence of reform.

- The experience of formal outplacement programs is poor in the three cases. In general, the main lessons appear to be that: (i) a large majority of civil servants do not require structured outplacement assistance beyond severance benefits; (ii) credit schemes for self-employment have very low repayments performance, doubtful success rates, and lead to inequities.

- Mixes of employment reduction measures need to be improved: most effective from an efficiency and a fiscal standpoint are recruitment ceilings and the avoidance of unplanned recruitment. The second most attractive are retrenchment programs. Finally early retirement and voluntary departure schemes are the most costly and potentially the most institutionally damaging.

The report ends with conclusions on the replicability of reform experiences, on how to improve on existing reform programs, how to deepen the programs and on the need to explore other avenues beyond the scope of existing programs.

- On reform replicability, the report recognizes that the three countries benefitted from favorable political and economic conditions. Arguments in favor of replicability are study findings that reform has proven susceptible to good
technical and political management, that civil servants are more mobile and resourceful than had been previously thought, and that they do react with improved performance to a combination of better pay, good leadership, improved working conditions and satisfying work.

- On ways to improve on the reform programs, the report makes five recommendations: (i) adoption of a disciplined strategic approach harnessing short-term cost-cutting measures to long-term performance improvement objectives; (ii) the customization of reform programs to take into account contextual factors; (iii) the establishment of a match between the depth and degree of commitment and various types of reform objectives; (iv) up-front institutional actions dovetailed with policy actions; and (v) more systematic upstream sector work, both analytical and in the form of assessments of institutional weaknesses presenting obstacles to reform implementation and sustainability.

- Recognizing that in the best of cases, existing reform programs will only bring about slow improvements in overall pay levels, the report concludes first that there is a continuing need to explore the potential and test the limits of short term, partial responses to pay problems, such as skills mobilization schemes and enclave approaches; and second, that more radical approaches to downsizing may be feasible and called for, for those governments committed to an accelerated timetable for the revitalization of their civil services.

- Finally, the report recognizes that the agenda of existing reforms will not exhaust the potential for raising public sector productivity, and proposes three additional avenues: one is the development of sector-specific performance improvement programs complementing the system-wide programs illustrated in the report; another avenue would consist of replicating some of the main features of recent developed country reforms, although the prerequisites for such attempts would appear to exclude most Sub-Saharan civil services for the immediate future; and a third avenue would consist of identifying those organizational and motivational techniques - such as leadership styles, group dynamics, task design, performance feedback, authority and peer relationships - which are able to harness African cultural values, both individual and collective, towards goals of greater effectiveness and efficiency.
CIVIL SERVICE PAY AND EMPLOYMENT REFORM IN AFRICA:
SELECTED IMPLEMENTATION EXPERIENCES

I. INTRODUCTION

1. The following study draws on three detailed reviews of civil service pay and employment reform experiences: Ghana, The Gambia and Guinea. The three cases were chosen based on a cursory analysis of the half-dozen ongoing reform programs in Africa with the longest record of reform, for their apparent success in bringing about significant pay and employment changes in the short-term, and their perceived potential for the longer term. It was thus felt that their detailed analysis would pay particularly rich dividends for the design and ongoing implementation of similar reform programs in other countries.

2. The study was carried out in two stages: during the first, field work was carried out by consultants. In the second phase, data and tentative conclusions were validated through additional field work carried out by Bank staff. The individual country cases are thus based on a large volume of implementation documents and on numerous interviews of reform actors: government officials, donor representatives, consultants and technical assistants.

3. The study is essentially retrospective, and can thus only go as far as implementation has carried the examined reforms. This is, of course, a limitation: all three reforms are still underway, none for more than five years. There is much more to report about the design and introduction of reform measures and, in the best of cases, their immediate results, than there is about sustainability or subter effects on work attitudes and productivity. Hopefully, the same reforms will be revisited at a later stage after they have tackled a new generation of issues and the full effect of earlier measures can be gauged. Nevertheless, the problems found in the three examined civil services and the design and early implementation experience of their respective reform programs are sufficiently representative to be of interest.

4. By necessity, generalizations from the small sample examined here are exceptionally difficult. Plausible hypotheses have however been ventured. The number of similar reform attempts is growing too fast, the stakes are too high and formal institutional feed-back is too slow for implementors to wait for the large samples and well rounded reform cycles that would be desirable. Study findings are nevertheless fully consistent with more cursory reviews of larger samples of ongoing reforms, such as have been conducted recently within the Bank.

5. After a brief summary of civil service pay and employment issues and trends, and an overview of ongoing Bank-supported civil service reform efforts in Sub-Saharan Africa, the report successively describes the background and recounts employment, pay and institutional reform actions undertaken by each of the three countries. It then proceeds to assess the comparative impact of the reforms, and to draw operational lessons and conclusions.

II. PUBLIC SECTOR PAY AND EMPLOYMENT REFORM IN SUB-SAHARAN AFRICA

A. THE PROBLEM.

6. There are several ways in which public sector pay and employment policies can affect government performance:

• Excessive wage bills can contribute to worsening budget deficits.

• Alternatively, wage bills can crowd out budget funding for complementary inputs and result in too much labor in relation to other inputs such as books for schoolchildren, supplies for office work, etc.

• Pay policy influences recruitment and retention, and employment policy determines staffing complements and deployment. When staffing is excessive in relation to output, not only is there wastage, but there is also a larger detrimental effect on motivation and work effort. Efficiency losses can also result from skill shortages in critical areas or inappropriate complementarities between labor inputs, such as between numbers of supervisors and numbers of workers or between skilled and unskilled workers. More generally, the combination of labor skills available for a particular task may be more costly than some other mix capable of producing the same level of output.
• Finally, pay policy generally, among other such factors as training, career development policies, leadership, job and organization design, is a powerful determinant of work effort and performance. Inadequate real pay can depress work effort and lead to shirking and moonlighting; low pay differentials can encourage skill acquisition. In addition, various fringe benefit practices can lead to serious inequities and thus be harmful to morale, can prove costly to administer or generate extensive rent-seeking.

7. In Africa, there is growing evidence of declining levels of real civil service pay, especially at higher grades, and often of excessive compression of the pay structure. Two main factors account for these trends: excessive recruitment and worsening macroeconomic conditions. In many cases indeed, real wages have been found to decline by significantly more than the average fall in real per capita income. For political and social reasons, these reductions have fallen disproportionately on the higher levels. While, in a few countries, civil service pay remains high in relation to average income per capita, this is no longer the case in a growing number of other countries.

8. The response of workers to declining real compensation is complex. Workers may seek other opportunities where the returns to their efforts are higher. They may do so by leaving or not joining the civil service. They may also moonlight, either on or off the job. They may seek additional income by abusing the power of their position. Another alternative is for workers to increase their leisure time by decreasing their work effort (shirking). At the margin, workers remunerated on the basis of a highly compressed wage structure may lose interest in enhancing their skills or seeking additional responsibilities.

9. In extreme cases, the result is the total demoralization of the civil service and a consequent break-down in government performance. The dilemma faced by civil servants was aptly described by a recent Ugandan Public Service Salaries Commission: "The civil servant had either to survive by lowering his standards of ethics, performance and dutifulness or remain upright and perish. He chose to survive."

10. Various equity or efficiency issues have also been traced to non-wage compensation policies. In-kind benefits such as housing may have somewhat cushioned the fall in real wages for a minority of civil servants, but have given rise to many problems. Often they have had to be rationed, and eligible civil servants not receiving in-kind benefits had to be compensated with cash allowances. As they were subjected to budget pressures, the value of these allowances typically fell substantially by comparison with the real benefit, thus introducing significant disparities and breeding resentment, corruption and rent-seeking behaviors. At an individual level, in-kind benefits often lead to inefficiencies in the form of over- or under-consumption of the benefit in question. In a small number of cases, exorbitant in-kind fringe benefits have restricted supplies to the general public. Finally, complex, non-transparent benefit structures can result in a costly diversion of scarce management resources and a time-consuming pursuit for civil servants.

B. RECENT BANK OPERATIONAL EXPERIENCE IN AFRICA.

11. Of the 75 Bank lending operations since 1981 in which civil service reform has figured prominently, 47 were carried out in 20 African countries. These operations include 30 Structural Adjustment Loans or Credits (SALs), and 17 Technical Assistance Loans or Credits (TALs). Prior to 1981, such involvement was exceptional, in Africa and elsewhere. The Bank's entry into policy-based lending is clearly responsible for this surge. Two basic sets of reasons have been invoked for inclusion of civil service reform on structural adjustment agendas: fiscal adjustment and weak government capacity.

12. The first set of reasons centers around the issue of the budgetary burden of the civil service. As macroeconomic conditions worsened in many African economies in the 1970s and early 1980s, revenues contracted and debt service payments increased. At the same time as the economy was declining, in most countries public service employment was rising rapidly. Budget deficits grew, wage bills came to represent a larger and larger share of public expenditures while expenditures on Operations and Maintenance (O&M) took the brunt of the cuts. At some stage, the wage bill was the main area left where additional savings could be sought to contain public expenditures and reduce the budget deficit, or to seek a better composition of budget expenditures.

13. The second set of reasons stems from governments' inability in many cases to ensure a minimal level of public services and
functions, much less to ensure the internalization and implementation of those policy measures thought to be essential to the success of the policies agreed under structural adjustment programs. Thus civil service capacities were seen to represent a bottleneck both to the immediate feasibility as well as the long-term sustainability of structural adjustment programs.

14. Embedded in structural adjustment programs but also transcending them is an evolving conception of the role of the state. Whereas in the past the state was expected to produce directly a large range of goods and services, and to exercise considerable control over the functioning of markets, the tendency, in Africa as elsewhere, has been for the state to withdraw progressively from direct production, to focus on core functions (law and order, macro management, basic infrastructure, essential social services), and to strive to establish and facilitate an enabling environment for the efficient functioning of markets. Thus institutional development in many cases involves both elements of capacity-building (revitalizing and modernizing previously existing and presently inoperative capacities) and elements of transformation (establishing qualitatively different roles and functions, abandoning others). This is captured by the two terms of the basic goal set out for government in the Long Term Perspective Study: not just less government, but better government.

15. The two types of reform programs resulting from these two sets of premises - fiscal adjustment or weak government capacities - will present different characteristics, not unlike the distinction between stabilization and growth-oriented programs. As with the latter case, capacity-building programs are seen to be far more complex, long-term and resistant to formulaic solutions than fiscally-oriented programs. The cases presented below will illustrate some of the resulting tensions and tradeoffs.

III. DESCRIPTION OF THE THREE CASES

16. The following section describes the three cases examined in the report: Ghana, Guinea and The Gambia. The context, as well as employment and pay reform actions are described successively for each case. Institutional actions are then described together for the three cases, as they have many elements in common.

A. THE GHANA CASE

17. The Context. At the time of independence, along with good natural and mineral resources, Ghana counted its civil service among its main development assets and sources of hope for the future. By the early 1990s, however, the Ghanaian civil service's once flattering regional reputation had become a distant memory, the victim of many years of economic and political mismanagement. The public sector had become overextended, overstaffed, underpaid and underskilled. Moonlighting was rife and had become practically indispensable for economic survival. The civil service's best talent had left in droves for the private sector or to find employment abroad. As a result, rather than an asset the civil service had become a drain on public resources and a major impediment to carrying out economic policy reforms designed to reverse Ghana's economic decline.

18. The bleak state of the civil service was the result on the one hand of the inexcusable decline in public revenues which paralleled that of economic activity, and on the other hand of the restrained employment policies of a succession of weak political regimes over more than twenty years. Between 1975 and 1983, GDP per capita is estimated to have fallen by 4.8 percent a year in real terms while the comparable figure for government salaries was more than 10 percent. The higher levels were hit most severely, and the wage structure had become extraordinarily compressed with a compression ratio (the ratio of top to bottom salaries) of 2.2. Partly, this was due to the disproportionate decline of public revenue, which by 1983 had fallen to as low as 5.3 % of GDP as against a normal range of 12-18 percent in Africa. It was also due, however, to extremely high levels of recruitment which, despite crippling brain drain losses, produced a civil service more than 300,000 strong in 1983 for a population of some 12 million. This translates into a proportion of 2.5 civil servants per 100 inhabitants, clearly at the upper end of the spectrum in Africa where for instance the range in French-speaking countries is between 0.5 (Burkina Faso, Niger) and 1.8 (Cameroon).

19. The turning point for the economy was 1983, with the launching of the Economic Reform Program (ERP). The ERP was an ambitious endeavor supported by the IMF and the Bank and involving fiscal stabilization, radical devaluation of the currency, the rehabilitation of key export sectors, and economic liberalization.
20. The Civil Service Reform Program (CSRP) started in 1987. The main thrust of the CSRP was restoration and capacity-building rather than fiscal stabilization, although fiscal constraints were more severe in Ghana than, say, in Guinea. Indeed, although the Fund and the Bank held somewhat different views, it was recognized that the wage bill needed to grow to improve civil service compensation, morale and work effort, albeit within the limits of budgetary policy. The main engine of fiscal stabilization was not a reduction in the wage bill but improvement of revenue performance. The principal reason for making civil service reform a priority was the need to restore minimum capacities in such basic public sector functions as macromanagement, the rehabilitation and maintenance of the country's dilapidated infrastructure, and the delivery of social services.

21. The CSRP took place under the military regime of Ft-Lt Rawlings' PNDC, which took power in 1981 after a succession of eight regimes since independence in 1957, and has given Ghana its longest period of political stability so far. The regime is generally described as firmly entrenched and as having a significant margin of political leeway.

22. On the donor side, from inception the CRSP was supported and funded by the UK-ODA for consultancies and overseas training, and by the Bank for other inputs through a Structural Adjustment Institutional Support Project (SAIS) which also covered other areas such as public expenditure management, tax administration and statistical services.

23. The CSRP included three main components: a retrenchment program which initially aimed to remove 15,000 civil servants per year from the payroll for three years; a pay and grading reform program to increase overall pay levels and pay differentials, overhaul the largely unworkable pay and grading framework, and introduce merit-pay; and an institutional development program to strengthen the Office of the Head of the Civil Service (OHCS), the central agency responsible for civil service management.

24. Overall program implementation was overseen by the Oversight Committee for the Civil Service Reform Program (OCCSRP) chaired by the Head of the Civil Service (also Secretary to the Cabinet7) with representation from all main agencies with a central responsibility in civil service management8. The role of OCCSRP was to manage consultancies, mobilize counterpart staff, review proposals emerging from the various sub-committees established to deal with the main components of the program, coordinate reform components, interface with the political level of the Committee of Secretaries (COS), and monitor reform implementation. The retrenchment program was overseen by a separate structure but with overlapping representation, the Redeployment Management Committee (RMC)9, which was chaired by the Ministry of Labor. Its role was to coordinate the various agencies concerned with the retrenchment and outplacement programs.

25. Employment Reform Actions. Retrenchment targets were set by the ERP at 3 percent of the Civil and Education Services, or 15,000, per year over a three-year period from 1987 to 198910. Measures to help achieve retrenchment objectives included three civil service census exercises, a selective recruitment freeze, annual programs of job inspections and functional reviews, the annual retrenchment exercises themselves, and an outplacement program to help retrenched civil servants find gainful employment in the private sector.

26. A first census of civil service employment was undertaken in 1986 by OHCS and processed manually. Although it confirmed the very high proportion of civil servants at lower levels, it was plagued by design and implementation problems and was unable to produce an accurate picture of civil service employment. A second and a third census were successfully undertaken in 1987 and 1988 with the assistance of consultants. They were based on the computerized payroll, drew on information supplied by payroll clerks and personnel officers, and were computer-processed. Lessons from these and other censuses are described in Box 7 on page 31.

27. A selective recruitment freeze was put into effect as early as 1985, so as to allow recruitment for critical skills while preventing it in overstaffed (mostly lower-level) occupational categories. Various high-level circulars restricting recruitment were issued from time to time. These proved largely ineffective, and the evidence is that significant uncontrolled recruitment took place, partially eroding the impact of retrenchment. This was due to the decentralization of recruitment decisions for lower staff categories and a lesser degree of commitment to reform at sector levels making recruitment decisions, to the break-down of establishment control, and notably to the lack of recruitment monitoring capability at the center, constraints which received insufficient attention in the early stages of reform.
28. A program of job inspections and functional reviews (see Box 5 on page 27 for a description of the techniques) was undertaken by OHCS’ Management Services Division (MSD) with coaching by consultants, to help implement the annual retrenchment programs. The program started in late 1987. By early 1990, job inspections had covered 160 units and 18,000 positions, and seven functional reviews had been carried out. Findings provided objective evidence that levels of overstaffing in the civil service ranged from 25 to 50 percent - thus largely exceeding retrenchment targets - and were concentrated at lower levels.

29. As agreed under successive SALs, annual retrenchment programs were carried out starting in 1987. Compensation terms were established providing retrenched workers with four months of basic pay and two additional months per year of service. An outplacement program was put together offering various training and outplacement possibilities (see below). Ministries established internal Manpower Appraisal Committees to identify workers to be retrenched. OHCS sent instructions to Ministries providing retrenchment targets by Ministry, and including individual criteria to be used, such as individual performance, willingness to leave and seniority. Job inspection findings were extrapolated to provide information to Ministries on estimated system-wide overstaffing levels by occupational category.

30. The retrenchment program experienced considerable start-up difficulties. Payments processing proved a major administrative bottleneck (especially determining years of effective service). Faced with the mounting frustration of retrenched workers, the Government had to start paying an interim “alimentary” allowance while the problems persisted. Ministries were resisting RMC directives. After a few months, however, administrative problems were surmounted and interim payments terminated; the RMC launched a major public relations effort, and the retrenchment program gradually gained greater acceptance. Eventually, about 12,000 workers were removed from the payroll in 1987, including 8,000 retrenched and 4,000 past retirement age; 12,400 were retrenched in 1988, 13,900 in 1989 and 12,200 in 1990. The program has been extended through 1992 and is retaining significant momentum.

31. The outplacement program was the broadest of the three country cases. It included information, counseling and placement services; vocational training and apprenticeships; assistance for agricultural settlement; and credit for self-employment. It was funded under the PAMSCAD project financed by the Bank and other donors. It was however slow to be put in place: by late 1989, two years after the first retrenchments, very little outplacement support had been made available, although program implementation was picking up. Out of 3,000 applicants, for instance, only 100 had been provided with training. The one exception is agricultural settlement, where some 4,600 retrenched workers had been settled out of 9,600 applicants. The outplacement program thus only assisted a small minority of retrenched workers. Despite its slow initial progress, the outplacement program appears to have succeeded in enabling a majority of the relatively small number of participants to manage their job transition successfully. About three quarters of beneficiaries surveyed “had no regrets” about their employment change, although a relatively high rate of first-year drop-outs (about 25 percent) is reported among those having chosen agriculture. While no overall evaluation is available of program costs and benefits, the program clearly played a major part in the Government’s extremely effective public relations efforts to minimize the political fall-out from retrenchments. If in the initial stages fears were expressed that the retrenchment process would become politicized, these fears subsided and little opposition remained after startup problems had been adequately addressed.

32. Pay Reform Actions. In early 1986, just before the start of the CSRP, OHCS attempted to replace the existing pay structure of 126 pay scales with a unified 15-grade structure. The proposals however turned out to be incompatible with budgetary objectives agreed with the Fund and the Bank. In addition, as the reforms would have eliminated most small grading distinctions without eliminating large existing grading anomalies, the grading reform also met with the strong resistance of civil servants. Eventually, the Ministry of Finance had to roll back some pay awards amid considerable resentment, and the attempt to revise the grading structure was shelved. The outcome of this overly hasty attempt helped bring about a more systematic approach to pay and grading reform but also caused considerable apprehension towards grading reform at the political level, which several observers felt was partly responsible for substantial delays later on.

33. Pay and grading reform under the CSRP itself involved the following objectives: an increase of overall real pay levels; the
decompression of the pay scale to improve the competitiveness of civil service pay at higher levels; the replacement of the existing pay scale with a grading system based on job evaluations; the introduction of performance-based pay, and the improvement of pay policy-making and administration. So far reform has spanned five annual pay adjustments, from 1987 to 1991.

34. A Pay and Grading study was produced in February 1988 by UK-ODA consultants working in close collaboration with the Prices and Incomes Board. A quick comparator survey was carried out in the modern private, parastatal and public sectors, showing median pay levels in the civil service ranging from 28 to 41 percent of private sector and 60 to 88 percent of parastatal comparators. The study eventually presented five alternative pay scenarios for 1988, and proposals for grading reform as well as for the introduction of performance-based pay.

35. Grading reform proposals were intended to put in place a consistent grading and occupational structure where essentially there had been none\(^1\). This notably aimed to: (i) improve pay equity across occupations and eliminate major anomalies, (ii) allow the preparation of annual pay adjustment packages tailored to individual grades, thus better relating pay to skill levels; (iii) establish a unified cadre of top-level managers with special pay and career provisions, (iv) reduce the number of classes (occupational groupings), thus simplifying management and improving career mobility, and (v) provide a suitable foundation for career development. The new grading structure would be based on job evaluations in a two-stage approach: first senior positions would be evaluated and regraded in a unified grading structure, and subsequently junior posts would be evaluated and regraded within the reduced number of classes.

36. Although this strategy was initially adopted, the two-stage approach was subsequently discarded as too divisive for the civil service. Instead, all posts were to be restructured together. Furthermore, the job evaluation exercise turned out to be much more time-consuming than anticipated. By mid-1990, a team of 24 job analysts from PIB and other institutions had been assembled and trained, and good progress had been made by the Salaries Administration and Incomes Policy Subcommittee of the OCCSRP towards defining the reformed grading structure, but the actual introduction of the new structure had been pushed back more than two years from late 1989 to 1992.

37. The Ghanaian Government had insisted early on the introduction of performance-related pay. The consultants however felt that the culture of the civil service was not prepared to absorb such a change without a certain number of prerequisites. They mentioned the following three: the introduction of a credible individual performance appraisal process, an increase of pay levels to minimum levels relieving civil servants of the need to supplement their official income; and (unspecified) changes to the civil service's culture to support managers willing to make tough individual merit-related decisions. A work program was prepared on this basis. In mid-1990, a new personal appraisal form had been designed and tested successfully; generalized use of the form was programmed for 1991, and the introduction of performance-related pay was planned for 1992.

38. In parallel with its long-term comprehensive efforts to improve the level and structure of pay, the Government also adopted two partial and short-term approaches to alleviate critical pay problems: an innovative skills mobilization scheme, and an "enclave" pay approach for key institutions. Box 7 on page 31 describes the skills mobilization scheme. An exceptionally successful application of the "enclave" approach is described in Box 5 on page 27.

B. THE GAMBA CASE

39. The Context. The problems experienced by the civil service in The Gambia were clearly smaller than those in Ghana: the economic decline had not been as steep nor as long-lived, and its impact on the skills, morale and operation of the civil service was less pronounced. Consequently, while problems of morale and performance were serious and pervasive, The Gambian civil service's institutional infrastructure had not experienced the severe decay that had taken place in Ghana. Public sector capacity was thus not as major an issue as in Ghana, even though the relative economic weight of the Gambian civil service was even greater than in Ghana.

40. Indeed while the Gambian economy remained roughly stagnant in the 1970s after a period of slow growth in the 1960s, the public sector was undergoing a period of extremely rapid expansion. Between 1975 and 1985, central government employment went from approximately 4,000 civil servants and 2,000 non-permanent staff to 10,700 and 5,000, respectively. If in 1975 the wage bill was still only about one-third of total farmer income from groundnut production
Box 1.

THE SKILLS MOBILIZATION SCHEME IN GHANA

The skills mobilization scheme, which was a component of the SAIS project, included a variety of mechanisms to maximize the use of national skills in the implementation of key structural adjustment implementation tasks.

Firstly, the scheme provided for the recruitment of local consultants for discrete tasks. A roster of local consultants was established and standard rates applied depending on the level of qualifications. The rates were $2,200 to $3,300 per month. This mechanism was used in several instances under the CSRP. Consultants were notably funded to overhaul the Civil Service Act and its corresponding implementing legislation, and to produce a study on welfare provisions in the Civil Service.

Secondly, the scheme provided for the long-term recruitment of Ghanaians from the private and non-governmental public sector into the civil service, where they would be assigned to Civil Service positions and remunerated at their previous level, plus a margin ranging between $200 and $300 per month. This mechanism was, however, never implemented as it caused considerable resentment within the Civil Service.

Thirdly, the scheme attempted to induce expatriate Ghanaians to return and serve in the Civil Service, in return for which they would receive a relocation allowance ($10,000), transportation, Civil Service remuneration plus the same $200-300 margin. There is only one instance in which this mechanism was used, for which however no margin was paid.

Lastly, Special Duty Allowances were to be provided to serving civil servants engaged in special SAL-related assignments such as the PIP Task Force, the Budget Task Force, etc. Monthly rates approved ranged between cedi 4,000 ($25 at 1987 exchange rate, ancillary staff) and cedi 20,000 ($125 at 1987 exchange rate, team leader). Between 910 and 150 civil servants participated each year from 1987 to 1989. While this clearly was the most widely used of the mechanisms, it was not without its problems. Allowances were paid late and partially, rather because of resentment within the Service than of administrative or financial constraints.

Thus, results were modest and mixed. A few of the mechanisms were not activated. Others were used very sparingly. Some may have had detrimental effects on the morale and work effort of excluded civil servants. Nevertheless, the Task Forces performed well in most instances, and the search continued for other suitable formulas.

Among the options being actively explored were the following: an accelerated development program for promising young civil servants, which would receive specially selected assignments and would be targeted for rapid promotion; individual and group awards based on performance assessed against objectives and involving non-cash incentives such as training or office equipment; performance-based contracts for a limited number of key positions; and the creation of an open structure for top management positions based on a competitive selection process. A detailed study was also being proposed of various schemes to address housing benefit policy issues.

- the mainstay of the export sector - it had grown to fully twice the same income a decade later. The result of this growing imbalance between the size of the public sector and the productive base was severe crowding out of budgetary outlays for O&M, which declined by 50 percent in real terms between 1980 and 1985, and a similar drop of 50 percent in real average civil service compensation between 1980 and 1986.

41. Thus the ranking of objectives of civil service reform was different from Ghana’s: first to reduce the cost of the civil service to the economy and to the budget, and second to remove pay anomalies and, subject to budget constraints, increase pay levels so as to improve morale and work effort.

42. The CSRP in The Gambia was initiated in 1985, also in the context of an ERP involving devaluation, fiscal stabilization, and the revitalization of the export sector. The ERP was supported by the Bank, the IMF, and several bilateral donors, through successive SALs (2), a SAF and an ESAF, all of which included an element of civil service reform.

43. The political context is that of The Gambia’s parliamentary democracy with direct presidential elections. Four official political parties vie for power, of which President Jawaral’s People’s Progressive Party has dominated Gambian politics since independence, receiving some 60 percent of the vote in the last election in 1987.

44. The Gambia’s CSRP has been supported by bilateral grant funds from the UK-ODA for consulting services, technical assistance and external training. As in Ghana, the CSRP comprised three main components: retrenchment
program to be implemented in two installments; a pay and grading reform program to adjust pay and provide a more equitable, flexible and simpler grading structure providing a better basis for career development; a new individual performance appraisal process; and an institutional development program to help strengthen the Personnel Management Office, the central civil service management agency.

45. Employment Reform Actions. While in Ghana retrenchment eventually became an annual exercise, in The Gambia retrenchment was designed and implemented as a discrete timebound effort, although it involved several stages. Actions included a census, management reviews of all Ministries, two overall retrenchments overlapping with the restructuring of the Ministries of Public Works and of Agriculture, the suppression of vacant positions and other budgetary restrictions on personnel expenditures, and an outplacement program.

46. The target for the first round of retrenchments, which was agreed with the Bank and the Fund, was wage bill savings of D 5 million out of a D 50 million wage bill. As in Ghana, the retrenchment program was preceded by a census designed and managed by a Government task force and processed manually, which was meant to identify those workers to be retrenched. The census started in August 1985. Like the first census in Ghana, it also had serious design and implementation problems: census forms were not sufficiently specific to enable consistent tabulations of various employment categories, no final tally was produced, and most observers agree that census results provided little input to the retrenchment exercises.

47. Instead, the scope of the first round was narrowed to concern exclusively non-permanent staff, and identification of workers to be retrenched took place as the result of a series of consultations with individual Ministries directed by the Secretary-General of the Presidency. Eventually, beginning in November 1985 and extending through early 1986, some 2,600 non-permanent workers were removed from the payroll out of about 5,000, receiving one month salary for severance pay as provided under existing collective bargaining agreements. Estimated annual budget savings were D 2.5 million.

48. Additional measures were immediately taken to reduce personnel expenditures and tighten personnel expenditure controls. A freeze was established on the creation of new posts; budgetary provisions for vacant established posts were reduced to a token amount to curtail the earlier practice of funding non-permanent staff out of existing vacancies; and the practice of reallocating funds between personnel and other expenditure categories was abolished.

49. In preparation for the second retrenchment, management reviews were carried out by an external management consulting firm in all Ministries between January and April 1986. These were based on questionnaires sent to departmental managers and followed-up by interviews. The review reports made detailed recommendations on posts to be deleted and staff to be retrenched by Ministry. These recommendations were then negotiated between the Secretariat-General of the Presidency, the PMO and the Ministries. Eventually, retrenchment notices went out beginning in August 1986 to some 900 civil servants and 300 non-permanent staff, representing respectively about 10 and 12 percent of the total. This compared with targets of 750 civil servants and 340 non-permanent staff agreed with the Bank and the Fund. Corresponding positions were abolished as were a further 800 vacant posts. The Ministries of Agriculture and of Public Works accounted for about two-thirds of these totals. Both were being reorganized at the time and were divesting themselves of peripheral activities such as building maintenance and office furniture manufacturing (see Box 6 on page 29). Retrenchment compensation for the large majority of civil servants with more than 5 years seniority consisted of 1.2 months of salary by year of service and of normal pension benefits.

50. Public relations efforts and outplacement programs also featured in the program, although they did not assume the proportions found in the two other cases. The CRSP was presented to the population in several presidential speeches in the context of the structural adjustment program. The Institute for Business Administration Service (IBAS) was given about US$200,000 in early 1987 to fund a self-employment credit scheme and was asked to organize counseling and training activities. Eventually, 124 loans were made and about 50 redeployees received training under the scheme. The scheme rapidly ran out of funds in early 1988 and was not extended. Loan recovery has been extremely poor, with a repayment rate of approximately 30 percent compared with a 60 percent rate for traditional lines of credit managed by the same organization. The launching of the outplacement program in January 1987 appears to have been largely motivated by the proximity of presidential elections in April 1987, in which the
retranchment program does not appear to have been a major issue. The process of identifying individuals for retranchment, however, required active political management and, according to observers, the President intervened personally in several instances to ensure that the process did not become politically biased.

51. **Pay Reform Actions.** The Gambian civil service's pay and grading framework had remained essentially the same since the last major reform of the Waller Commission of 1974-75. Wage erosion had, however, become a severe problem by the mid-1980s. Between 1980 and 1986, for instance, real wages declined by 50 percent in real terms, and the pay and grading framework came under considerable pressure. New job titles were allowed to proliferate for existing jobs, with more advantageous pay scales but unchanged job contents. In other cases, pay scales for existing job titles were expanded beyond grading ranges on an ad-hoc basis, again despite unchanged job contents. These were all giving rise to serious anomalies and were a source of dissatisfaction among civil servants.

52. The consultants contracted under the CSRP were asked to develop proposals to address pay issues. They first carried out a pay survey, which concluded that within the private sector pay was on average 88 percent higher than in the civil service, and similarly 22 percent higher in the parastatal sector. Based on job evaluations, they recommended reducing the number of grades from 19 to 12 with enlarged pay bands. However, so as to ensure affordability of the regrading measures, they did not propose any significant wage increase beyond what was necessary to implement the new grading system. Their proposals were considered inadequate by the Working Group for Administrative Reform (WGAR) which felt that a significant real wage increase was warranted and hence rejected the specific proposals, although the principle of a 12 grade structure was accepted.

53. The WGAR then proceeded to develop its own proposals and recommended a straightforward conversion into the 12-grade structure. This was not based on job evaluations and therefore would not have dealt with the numerous pay anomalies. It was opposed by the donors, and was turned down by the Cabinet.

54. Eventually, the WGAR was disbanded, and the government decided to delink the grading reform from the pay increase. Job evaluations were completed with the assistance of 3 technical assistants, and the changeover to the new 12-grade structure took place in October 1988, involving the upgrading of 2,700 posts and the downgrading of 870. Meanwhile, a Salaries Commission had been established in September 1988 to look at overall pay levels. The Commission released its report in November. The report mainly documented the erosion in pay since 1968, and submitted to the Cabinet a proposal for a general pay increase of 107 percent, which would have restored real compensation to 1974 levels. The Cabinet revised these proposals downwards so as to remain within the budgetary parameters agreed with the IMF and the Bank, and a pay increase averaging 67 percent was eventually approved in January 1989. A Standing Commission on Salaries and Allowances was then set up to deal with appeals and remaining pay anomalies.

55. **Building on the new grading system, the reform program also provided for the development of Schemes of Service** and the introduction of a new staff appraisal process. Forty-two Schemes of Service were developed and approved, setting out entry qualifications, pay and grading arrangements and training requirements for all major occupational categories in the Civil Service. Finally, after initial delays, a revised staff appraisal process was being introduced in the second half of 1990, initially for higher-level grades, although implementation was still very partial and progressing slowly.

C. **The Guinea Case**

56. **The Context.** At the outset of reform in 1984, the civil service in Guinea probably presented one of the extreme cases of institutional regression in Africa, by far the worst of the three cases examined in this report. Sekou Toure's tenure since independence, characterized by brutal political repression, extreme statism and acute economic mismanagement, left a disastrous legacy in the public sector. The single party closely duplicated public administrations and intruded in all administrative processes. The public sector was all-embracing. The private sector, except for large-scale mining enclaves, was confined to informal sector activities and was operating in a tight web of controls and restrictions. The public sector was also largely undifferentiated, and all state employees, whether in central government or in the many public enterprises, were similarly civil servants working under identical conditions of employment. It was sorely lacking in basic skills. Huge numbers of skilled and educated workers migrated or fell victim to repression, and the education apparatus was in total disarray. Finally, the civil service was
overstaffed, underpaid, and working under appalling material conditions. Under those circumstances it is not surprising that corruption and moonlighting were pervasive and that productivity was practically nil.

57. The best available information is that public sector employment was growing by some 7 percent a year in the 1970s, in particular because of the Government's commitment to absorb the entire output of the higher education system into the civil service. The total employment figure for 1982 was estimated at around 104,000 for a population of 5.6 million, including the employees of state-owned enterprises and other parastatals. Pay remained frozen in nominal terms from 1965 through 1980. Although the Government attempted to compensate the resulting erosion through pervasive price controls and privileged access to scarce goods for certain categories of the civil service, rationing was pervasive and availability of the goods was largely unpredictable for the majority. While no budget was prepared, it is estimated that the wage bill amounted to just over half recurrent expenditures, a relatively low proportion compared with the two other cases.

58. The policies of the military regime which took over after Sekou Touré's death in March 1984 were in stark ideological opposition with the latter's. The private sector was to become the main engine of growth, and the role of the state was to be drastically curtailed. The streamlined public sector was to undergo comprehensive reform with the establishment of a competent and motivated civil service. These policies were embodied in an Economic and Financial Reform Program introduced in 1985 and supported by several donors including the Bank and the Fund.

59. The objectives of civil service reform thus went much beyond those in the two other cases. The main objective was a radical transformation in the role of the state. A second objective was to establish basic public sector management functional capacities, practically from scratch. Public expenditure objectives were linked but not central to the reform.

60. The Guinean CSRP included the following components: staffing reductions, for which an initial target of 25,000 was set in 1985 or about 24 percent of the total (this included the removal of parastatal employees from the civil service proper); pay reform, including increased pay, grading reform and the introduction of performance-related pay; and strengthening of the personnel function. The CSRP figured in successive SALs and SAFs, and was supported by a UNDP technical assistance grant as well as through two Bank-financed Economic Management Credits. The latter, which also covered economic management and a few other key central functions, provided logistical and training support.

61. Employment Reform Actions. Employment reduction measures in Guinea were the most varied and complex of the three cases. They included two overall censuses and a local census exercise in Conakry, an early retirement program, a voluntary departure program, and a program of competency testing for the majority of the civil service providing for the retrenchment of those who failed the tests.

62. The first step of the reform program was a census carried out between December 1985 and May 1986. The census estimated total civil service employment at about 71,000, excluding civil servants working for parastatals. However, payroll and personnel information systems proved unable to maintain census information and the results were soon eroded. Indeed, further verifications in Conakry starting in 1987 revealed considerable residual slack in the payroll where 5 percent of existing rolls were found to be unjustified. Results of this latter exercise however proved equally ephemeral and it was not until late 1988 that the lack of institutional capacities for manpower monitoring and control began to be addressed with the establishment of Administrative and Financial Affairs Divisions in all Ministries and the development of improved payroll and personnel information systems. Between December 1989 and July 1990, a second overall census was conducted. The census validated about 93 percent of nominal rolls in the regions and 73 percent in Conakry, thus illustrating again the rapid erosion of payroll information since the 1987 exercise. Based on provisional census results, total civil service employment was estimated at about 51,000 in late-1990. Census results were to be loaded onto newly developed payroll and personnel information systems which were expected to come on stream in early 1991.

63. The first stage of staff reduction began immediately after the completion of the first census with the retirement of some 4,000 staff above the statutory retirement age of 55, and the early retirement of about 6,100 civil servants with 30-plus years of service.

64. A voluntary departure program was established for those not eligible for retirement or early retirement. It was initially intended to
benefit parastatal employees but was extended to central government employees, although only about 1,800 of the latter availed themselves of the program. Benefits included a flat severance fee depending on grade level and equivalent to about 5 years of basic salary\textsuperscript{13}, and access to the outplacement program described later.

65. To ease the severance process, a special personnel pool was created in December 1985 to which those to be retrenched or whose status was uncertain were transferred temporarily. Staff placed in this pool were to receive their current salary payments frozen at their current level for 6 months. Under severe political pressure, payment of salaries was extended to three years, with a cut-off date of December 1988. The personnel pool was however subsequently reactivated to accommodate civil servants having failed competency tests (see below).

66. The centerpiece of staffing reduction measures was a competency testing program put in place to screen civil servants and retrench those found lacking in the requisite skills (see Box 2 on page 12). By end-1990, some 23,000 civil servants had been tested, of whom 53 percent passed, 21 percent failed and were transferred to the special personnel pool to be retrenched, and the balance was put in the personnel pool as well but with the possibility of being selected back into the civil service following retraining.

67. While these measures were being carried out, the Commissariat for Administrative Reform (CGRA) initiated a program involving the restructuring of all ministries. Organization and staffing charts and job descriptions were to be prepared to provide a framework for the selection of eligible civil servants and subsequently to facilitate manpower control and staff development. This exercise was initially intended to precede competency testing, but implementation was slow and eventually lagged behind the testing program. Thus problems arose when in several large ministries, such as agriculture and health, staff on board after testing and other reduction measures was still largely in excess of organizational requirements. In late 1990, this issue was holding up staffing decisions for some of the new organizations, and implementation of the new organizational arrangements was very uneven and progressing slowly.

68. Support for outplacement took the form of the creation of a self-employment advisory service, BARAF, backed with a credit program. With BARAF's assistance, retrenched civil servants or parastatal employees were eligible, provided their project proposals were approved, for credit funds of up to the equivalent of 30 years' salary made available by the banking system and fully guaranteed by donor funds (80%) and the government (20%). By end-1988, some 1,800 applications had been received out of some 10,000 eligible workers and about 400 loans had been extended by the banks. Although it appears to have had modest success in helping civil service leavers establish themselves in recently privatized activities, such as pharmaceutical retailing, the program was experiencing severe problems overall, most of all in credit recovery. About 80 percent of the loans were delinquent, and there was serious concern that this was undermining the emerging credit system. Because of these problems, in mid-1990 the banks were withdrawing their support for the program and the outplacement scheme was in abeyance.

69. Pay Reform Actions. At the time the reform program was launched at end-1985, the average civil service salary was about $16 per month, although there were numerous but poorly documented benefits in-kind. Following the initial devaluation and the dramatic increase in the prices of rice and petroleum products, the Government increased base salaries by 80 percent in May 1986 and introduced cost of living and transport allowances. Thus, average civil service pay, inclusive of allowances, reached about $43 per month in mid-1986. As of January 1, 1988, civil service base salaries were raised by a further 80 percent, with substantial increases in allowances and premia, resulting in an average monthly remuneration of about $94.

70. Following these ad-hoc pay adjustments, a new pay and benefit framework was introduced in April 1988 under the CSR P, largely sui-generis as it was based neither on comparator surveys nor on job evaluations, and as it departs in significant respects from comparator civil service models. A comprehensive set of new allowances, notably for housing, transportation, risk, hardship and responsibility was introduced in place of existing allowances and was expected to represent a large proportion of individual pay packages, especially at the higher levels. The new structure resulted in average remuneration of about $111 per month.
D. INSTITUTIONAL DEVELOPMENT ACTIVITIES

71. More than for pay and employment actions there is a substantial generic core to the institutional components of reform programs in the three countries. Thus this section will focus on the common institutional elements of the programs while bringing out country particularities.

72. Institutional development activities in the three countries had three levels of objectives: first to help carry out reform actions; second, to establish or improve routine functional capabilities and thus sustain policy reforms once introduced, and, ultimately, to develop the capacity for continuing policy and institutional development and adjustment.

73. All three reforms focused early on an institution-building program for the central personnel function, starting with a reorganization of the central personnel agency, and on payroll management improvements. Components included the development of improved personnel information systems (all three), the creation of a unified cadre of personnel officers and their training (all three), the establishment of
strengthening of manpower planning, budgeting and control capabilities (all three), and the development of management services such as job inspections and management reviews (Ghana and The Gambia). The program in Ghana also included the training of job analysts for job evaluation and grading purposes as well as for the conduct of periodic comparator surveys. All three programs also included the development of training policies and the strengthening of training delivery capacity throughout the civil service.

74. Among personnel management processes, establishment control received particular emphasis. In The Gambia, establishment registers were current and manpower budgeting procedures were effective (see Box 3 on page 14), although manpower monitoring was deficient. The CSRP aimed to create a job inspection capability in the central personnel agency so as to economize on existing establishments without impairing efficiency. The program was proceeding, albeit with considerable delays and difficulty. In Ghana, establishment registers were so out of date as to bear little relation with existing staffing levels and requirements, and establishment control was inoperative. Steps taken to strengthen manpower budgeting and control include the strengthening of payroll and manpower information systems and monitoring procedures, the centralization of recruitment decisions, and the reintroduction of manpower budget hearings to validate budget nominal rolls, integrate manpower targets in the budget, and monitor progress towards the targets. Job inspection capabilities were also being developed, with considerably more success than in The Gambia. The Guinea CSRP attempted early on to develop from scratch the equivalent of establishment registers for all Ministries, but the process was proving extremely slow and difficult to implement. The program was however able to establish a cadre of personnel officers and to create standardized Personnel and Financial Management Divisions in all ministries.

75. Lack of coordination weakened both the personnel and the financial functions in all cases. The problem was particularly severe in Ghana and Guinea. In Ghana, the payroll system, administered by the Accountant-General and narrowly focused on payments processing, failed to fully utilize available payroll data to generate basic manpower information required for manpower analysis, budgeting and control, and failed to share available information with other concerned institutions such as the Ministry of Finance and OHCS. The personnel function, notably its units responsible for management services and manpower planning, was initially excluded from the budgeting process, thus undermining any attempt at reinstituting establishment control. Pay policy-making and administration also largely excluded the personnel function. Lack of corresponding financial controls weakened the personnel function's ability to enforce personnel policy, notably for recruitment or for implementing job inspection findings. These problems were gradually being remedied in 1990. In The Gambia, the problem was even more acute and in mid-1990, four years into the reform program, there was still no reliable information available on staff numbers on the payroll. These problems could have been anticipated through initial institutional assessments and remedied earlier through upfront actions to strengthen manpower control and monitoring procedures.

76. Payroll management was another common area of concern. Existing payroll systems were found to be weak and vulnerable to abuse. Actions to strengthen payroll management all involved computerization. They also notably included the initiation of payments through bank transfers (as opposed to payroll agents), the introduction of a unique lifetime payroll number for each civil servant, the introduction in payroll records of additional individual information on assignment, occupational category, grade, age and location, and improved integration between payroll and personnel management.

77. Accurate, current and complete manpower information is necessary for establishment control, for manpower planning, and generally for personnel policy analysis. In none of the three cases was there current basic information on manpower stocks and flows, even when there were reasonably well performing payroll systems. The problem went beyond the lack of coordination mentioned above, but rather stemmed from the limited functionalities of existing dedicated payroll systems. Indeed limited-purpose payroll processing systems land themselves poorly to purposes of personnel information systems, both in their data (limited to information needed for current payment) and in their file structures (usually sequential access, sometimes random, but rarely relational). All three reform programs were attempting to introduce personnel information systems based on a personnel data base jointly administered by the personnel and the financial functions, and building on the payroll system. In The Gambia, in mid-1990 the payroll was processed on the Ministry of Finance's mainframe, and the CSRP provided for expanding data held in the payroll system and for a pilot personnel information system managed from a workstation in the Personnel Management
Establishment control is the term used in countries with U.K. derivative government systems for the way staffing is controlled. It complements expenditure control. The main features of establishment control are the Establishment Register, the manpower budgeting process, and establishment and expenditure control and monitoring procedures. Establishment control is closely integrated with financial budgeting.

The central feature of an establishment control system is the Establishment Register or List, which in The Gambia is kept by the Personnel Management Office in the Presidency. It is also kept in The Gambia, published in the budget document. In essence, it prescribes the number of approved positions in a department for each grade level, down to the lowest permanent positions. It does not include casual and other non-permanent workers.

Establishment and expenditure control come together at budget preparation time, where the Establishment Register can be modified as a result of budget negotiations. A department’s personnel expenditures are calculated on the basis of the Register, making assumptions about the percent of approved positions which are likely to be filled (the fill ratio) and any change in salaries, including normal grade progression. Budget time is when new posts are approved. The budget does not provide a full year’s salary for new posts, to allow for recruitment delays.

The Personnel Management Office may authorize an increase in a department’s establishment in the course of the year, but only after conferring with Finance. Strict monitoring arrangements are in place, whereby departments are required to furnish periodic reports of staff in post against approved Register complements. This feature was not present in The Gambia and current information on manpower levels was poor.

Checks exist against payroll fraud. To get on the payroll, a recruit needs a payroll number. These are not issued without checking that the person concerned has been properly recruited and is filling an approved position. In The Gambia, this is done by the Personnel Management Office and the Accountant-General. Similar checks exist for promotions, terminations, etc. The main feature protecting against fraud is the payroll number, which needs to be unique for each civil servant and follow him throughout his career.

Establishment control is reinforced by the rules on "wirement", the switching of budgeted funds between line items, which prevent funds earmarked for other line items from being used for personnel emoluments. This is to ensure that departments do not use savings in, say, travel to hire more staff, which would erode establishment control.

A fully functional system of establishment control puts significant demands on administrative capacity. Its operation depends on a chain of interdependent administrative processes - involving sector ministries, the Ministry of Finance and the central personnel agency - which is only as good as its weakest link. The single notable feature missing in The Gambia is manpower monitoring, perhaps the most visible element in the system. In Ghana, where the whole budgeting system had broken down, the Establishment Register was completely out of date and bore little relation with staff in post. The largest obstacle to the rehabilitation of establishment control was the need to produce an organizationally sound and financially affordable baseline for the Establishment Register, which represented a considerable task. In the interim, existing budget nominal rolls (listing staff on the payroll) were being verified and updated and were being used as a basis for budget discussions.

Office with a direct link to the payroll system. In Guinea, payroll computerization was underway in mid-1990 and the program also provided for the establishment of a database in the Ministry of the Civil Service linked with the Ministry of Finance’s payroll system. Ghana’s computerization efforts were the most advanced and are described in Box 4 below.

IV. REFORM IMPACTS

78. Section IV will attempt to assess and compare some of the achievements of the three reform programs. The difficulties of the attempt will be apparent. Usable information on reform impacts proved exceptionally difficult to find and compare. The availability and quality of data varied considerably from country to country, and little effort had been made in the programs to establish baseline information and a monitoring framework.

79. The first subsection lays out the main contextual factors that can be expected to account for some of the differences in the characteristics and achievements of the three programs. The following subsections will look successively at the impact of reforms on
employment, pay and budgets, and then at performance impact and sustainability.

A. CONTEXTUAL FACTORS

80. Definitional Issues. A first and obvious difference between the three countries lies in the definitional differences of civil service employment. In Ghana, the Ghana Education Service (about 160,000 strong at the outset of the program) is separate from the Civil Service proper (about 110,000 strong). It provides for slightly different employment and pay conditions and has a separate management structure. District Assembly staff (about 30,000) are also separate, although they currently have pay and employment conditions similar to the Civil Service's and are also managed by the Office of the Head of the Civil Service (OHCS). Numerous public service organizations, labeled Organizations under Subvention, are also outside the Civil Service. They include such organizations as the National Revenue Service (customs and internal revenue), the Highways Service and the Universities Service. Their equivalents in Guinea and The Gambia are in the civil service. Employment figures used below for Ghana include the Civil Service, the Ghana Education Service and the District Assemblies. But for lack of data — do not include any Organizations under Subvention, thus affecting, although probably not decisively, the comparability of the figures. The Guinean civil service at the outset included the whole spectrum of public sector organizations, including state-owned enterprises. The latter have however been excluded from intercountry comparisons. The Gambian civil service is somewhat more inclusive than in Ghana as it has fewer organizations similar to Ghana's Organizations under Subvention, but no adjustments have been made to The Gambia's civil service employment figures. Non-permanent staff are not included in the figures for lack of data in all three countries, even though they were included in The Gambia's downsizing program. Military employment and corresponding personnel expenditures have been excluded throughout. The only notable difference in budget coverage among the three countries is the cost-sharing arrangement in Ghana for District Assembly staff, half of whose basic salary is funded under Assemblies' budgets.

81. Initial Conditions. Table 1 ranks the three countries at the beginning of their respective reform programs according to a few factors which have significantly affected reform designs, strategies and impacts. The factors include:

• the importance of the wage bill in the economy, measured by the ratio of the wage bill to GDP;
• the relative importance of civil service employment (adjusted as described earlier) in the economy, measured by its proportion to total population;
• pay levels, measured by the proportion of average pay to GNP per capita;
• pay compression, measured by the ratio of top to bottom pay; and
• administrative capacity. While the country ranking for this factor is purely judgmental, country differences were sufficiently marked initially that the ranking would most likely have been borne out by any systematic exercise comparing the attributes of administrative processes such as budgeting, personnel management, procurement, etc. in the three countries.

Other factors, such as country commitment and growth performance, could have been added, but all three countries experienced high growth during their respective programs and all three were ranked initially among strong adjustment performers, thus country differences in these respects are not as marked and ranking based on these factors would not have been as robust as for those used in the Table.

B. EMPLOYMENT IMPACT

82. Assessing and Comparing Reform Outcomes. In Ghana, reliable data exist on retrenchments and overall civil servant numbers on the payroll, but no such data exist on recruitment nor on natural attrition, both of which had to be estimated. In The Gambia, again retrenchments are known, both for civil servants and for non-permanent employees. Like in Ghana, there are no data on natural attrition and recruitment, which in the case of The Gambia proved impossible to estimate. In Guinea, census statistics and numbers of workers affected by the various employment reduction measures are the only data available, and the reliability of employment data is uncertain.
Table 1

<table>
<thead>
<tr>
<th>REFORM INITIAL CONDITIONS</th>
<th>Ghana</th>
<th>The Gambia</th>
<th>Guinea</th>
</tr>
</thead>
<tbody>
<tr>
<td>size of wage bill (% of GNP)</td>
<td>median</td>
<td>largest</td>
<td>smallest</td>
</tr>
<tr>
<td>employment level (% of population)</td>
<td>highest</td>
<td>lowest</td>
<td>median</td>
</tr>
<tr>
<td>pay level (% of GNP/capita)</td>
<td>lowest</td>
<td>highest</td>
<td>n.a. *</td>
</tr>
<tr>
<td>pay compression</td>
<td>highest</td>
<td>lowest</td>
<td>n.a. *</td>
</tr>
<tr>
<td>administrative capacity</td>
<td>median</td>
<td>highest</td>
<td>lowest</td>
</tr>
</tbody>
</table>

* Guinea's ranking is not provided because of the reported importance of benefits in kind of which not enough is known to allow comparisons with Ghana.

Notes: see Tables 2 to 4 for actual employment, pay and wage bill data

83. **Downsizing Impact.** Table 2 presents the before and after civil service employment picture for the three cases. As can be seen, the data show Guinea having achieved the greatest proportional reduction in the size of its civil service, followed by Ghana and then by The Gambia. This ranking must be tempered however, remembering that The Gambia was also able to reduce significantly employment of non-permanent staff, and that it started from a relatively smaller civil service.

84. In the only case for which such an analysis is possible, that of Ghana, it is also noteworthy that uncontrolled recruitment has significantly eroded downsizing gains obtained through retrenchment. While such uncontrolled recruitment is difficult to evaluate, it is roughly estimated that in Ghana it could have been as high as 25 percent of staff retrenched. There is evidence that a non-negligible proportion were from the same occupational categories as those retrenched, and that a few of those recruited had been retrenched earlier, hence pointing to some wastage in the retrenchment program.

85. **Changes in the Composition of Employment.** In Ghana existing recruitment data, albeit incomplete, show convincingly that recruitment of higher-level skills has considerably increased over the reform period, and at the same time that through retrenchment the proportion of lower-level manpower has been substantially reduced, both desirable outcomes. In The Gambia, the bulk of employment reductions took place in two sector ministries: Agriculture and Public Works, mainly through divestiture, while other Ministries, particularly in the social sectors, continued to grow. The education sector was excluded from employment cuts in all countries, although non-teaching staff were included in Ghana, non-teaching and non-medical staff were included in Guinea, and unqualified teachers in The Gambia. The health sector was also excluded in The Gambia and Guinea, and in Ghana contributed very little to retrenchment programs despite significant documented levels of overstaffing.

86. **Pay Impact.** Table 3 presents a view of the evolution of pay in the three countries. Data are poor. Compression ratios proved very unsatisfactory indicators of interskill wage differentials between the three countries given the different pay and grading structures and the importance of (and poor information about) non-wage allowances, especially in kind. Nevertheless a robust pattern emerges where pay outcomes are consistent with initial conditions. Real pay appears to have improved spectacularly in Guinea and slightly in Ghana, although the magnitude of the pay increase in Guinea is probably overstated by a wide margin as there were initially substantial but poorly documented benefits in kind which are not taken into account. In Ghana too the average increase somewhat overstates the rise in individual wages, as 1.5 to 2 percent of the 2.1 percent average wage growth was due to an improving skill mix, hence leaving negligible scope for individual wage increases. Real pay decreased in The Gambia where initially
the wage bill was the largest and pay was the highest.

87. Some progress, albeit limited, was made in Ghana in decompressing pay and thus improving relative pay at higher levels, another specific reform objective. Progress was somewhat more significant on a take-home basis because of several changes introduced in the income tax structure, involving a reduction in the number of tax brackets, increases in bracket thresholds, and a reduction of marginal tax rates. The take-home pay compression ratio in Ghana increased from 3:1 in 1986 to 5:1 in 1991. A ratio based on take-home pay is a more meaningful measure of compression than the gross pay ratio used in Table 3, but it was not available for The Gambia and Guinea.

88. In all countries, restructuring of the grading system featured in the pay reform program. Grading reform was introduced fairly rapidly in The Gambia and Guinea, taking less than 2 years in each instance, even though The Gambia reform, contrary to Guinea, involved systematic job evaluations. In The Gambia, grading reform was undertaken separately from pay increases and its impact can thus be measured. Out of a total of some 9,000 posts, 2,700 were upgraded and 870 were downgraded (and grandfathered), at a total cost of about 12 percent of the wage bill. This cost was expected to gradually decline over the next few years as the pay of grandfathered staff is frozen until adjustments to the pay structure brings their pay back in line. In Ghana, where a more elaborate and participative approach was used and more radical changes were contemplated, the development of a new grading structure, which was initiated in 1987, will have taken more than four years even if it is implemented as currently planned in early 1992.

89. With the exception of Guinea, reform did not affect non-wage benefits policies, although several ad-hoc adjustments were made. Indeed it proved extremely difficult in all cases to document and value non-wage benefits, and reform in this area was felt to be extremely complex and fraught with implementation difficulties. In Guinea, a large number of allowances were scrapped and a comprehensive set of new allowances introduced along with the new grading structure. Implementation went smoothly, as the changes are accompanied by a large overall wage increase. The new structure was however introduced without much prior analysis, and the potential impact on productivity, staff deployment, pay competitiveness and career development is not clear.

D. BUDGETARY IMPACT

90. Table 4 presents the evolution of the wage bill in relation to various economic and financial aggregates. The Gambia and Ghana achieved some restructuring of the budget although relative improvements in O&M were small. At the other end of the spectrum is Guinea where initial pay levels and the wage bill were the lowest and where the share of the wage bill in the
budget grew. Wage bill ratios for the three countries appear to be converging as reform progresses, and the range is progressively narrowed for all ratios.

91. Cost/savings streams were derived for the downsizing programs in Ghana and The Gambia, based on estimated initial severance outlays and subsequent payroll savings. They yielded payback periods of less than one year in The Gambia and about 5 years in Ghana. This reflects the preponderant retrenchment of non-permanent staff in The Gambia as well as relatively low severance payments for civil servants. The payback period for one-time retrenchments on terms similar to Ghana’s was estimated at between two and three years, depending on the discount rate.

92. In Guinea, where pay was most improved, the wage bill benefitted from budgetary windfalls as a reduced role for the state produced significant one-time savings in O&M requirements. In all probability, pay levels will therefore not be able to continue to improve at recent rates, even if growth performance is maintained.

93. A notable finding of the detailed analyses is the limited ability of downsizing to fund pay improvement. In Ghana, the unit savings from retrenchment were low as retrenched workers were from lower levels. For symmetric reasons, the unit cost of recruitments was high. In Guinea and, to a lesser extent, in Ghana, the cost of retrenchment and other employment reduction measures absorbed significant resources. In all cases, the young age structure of the civil service translated into low natural attrition levels - about 1 percent per year as against roughly 5 percent in developed countries - and hence into positive grade drift. In Ghana, where the wage bill remained roughly constant in real terms, savings from retrenchment were able to offset retrenchment costs and grade drift over the reform period, but, as mentioned in paragraph 86, hardly to improve real average individual pay. Only in The Gambia, where the cost of retrenchment was much lower, were the savings from downsizing immediately able to make a small contribution to increasing pay.

94. The analysis thus reveals the affordability limits to pay improvements. Severance payments represent a substantial initial drain on the budget, often exceeding the short-term savings from downsizing. Grade drift makes a further claim on savings. Increasing the wage bill at the expense of other discretionary expenditure categories would appear to be difficult to justify in the great majority of countries, considering the very inadequate initial levels of O&M (not to mention capital) expenditures in most cases. While two out of the three pay and employment reform programs have clearly halted pay decline, they also appear unlikely in their current form to allow a rapid return to earlier remuneration levels.
Table 4

<table>
<thead>
<tr>
<th>BUDGET IMPACT (%)</th>
<th>Ghana</th>
<th>The Gambia</th>
<th>Guinea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage bill/GDP</td>
<td>- initial 5.1</td>
<td>8.1</td>
<td>2.7</td>
</tr>
<tr>
<td></td>
<td>- latest  4.3</td>
<td>7.8</td>
<td>3.8</td>
</tr>
<tr>
<td>Wage bill/Total Revenues (excluding grants)</td>
<td>- initial 38</td>
<td>33</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>- latest  34</td>
<td>28</td>
<td>25</td>
</tr>
<tr>
<td>Wage bill/Current Exp.</td>
<td>- initial 27</td>
<td>29</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>- latest  24</td>
<td>20</td>
<td>18</td>
</tr>
<tr>
<td>Wage bill/Current Exp.</td>
<td>- initial 43</td>
<td>48</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>- latest  46</td>
<td>32</td>
<td>35</td>
</tr>
<tr>
<td>Wage bill/O &amp; M</td>
<td>- initial 210</td>
<td>176</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>- latest  205</td>
<td>157</td>
<td>106</td>
</tr>
<tr>
<td>Annual real growth of:</td>
<td>- Wage bill 0.0</td>
<td>4.5</td>
<td>16.3</td>
</tr>
<tr>
<td></td>
<td>- GDP 4.6</td>
<td>5.4</td>
<td>4.4</td>
</tr>
<tr>
<td></td>
<td>- Total Rev. 2.4</td>
<td>9.4</td>
<td>7.4</td>
</tr>
<tr>
<td></td>
<td>- Total Exp. 2.9</td>
<td>14.7</td>
<td>5.0</td>
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<tr>
<td></td>
<td>- Current Exp. 0.8</td>
<td>15.1</td>
<td>-1.0</td>
</tr>
<tr>
<td></td>
<td>- O &amp; M 3.3</td>
<td>7.8</td>
<td>-15.6</td>
</tr>
</tbody>
</table>

Reform Period 86-90 85/86-89/90 86-89

Note: aggregates are deflated by the GDP deflator, while pay items in Table 3 are being deflated by the CPI index. The large difference between the two indexes in The Gambia accounts for the apparent discrepancy between wage bill and unit pay growth rates.

E. PERFORMANCE IMPACT

95. From the evidence presented earlier, it is clear that the three reforms examined here have been fairly successful in addressing some of the common "macro" problems presented earlier as having a detrimental impact on performance. Those where pay was extremely low had been able to increase it (Guinea, Ghana somewhat); where the wage bill had represented an excessive share of the budget, it was reduced (Ghana, The Gambia); where overstaffing was manifest, it has also been reduced (all three). In Ghana, as well, there is evidence that the composition of the government’s work force has improved.

96. There is some anecdotal "micro" evidence that government workers do respond with much improved performance to a combination of good leadership, better pay, better working conditions, and satisfying work. This was the case in Ghana in the performance of some of the ERP task forces, in MSD and in a few individual organizations such as the National Revenue Service (NRS). The best documented of these successes is the NRS which is described in Box 5.

97. While improved pay and streamlined staffing appeared to be features of practically all the successful organizations encountered in the cases, no conclusive instances were found where improved pay and reduced staffing alone brought about major productivity gains, therefore suggesting that pay and employment reforms, while important determinants of performance, need to be supplemented with other measures. The identification of these measures is likely to depend on numerous situation-specific factors and is beyond the scope of this study.

98. Thus few general conclusions can be drawn on the performance impact of the reforms. Although this is an area where additional empirical analysis is clearly needed and reform implementation is probably too short for work attitudes and organizational culture to show much change yet, the cases have produced no evidence that macro pay and employment policy changes by themselves have brought about the major changes in work attitudes, ethics and organizational culture that will be needed if major performance improvements are to be achieved. Indeed, many observers believe that very little progress has been achieved in this respect in the Guinean civil service, where pay improvements have been the greatest. Civil service moonlighting, rent-seeking and absenteeism, for instance, have not been curbed by improved pay. A more focused effort to bring about such individual and organizational changes is thus likely to be the major challenge to
Box 4.

GHANA'S NATIONAL REVENUE SERVICE

The National Revenue Service (NRS) is responsible for customs and internal revenue assessment and collection.

Even discounting for a few special factors, such as the adoption of a more realistic exchange rate which had a significant effect on the valuation of imports, the performance improvements of the National Revenue Service between 1984 and 1988, a period during which major organizational changes were implemented, is nothing short of remarkable. Overall revenues increased from 6.6 percent to 12.3 percent of GDP. Excluding taxes on international trade, taxes on income, profits and capital gains increased from 1.3 to 3.9 percent of GDP, despite a reduction in the income tax rate structure, and taxes on domestic goods and services increased from 2.1 to 3.7 percent of GDP. Thus minimum estimates of efficiency gains over a four year period range between 180 and 260 percent, representing annual improvements of between roughly 30 and 40 percent.

Observers attribute these impressive improvements to the following factors:

- The leadership factor, considered by several observers to be the most important. The head of NRS had the full backing of the political leadership and was described as charismatic, a powerful motivator, an innovator and a good organizer.
- Management autonomy. NRS was granted autonomy allowing it notably to depart from Civil Service remuneration policies, and to use a percentage taken off the top of tax collections to fund its own budget.
- Incentives. NRS funding of capital and operating requirements improved in direct relation with revenue performance. While basic pay was identical to the Civil Service's, allowances - both in cash and in kind - were very significantly higher. External training was also used in abundance, mostly as a reward for individual performance.
- Working conditions. Thanks to its financial autonomy, NRS was able to provide far better working conditions (work inputs, accommodations, etc.) than generally prevailing elsewhere.
- Skill mix. Early in the program, NRS fired large numbers of supernumerary workers and recruited generally more qualified and better motivated staff, and
- Information technology. NRS developed information and tax processing systems covering most operational areas.

be faced by reform programs in a further phase.

F. REFORM SUSTAINABILITY

99. The sustainability of reform impacts was assessed against the objectives assigned to institutional development activities in paragraph 72, with the assessment attempting to answer three questions: are the gains of pay and employment being preserved? Are the outcomes of institutional development activities viable? And are concerned institutions internalizing viable capabilities for continuous change and adaptation? In these terms, the three cases present themselves in a very different light.

100. Having achieved its initial employment reduction targets and finding itself in a much improved budgetary posture, The Gambia is not pursuing further employment cuts nor other reform measures with potential for a significant impact on performance. Its relatively effective system of establishment controls provide sufficient safeguards against the rapid reversal of recent manpower efficiency gains. Considerable work had been accomplished towards laying out the institutional infrastructure for the central personnel function, including a revised legal framework (Public Service Act, General Orders, and Public Service Commission Regulations), a personnel information system, a Personnel Procedures Manual and a Staff Information Handbook. However, the Personnel Management Office is having problems graduating from an essentially reactive to a proactive policy role, overall civil service staffing levels have begun increasing again, pay has continued to decline, and no institutional processes and capabilities have been put in place to ensure continuing policy adaptation. Thus the prospects of future gains, and the continuing adequacy of existing pay and employment policies, are uncertain.
101. Guinea by contrast is at a much earlier stage of institutional development, and is still struggling to establish the basic building blocks of routine civil service management functions. Thus reform accomplishments are still vulnerable to rapid erosion as happened with early census actions. Major efforts are underway to establish viable manpower control and information systems, which if successful and internalized will help secure the achievements of reform and lay the basis for sustainable capacity for routine functions. This is however several years into the future.

102. The clearest institutional advances realized under the three CSRPs have taken place in Ghana. OHCS’ Management Services Division has grown from 8 to 52 staff between 1986 and 1990. After an initial period of external training and coaching by consultants, it has developed the capability to carry out job inspections independently. Coaching by consultants is now focusing on more complex management reviews. The Personnel Policy Development Division has established a basic personnel information system linked to the payroll, which will considerably improve its capacity for manpower planning and analysis. Payroll management itself has been improved. These developments together have made possible the reestablishment of manpower budgeting and control procedures fully integrated in the budgeting process, which constitute essential requisites for the maintenance and continuation of reform. With the further strengthening of the Management Services and Personnel Policy Divisions, Ghana will have internalized essential capacities to achieve incremental efficiency improvements and institutional adaptation. While this is expected to take several more years, and the formalization of OHCS’ new responsibilities is notably lagging, if completed successfully this process should allow not only to sustain the gains of reform, but to manage the requirements of further change and adaptation.

103. Even in Ghana, however, the reform process is still dependent to some extent on top-down direction and external stimuli, although to a lesser extent than in The Gambia and Guinea. The ultimate challenge will be to build grass-root constituencies for reform, within the civil service and the public at large, that would allow the reform process to survive both the phasing-out of policy lending and future political change.

V. LESSONS

104. Section V begins by evaluating the reform strategies in the three countries and bringing out some of their respective strengths and weaknesses as well as some of their distinctive characteristics. It then proceeds to single out those ingredients believed to have contributed to some of the positive outcomes described earlier, and concludes with a description of common problem areas.

A. COMPARISON OF REFORM STRATEGIES

105. The Ghana program included a combination of policy and institutional reform objectives, both for the short- and for the long-term. Short-term policy-related activities were centered on the design, preparation and implementation requirements of employment and pay reform actions. Institutionally-related activities included a review of the personnel function, the strengthening of the Management Services Division, the introduction of a new grading structure, and the general strengthening of training for the civil service. With the exception of the general training component, institutional and policy components were tightly integrated. In retrospect, the analysis of reform impacts shows that insufficient early attention had been given to cross-functional institutional issues such as manpower budgeting & control and payroll & manpower information systems. Thus the institutional component should have been broadened to include selected budgeting and accounting functions in MOF and CAG. Also, the inclusion of a fairly general training component with no clear linkages with policy reform may have been premature. Finally, two clear attributes of the Ghana program stand out by comparison with the two other cases: the relatively intensive involvement of Ghanaian civil servants in the preparation and implementation of reform measures, and the slow pace of implementation of some components. This level of involvement and the relatively high level of reform ownership it has helped generate probably account for the fact that of the three, the Ghana program is clearly the most proactively managed.

106. The Gambia strategy put considerable initial emphasis on speedily executing short-term, fiscally-driven employment reductions followed by pay and grading adjustments. A second phase was expected to address longer-term institution development issues. The short-term nature of the initial phase was reinforced by the use of external consultants operating under a
lump-sum, time-bound contract. Working under budget and time constraints, the consultants were not in a position to mobilize much local participation at the technical level. The objectives of the first phase were attained fairly expeditiously, albeit opportunities for internalization of reform as well of training of local staff. There are also instances where short-term actions clearly undermined long-term objectives. A classic example is when the Ministry of Finance denied the job inspector positions requested by the Personnel Management Office (PMO) in the 89/90 budget hearings in the name of staffing restrictions, thus depriving it of the capability to audit manpower levels!

107. Under the second phase, the emphasis was shifted away from short-term employment and pay issues to a longer-term institutional development program, for which resident advisers were deemed more suitable than short-term consultants. However, the transition from the first to the second phase appears to have been problematic. The former Secretary-General to the Presidency, the initial reform "champion", was no longer associated with the program. The leverage provided by the first phase's close integration with the first SAL was weakened as reform moved away from cost-cutting issues and no longer figured explicitly among SAL conditionalities, other than under the general stipulation of "overall satisfactory performance". No internal constituency for reform emerged to substitute for this loss. As a result, government commitment slackened, the second phase appeared to be lacking momentum, despite active donor involvement and supervision, and the reform program appeared to be managed reactively rather than proactively. It must be noted that, according to Bank staff, this coincided with a significant weakening of overall country structural adjustment performance.

108. The Guinea program's distinctive features are its long-term perspective and focus on capacity-building, and its greater comprehensiveness and complexity. The complexity of the reform program however put considerable strain on implementation capabilities, as can be seen with census follow-up, employment reduction and ministerial restructuring implementation problems. Guinea's highly integrated approach created problems when some components (e.g. ministerial restructuring and establishments) were delayed in relation to others (competency testing). Thus in retrospect it would appear that a more selective and sequential approach to reform with an earlier emphasis on civil service "maintenance" capabilities (i.e. payroll management, personnel information systems, Ministry-level personnel administration, etc.) might have paid greater dividends in terms of effective impact of the reform, and for instance averted the need to carry out costly repeats of the initial census.

109. Thus a composite picture of positive and negative lessons emerge from the three cases, for the design, implementation and sustainability of reform.

110. The Ghana case illustrates the need for systematic analytic and institutional sector work prior to the reform design phase, and particularly the need to include companion institutional actions to policy reform (i.e. in this case the need to strengthen manpower - particularly recruitment - control). The case also provides an illustration of the importance and good use of commitment, a model of technical assistance design and delivery, and a model of successful use of conditionality.

111. By contrast, the Gambian strategy illustrates the need for depth and continuity of commitment, and the failure of conditionality, good technical design, and technical assistance to make up for a significant commitment shortfall. It also illustrates the need for cost-containment to be institutionally ingrained and seen as a continuing concern.

112. Finally, the Guinean strategy illustrates the limits to reform imposed by weak initial administrative capacity. This limit cannot be entirely overridden through large infusions of technical assistance, without compromising reform ownership and internalization.

113. Hence from this small sample the need clearly emerges of a disciplined strategic approach to reform where short-term measures are explicitly designed to support long-term objectives, where the scope of reform is tailored to administrative capacity, and where policy and institutional reform actions are closely integrated. A selective, sequential, incremental and participative approach also appear to be desirable features, as well as early attention to institutional basics such as manpower information, monitoring and control systems and procedures. Proposed desirable stages of this approach are laid out below.

114. At the identification stage, the need is first for analytic work laying out the main features of pay and employment policy and trends,
and setting them in the context of the budgetary and macroeconomic situation and prospects, and second for an institutional assessment of human resource management systems and procedures. The analytic work should, wherever data allow, produce a financial model allowing the computation of various pay and employment reform scenarios so as to establish the interdependencies between pay and employment reform on the one hand and macroeconomic management on the other hand. The institutional assessment should at a minimum identify the main weaknesses of establishment control.

115. Actions carried out in the preparation phase should provide an early test of the political and technical commitment for reform. A critical element is the establishment of a strategic framework for reform. In instances where there seems to be a lack of awareness of the strategic implications of short-term civil service reform measures in a structural adjustment context, this can be elicited through high-level seminars or workshops. The remainder of preparation work would consist of engaging local stakeholders and their consultants in the process of sorting and fleshing out reform options and implementation requirements.

116. Finally, the final design phase (not implying that the design should not be flexible and revised periodically) should at a minimum endeavor to:

- specify and rank the long term objectives of reform;
- outline the main components of the reform program and their interrelationship, in more detail in the short term and in more general terms for the long term;
- relate the reform program to the macroeconomic context, both for the short and for the long term;
- identify the main institutional stakeholders and specify detailed reform management arrangements, including participatory modes, and
- lay out the main technical assistance requirements and modes of utilization.

B. ELEMENTS OF SUCCESS

117. Growth. The presence of strong private sector growth in all three countries has made a considerable, perhaps essential difference to the three reform programs, by helping generate additional revenues to finance pay reform, and by generating viable alternative employment opportunities in the private sector and thus reducing the risk of employment transitions.

118. Commitment and Ownership. All three reform programs benefitted initially from the strong commitment of the political leadership and from favorable political circumstances, whether due to a well-entrenched regime with considerable margin for manoeuvre, or as in Guinea to a genuine window of opportunity as a hated regime came to an end. Just as important however was strong political management of reform, a feature which was present in all three countries. The tasks of political management are political mobilization for the reform program on the one hand, and depoliticization of the reform process on the other hand, especially for retrenchment. Widespread fears that reform would be used towards political ends were perhaps the main early threat to the reform program in all countries. Even in Guinea where there was strong popular support for ridding government of links with the previous regime, the political sanitization of the civil service was carried out independently of the reform program.

119. In two of the cases, an explicit reform marketing strategy was considered to have played a critical role in helping overcome initial resistance to reform. The use of specialized public information specialists, the widespread use of the media, and the mobilization of effective spokespersons for the reform program all have featured in these strategies.

120. The extent of reform ownership is reflected in the level of national involvement in reform design, decision-making and implementation. By that yardstick, ownership was the highest in Ghana, where consultants were essentially used for methodological and training inputs, while national staff contributed the bulk of preparation and implementation work. As explained elsewhere, greater participation had an initial cost in terms of slower reform implementation, although this was offset by improved chances of sustainability. This was deliberate, and in a few instances explicit choices were made to forsake desirable design features and speed of implementation so as to allow greater participation and reform ownership (see
Box 6 on page 29 for a specific example). In The Gambia, mainly on account of the emphasis on rapid short-term results, involvement of national staff was lower. In Guinea, the role of consultants, donors and expatriates was the greatest, if only because of the imbalance between the high complexity of reform and the scarcity of local skills. In the three cases important determinants of reform ownership were technical assistance and reform management strategies as well as the use of conditionality, which are discussed below.

121. Commitment varied considerably by line Ministry. In The Gambia, two sector ministries, representing initially some 30 percent of total government employment, accounted for two-thirds of initial reallocations. Likewise in Ghana and Guinea, some Ministries were found to contribute disproportionately to downsizing while others were contributing little or nothing and in some instances significantly delaying reform implementation. This suggests the potential attractiveness of alternative reform strategies, in which in a first phase pith self-selected sector organizations would be given incentives to downsize and restructure, and system-wide reforms would be attempted in a second phase, rather than the top-down across-the-board approaches followed under the three programs reviewed here.

122. Technical Assistance Strategies. As mentioned in several earlier instances, technical assistance has played an important role in all three programs. No census has been successfully implemented without some technical assistance. Other pay and employment reforms have called on skills (organizational consulting, compensation, human resource management) that are in limited supply locally.

123. The three cases provide contrasting examples of the use of technical assistance. In Ghana, consulting services were provided throughout the program by a consulting joint venture combining a management consulting firm and a public administration training institute. The staffing strategy involved the use of a resident coordinator and of specialists making periodic visits. In The Gambia, an initial short-term management consultancy involving the work of a team of consultants interacting with Gambians was followed by the assignment of three resident advisers. In Guinea, assistance was provided all along by long-term resident advisers with relatively small inputs by visiting specialists.

124. The task requirements of technical assistance for civil service reform are complex, in terms both of professional specialization and of interpersonal skill requirements. They involve numerous professional specialties, from information technology to organization design, human resource management (a field with many sub-specialties), training and compensation. They involve various roles. Technical assistants or consultants may be asked to perform in such roles as policy analyst; team leader; process facilitator; implementation engineer; technical resource, or trainer. The timing of their involvement is often driven by highly unpredictable local decision-making processes, and can alternate between short bursts of intensive activity and long periods of relative inaction.

125. Managing the relationship with the client and other stakeholders is another difficult challenge for technical assistants, even if complete agreement is assumed between major stakeholders, a condition which is seldom realized. Excessive consulting input may detract from reform internalization and ownership, and conceal potential implementation problems, while an undisciplined or insufficiently analytical process orientation may result in little action or in action incompatible with structural adjustment objectives.

126. Finally, the demands of technical assistance management on implementing agencies are just as daunting. Often, agencies being reformed have little if any experience in contracting with consulting firms, and little if any skills in the professional disciplines provided by the consultant. Thus they find themselves at a considerable disadvantage in contract negotiations and supervision, a position which does little to foster the establishment of the necessary relationship of trust.

127. While technical assistance strategy was only one of the factors accounting for the variable degree of success of the three reforms, the approach followed in Ghana appears to hold more promise than those adopted in The Gambia and Guinea, even though it would superficially appear considerably more costly. The generalist resident coordinator provided the needed continuity and element of coordination. On the other hand, the use of visiting specialists provided the needed flexibility to adjust to local decision-making uncertainties, to capitalize on unforeseen opportunities, and to produce appropriate combinations of professional skills and roles as required by the specific tasks.
128. The consultancy format also appears to have produced incentives for counterpart training and thus capacity-building. Visiting consultants in a long-term relationship were under pressure to train their counterparts to ensure that reform implementation continued to progress between their periodic visits, as the progression of reform was opening up new areas for the consultancy. Equivalent pressure does not exist with resident technical assistance whose comparable skill advantage is more rapidly exhausted and who may not be needed at the next stage of reform. A useful feature of the consultancy was the production early in the assignment of detailed reform component strategies (pay and grading, personnel management, management services, training). This helped produce action programs, organize counterpart staff, and program specialist inputs, and thus served to structure the assignment and reduce task uncertainty. The main risk of such consulting arrangements is for the consultancy to become excessively supply-driven, a risk which can only be minimized through proactive consultancy management by the implementing agency and the intensive involvement of third-party specialists, for instance from donor agencies.

129. By contrast, experience in The Gambia shows on the one hand that short term, time-bound, lump-sum consultancy contracts can help produce quick, specific, self-contained payoffs but not likely reform ownership and enduring, diffuse institutional benefits. On the other hand resident technical assistance assignments can lack accountability and a sense of urgency. The cost advantage of resident advisers is partly offset by the greater flexibility of consulting firms whose technical assistance inputs can be timed for maximum impact, whose specialist "down-time" can be minimized, and who can bring greater specialization to bear on technical issues. Finally, the risk of supply-driven reforms is equally present with resident technical advisers, as the latter have less flexible professional alternatives than their consultant counterparts and are thus more tempted to stretch their current assignments.

130. Conditionality. Most observers agree that the use of conditionality under structural adjustment programs played an important and facilitating part in some areas and at some stages of the three CSRP programs. This was particularly true of macro pay and employment measures, as well as conditions lending themselves to well-specified, discrete and self-contained actions, such as pay decompression. In most likelihood downsizing would not have been undertaken in any of the countries in the absence of specific conditions, nor would Ghana have traded off between pay increases at higher and lower levels to achieve decompression.

131. Otherwise, conditionality has not proven an effective substitute for local commitment and internalization of reforms. Conditions were often formally met but the effect was more symbolic than meaningful. This was abundantly illustrated in Guinea with implementation of various employment measures and with the ministerial restructuring program. Conversely, as the Ghanaian government assumed an increasingly proactive stance, conditionality shifted successfully from outcome ("retraining of 15,000 staff") to process conditions ("establish a suitable retrenchment target for next year and achieve the target") which allowed for greater program ownership.

132. An issue worth mentioning stems from the practice inherent to SAL conditionality which typically covers very selective reform items in multiple sectors, and therefore ties particular CSRP conditionality to unrelated conditionality in other reform areas, while disassociating them from other CSRP reforms. This can undermine the integration of policy and institutional CSRP reform actions, for instance where conditionality triggers a premature census when payroll system development or other related institutional activities is lagging.

133. Finally, common conditionality issues found in the three reforms involved unrealistic timetables for implementation and to allow internalization, and a disproportionate share of conditions focused on short- rather than long-term outcomes.

134. Reform Management and Process. Reform management structures in Ghana and The Gambia involved setting up an Interministerial Committee headed by the head of the personnel function or by the Secretary to the Cabinet. Technical support to the Committee was provided by the central personnel function. In Ghana, a separate interministerial structure was set up with overlapping membership to manage retrenchment. This seems to have been a useful arrangement as it allowed the OCCSR to distance itself somewhat from the cost-cutting aspects of reform and focus on capacity-building. Guinea followed a different approach altogether and established first a Commissariat for Administrative Reform, then a Ministry for Administrative Reform and the Civil Service. Several problems became apparent with
this arrangement: in the absence of a systematic interministerial consultative process, Line Ministries failed to buy into several reform activities such as the restructuring program, and problems appeared during implementation. Second, the attempt to simultaneously establish reform and civil service management capabilities within the same Ministry is seen to have led to a dilution of efforts in both directions.

136. The presence of a reform "champion" in a reform leadership position and with a strong personal commitment to civil service reform, proved a powerful acceleration factor in The Gambia in the early stages of reform, and the lack of such a champion in the second phase had a noticeable negative impact on implementation.

137. Finally, the lack of institutional pluralism (such as the absence of unions) has superficially facilitated the implementation of some measures such as retrenchment, but it has also complicated the establishment of meaningful participatory processes and thus perhaps prevented the emergence of greater grass-roots support for reform programs. This has been conspicuously lacking in all programs and may represent the greatest threat to reform sustainability.

138. Retrenchment Programs. The implementation of retrenchment programs has helped dispel several unhelpful preconceptions about the behavior of civil service leavers that had inhibited earlier programs. Most notable is the notion that civil servants would lack the skills or the adaptability to avail themselves of existing employment opportunities, notably in rural areas and in the informal sector. Evidence from The Gambia and Ghana argues strongly otherwise. Many civil servants chose agricultural activities and many others appear to have made a successful transition into the informal sector. Second is the assumed unwillingness of civil servants to leave public sector employment. In Ghana, however, even in the absence of a voluntary departure program, there were a significant number of unsolicited applications for the retrenchment program. Finally, while untargeted across-the-board ("formula-cut") approaches to downsizing have been used initially in Ghana with some success, the three programs have also shown the feasibility of a variety of targeted approaches which are described in Box 6.

139. Enclave Approaches. Box 5 on page 27 presents a success story of Ghana's approach consisting of granting a measure of management autonomy to selected institutions and allowing them to depart from Civil Service pay and employment policies. Experience with other Ghanaian institutions has, however, been mixed. Also, resentment was generated among excluded agencies, and there is considerable pressure to expand the privileges of the few or, failing this, to bring the privileged back into the fold. An increasing number of agencies of varying strategic importance were indeed effectively separated from the Civil Service. This suggests that this approach, while of some potential, has to be used cautiously and selectively and that success is contingent on the presence of certain stringent enabling conditions. Suggested conditions are the recognized strategic character of the institution, clear accountability for performance, high-quality leadership, and the existence of a credible long-term strategy to improve pay service-wide, all conditions which were present for in the NRS but would not be realized in more than a small number of other institutions.

140. Sequencing. Various sequencing questions have been raised at various stages of the reform programs. Should downsizing precede pay reform, so that improved pay does not hamper downsizing efforts? Should minimal controls be in place prior to engaging in censuses and downsizing measures? Is it sound to engage downsizing efforts in the absence of a detailed analytical basis? Reform experience suggests some answers.

141. First, in most instances downsizing, at the rate at which it has been occurring, is likely to have to extend beyond the short term, and budgetary constraints are likely to prevent any rapid improvement in pay levels. In addition, increasing pay differentials is less costly than improving general pay levels and can often be done without adversely affecting downsizing efforts which in most cases will be targeted at lower levels. Thus it would appear to be unnecessary to delay pay reform, or at least some of its component elements such as
Box 5.

**RETRENCHMENT TARGETING TECHNIQUES**

Various techniques were used in the reform programs to help target staff reductions. A non-conventional approach used in Guinea was described in Box 1. More conventional techniques can be broadly divided between top-down and bottom-up.

**Top-down techniques** begin by examining national or organizational policies, priorities and objectives, and target broad efficiency gains rather than specific manpower savings. Triggering factors can be a change in Government policies and regulatory stance. Such management reviews usually start by looking at alternative forms of service or delivery, such as ownership and diversification through joint public-private ventures or divestiture. They can attempt to identify redundant, overlapping or obsolete functions, or they can prioritize with a view to divesting lower-priority functions. Good examples of management reviews were carried out in The Gambia for the Ministries of Agriculture and of Public Works. In the Ministry of Agriculture, the review resulted in a restructuring of the research and extension services, and the privatization and/or divestiture of an out of seed multiplication, fuel supply, building maintenance, vehicle maintenance, some veterinary pharmaceutical supply services, pig and poultry production, tractor ploughing and veterinary services. As a result, by end-1988 Ministry staffing had been reduced by 33 percent from 1985 levels. In the Ministry of Public Works, a carpenter’s workshop producing office furniture was privatized, registries and other administrative functions were consolidated, and central storage of materials was discontinued, which together with streamlining throughout the Ministry resulted in staffing reductions of some 25 percent from 1985 levels.

**Bottom-up techniques** take organizational policies and objectives as a given and examine input-output relationships with a narrower focus on staffing reductions. Typical bottom-up techniques used in Ghana were job inspections and functional reviews:

A job inspection is an assessment of the work of an organization to determine the need for the work performed in relation to organizational objectives, and the adequacy of staffing and grading levels and of reporting relationships. Job inspections begin with a careful enumeration of staff, classification and labor categories, and use various measures to assess work measurements (pages typed, messages carried, etc.), and ratios (cars per driver, typewriters per secretary, etc.) to determine the adequacy of staffing levels. From experience in Ghana, an inspector can inspect 1 job/day on average, although not all jobs have to be inspected individually. Job inspections conclude with a report, which is submitted for review to the inspected organization. Eventually, the report’s conclusions are negotiated in so-called “washout” sessions and specific implementation actions agreed.

A functional review, in the terminology used in Ghana, is an organization & methods review of a common function or service performed throughout the administration. Examples include catering, stores management, typing, building maintenance, cleaning and security services, messenger services, etc. The functional review aims to establish objective staffing, service level and productivity standards. For instance, the functional review of sweeping services established the norm that “a sweeper should be responsible for cleaning eight average sized rooms during a normal four and a half hour shift”.

Both approaches have their merits. Conventionally, top-down and bottom-up reviews are used sequentially. Top-down reviews require a higher order of skills and experience but can make a radical difference. Bottom-up exercises are more incremental, far slower to produce results and very staff-intensive (although findings can be extrapolated for comparable units such as schools, health posts and polyclinics), but can be carried out by staff with limited initial training and experience. Ghanai's Management Services Division used bottom-up approaches initially, and is gradually beginning to use top-down management reviews as its skills are developing. This approach considerably reduced the need for technical assistance, and allowed greater local ownership of the retrenchment program. On the other hand, the greater potential efficiency gains of top-down reviews must be taken into account, and it may be difficult or impossible to validate organizational reviews of agencies that have had prior job inspections and consider themselves validated. The Gambia achieved impressive initial results with its management reviews in agriculture and public works, but no local capacity was created in the process and initial gains were stalled. Thus difficult trade-offs are involved.

decompression, until downsizing objectives have been achieved, except when, as in The Gambia, downsizing is explicitly limited to the short-term.

142. Second, although lighter statistical exercises may still be warranted, it would indeed seem premature to engage a costly full census (see Box 7 on page 31) until there is a clear and immediate prospect of correcting the systemic weaknesses that have made the census necessary. In many cases this will involve bringing forward actions to strengthen payroll and personnel controls and information systems rather than delaying censuses significantly. In other
cases, this may mean initially using less costly and less reliable techniques, and deferring full-fledged censuses until institutional prerequisites are realized.

143. Third, as far as downsizing is concerned, the experience has been that initial overstaffing levels are sufficiently large and evident to allow for sufficient targeting of downsizing measures without extensive analysis, and implementation constraints are such that in a first phase the binding constraint will most likely be commitment or implementation capacity rather than lack of information or analysis. The latter becomes more important as the level of overstaffing is reduced and finer targeting is required. More important, perhaps, is the need to focus on a fair and objective process to select staff to be retrenched, to ensure that manpower control, notably recruitment, is sufficiently reliable prior to launching retrenchment, and to ensure that information systems are improved as rapidly as possible.

C. COMMON PROBLEMS

144. Pay. With the qualified exception of Guinea (see paragraph 96), and despite exceptionally favorable economic and financial circumstances, reform failed to improve general pay levels significantly, although pay levels would be significantly lower still in the absence of reform. In Guinea as well as in the two other cases, future progress is likely to be at least as difficult as in the recent past. Implications for reform are explored in Section VI.

145. At a methodological level, composite methods were tried to establish desirable pay levels and policies, with mixed results. In Ghana a comparator survey was carried out and minimum household budgets were constructed from discussions with focus groups. In both cases, resulting recommended pay levels were far in excess of budgetary possibilities. In The Gambia, one of the objectives of pay reform was to restore real levels prevailing during the last period when wages were considered to be adequate. Affordability also prevented achievement of this objective for the foreseeable future. Another issue was the choice of an appropriate reference period. The small relative size of the modern private sector, the difficulty of capturing and measuring non-wage comparator benefits, especially in kind, and the insufficient disaggregation of available household survey data all presented technical problems in carrying out pay analysis.

146. With the exception of Guinea, where pay was monetized and considerably increased on average, the countries have not been able to address the problem of benefits in kind, particularly housing, although except again in Guinea, the issue in those countries did not appear to assume the proportions found in other countries such as Zambia or Angola.

147. Outplacement Programs. The experience of formal outplacement schemes is poor in the three cases. The design of outplacement programs face exceptionally difficult problems: a poor match between the formal skills of redundant state workers and the main sources of demand for labor which are often predominantly in the traditional agriculture and informal sectors; and very poor knowledge of the informal sector and its employment creation processes. No systematic evaluation is available on any of the outplacement programs but all faced severe implementation problems. In general, experience from the cases suggests that: i) a large majority of civil servants do not require structured outplacement assistance beyond severance benefits and orientation information involving feedback from the experiences of other retrenched workers, as evidenced by the relatively low proportion of applications for the existing programs, and ii) formal credit programs for self-employment are probably to be avoided altogether. They have consistently had a very poor credit recovery record, and doubtful success in establishing viable private ventures. Recovery rates were about 30 percent or less in Guinea and The Gambia. In The Gambia, this compared with 60 percent recovery for traditional credit schemes administered by the same organization. Credits also proved extremely costly on a per capita basis and had to be rationed, thus leading to perceptions of inequity.

148. Censuses. Box 7 on page 31 provides some detail on census experience under the three cases. The poor implementation record of civil service censuses is a clear finding emerging from the cases. Census costs reviewed in the study were not inconsequential: they ranged from $5 to $25 per civil servant in Guinea, for instance, although the lighter censuses carried out in Ghana were far less costly. In a few instances, they have been underdesigned and have altogether failed to produce reliable statistical results. Even when they produced reliable results they often failed to generate significant budgetary savings, or to bring about durable improvements in personnel or payroll information systems. In many cases, censuses have stumbled on the last step consisting of taking the personal actions resulting
Box 6.

LESSONS FROM CIVIL SERVICE CENSUSES

Censuses. Seven civil service censuses were carried out under the three CSRPs: three each in Ghana and Guinea, and one in The Gambia. Among those, two failed to produce reliable results altogether; three produced better information than had been available beforehand, of which only two generated short-term budgetary savings; and only two held the promise of helping generate durable budgetary and information gains. Costs varied widely, from relatively low in Ghana and The Gambia, to a range of $5 to $23 per civil servant in Guinea. From start to finish, census exercises took from 6 to 12 months. Technical assistance involvement varied from nil to about 60 staff-months.

The main benefits of improved manpower information are an improved analytic basis for policy-making, including better targeting of employment reduction programs and pay decisions, and improved manpower planning capabilities. In those instances where short-term budgetary savings have been estimated, the level of savings estimates ranges from 2 to 5 percent of the wage bill.

The two unsuccessful censuses shared the characteristics of having been carried out without technical assistance and of having been processed manually.

Among the remainder, the costs varied essentially in relation with the existence of computerized manpower information systems such as the payroll, the availability and the degree of utilization of local skills, and the thoroughness of the field validation process, from simple verification by managers of data generated by personnel and budget officers, to multiple interviews of individual civil servants by mobile census teams.

In the absence of specific measures to ensure the sustainability of census results, the rate of erosion of payroll data can be significant: in Conakry, the last census, carried out less than two years after the previous exercise, identified 25 percent of spurious entries in existing rolls.

The two censuses with the best prospects of achieving durable results had been carried out within a program to improve institutional manpower information systems as well as manpower budgeting. Thus census data were being used to load a new payroll system (Guinea), or to enhance the data held by the existing payroll system and revitalize manpower budgeting and control (Ghana).

Typical census exercises can be divided in seven phases: a design phase, a preparation phase, a field phase, a processing phase, a validation phase, a personnel action phase, and a concurrent systems implementation phases. An essential requirement is a detailed design for the census which is carefully reviewed prior to launching. Critical design elements are the forms or questionnaires (field-testing and pre-coding are essential); the enumeration strategy; census logistics and personnel assistance; technical assistance (practically always needed, whether external or local) and data-processing requirements; a census information strategy (use of the media will normally be required); a post-processing validation phase in which census findings yielding personnel actions are verified and individual appeals are heard; and planning of systems improvement requirements for the processing phase.

from the census and making corrections in payroll data. Thus it would seem that greater discrimination is required in the use of censuses, and that close monitoring is necessary, especially in the final phase.

149. Costs/Benefits of Employment Reduction Measures. An analysis of various downsizing mechanisms brings out wide variations in financial rates of return to the budget. By far the most cost effective measure is the imposition of a recruitment ceiling and the avoidance of unplanned recruitments. The second most effective mechanism is retraining, where the payback periods for the budget range from less than one to about five years. Early retirement is next on the scale, as the savings stream is short and inducements usually are proportionately high. Finally, voluntary departure schemes rank as the costliest by far. Early retirement and voluntary departure programs also are the least desirable from a performance standpoint, unless they screen for priority skills. This calls into question the sequencing or mix of measures adopted under the Ghana and the Guinea programs. In Ghana, an earlier focus on recruitment control would have been justified. Likewise in Guinea, the justification on performance or financial grounds of the early retirement and voluntary departure programs is questionable.

150. Lack of Monitoring Framework. A major issue in all cases, which proved a considerable hindrance to the study, was the lack
of a monitoring framework within which to assess the progress of the reforms towards their ultimate objectives. This is particularly important for the kind of Incremental, learning, process-intensive approaches which have characterized the reforms. For illustrative purposes, a basic set of monitoring indicators is shown in Box 7 on page 31.

151. Lack of Linkage with Macroeconomic Framework. None of the programs established an explicit link between pay and employment reform and the medium-term macroeconomic framework. To accomplish this, simple modeling is required of the following parameters: stable pay/employment trend factors such as natural attrition and "natural" grade drift; employment level or skill mix policy variables, such as downsizing programs or recruitment limitations; overall and structural pay policy variables, and their overall impact on the wage bill. This would allow the delineation of the financial "policy space" within which the reform will have to operate, test the relevance and justification of alternative reform scenarios, generate realistic expectations about the possibilities and constraints of reform, or possibly trigger a reassessment of the macroeconomic framework if the latter is seen to constrain policy choices excessively.

152. Cost-cutting Versus Capacity-Building. Cost-cutting and capacity-building objectives will have to be pursued concurrently in many cases. Indeed Ghana offers several historical examples where implementation of an approved reform program was frustrated by macroeconomic mismanagement (or political instability), including excessive recruitment. A sequenced approach as in The Gambia runs the risk of compromising both objectives. Thus a lesson from the three cases is that a systematic attempt has to be made to reconcile the objectives of cutting costs and of building capacity, admittedly a formidable challenge. For instance cost-cutting programs do not lend themselves to the kind of coalition-building and to the establishment of a climate of trust and adhesion which needs to characterize capacity-building programs. The operational implication is the need to use an appropriate mix of cost-cutting measures from a capacity standpoint, suitably target and customize such measures, establish a strong communications strategy conveying the long-term contribution of cost-cutting measures to long-term performance objectives as well as emphasizing a commitment to capacity-building, and to the extend possible separate management and implementation of cost-cutting measures from management and implementation of capacity-building programs, as was done in Ghana.

153. The Role of Donors. Many of the problems mentioned in the report could have been anticipated through more systematic sector work prior to launching into reform actions. Emerging difficulties could have been tackled more timely if donors, and the Bank in particular, had been monitoring implementation more closely. In Ghana, more systematic sector work would have helped spot major weaknesses in basic payroll and manpower controls and anticipate recruitment control problems. In the Gambia, better preparation of the first census and a less hurried approach to carrying out the initial retrenchment may have allowed greater internalization of the reform process. In Guinea institutional sector work and additional supervision effort could have helped identify the need to address manpower control weaknesses and implementation shortcomings at an earlier stage.

154. Better donor coordination for research, design and implementation of reform programs could yield substantial benefits. Bilateral and multilateral donors should attempt to better define their respective areas of comparative advantage and systematically develop greater complementarity in their respective interventions. A few donors may have a special role to play by virtue of their domestic experience of civil service reform. Greater exchanges among donors on reform experiences could sharpen the learning curve in the trial and error process which will of necessity continue to characterize reform programs for some time to come. Such exchanges should also involve consulting firms and individual practitioners, to help consolidate the emerging know-how in the industry and better foster a mutually beneficial learning process.

VI. CONCLUSIONS

A. REPlicating the reforms

155. This study makes no claim that the overall reforms attempts it describes here can be replicated everywhere in Africa. Indeed the importance of cultural, economic, political and administrative contextual factors cannot be denied. Nevertheless, the study also presents some findings which ought to remove a few preconceptions that have inhibited similar attempts in the past.

156. Raising doubts about replicability are the infrequent combination of economic, political, and reform commitment opportunities found in the three countries. Over the period examined by the report, all three countries experienced per capita economic growth approaching or exceeding 5
percent on average, much above the average for Africa. Political opportunity was equally exceptional: the replacement of a distasteful regime in Guinea, and the existence of durable regimes with strong political control in Ghana and The Gambia. Finally, all three are categorized as among the 19 out of 45 countries with strong adjustment programs, testifying to their strong initial commitment to economic reform.

157. Arguing in favor of replicability however are study findings that downsizing the civil service is susceptible to good political and technical management; that civil servants are more mobile and resourceful than they are generally credited with; that retrenchment programs need not have long-term adverse consequences on morale and performance, and the growing if still anecdotal evidence that civil servants react with improved performance to a combination of better pay, good leadership, improved working conditions and satisfying work.

B. DOING BETTER

158. Several overall lessons emerge from the cases, which can help improve on the design of reforms similar to those described here.

159. A first lesson is the need to adopt from the start a disciplined strategic approach for reform aiming for performance improvement over the long term, and harnessing cost-cutting concerns to this objective. This does impose some constraints on the choice and design of cost-cutting measures and on the timeframe for reform implementation.

160. A second lesson relates to the need to customize reform programs. Some initial conditions were identified as having rightly determined the basic shape of the three reform programs, such as the financial and economic weight of the civil service, the importance of government employment, the level of pay, the
degree of pay compression, and initial administrative capacity. Other contextual factors were mentioned such as the level of economic growth and the degree of initial commitment. Civil service traditions, prior reform experiences and reform objectives. While commitment at the core colonial history of commitment and the achievement of various growth and the degree of political leadership most of the budgetary objectives of pay and employment reform and can be influenced by leverage, sustainability and capacity-building objectives must be able to count on a broader commitment basis extending beyond core political levels to sector institutions, middle-management and eventually grass-root levels, and on deeper degrees of personal adhesion where leverage is likely to matter less than reform ownership and responsive support, thus also implying less assertive roles for donors and technical assistance. This has many implications for the use of conditionality, for reform management processes and for technical assistance strategies.

A third lesson is the need to establish a match between the depth and degree of commitment and the achievement of various reform objectives. While commitment at the core political leadership level is sufficient to achieve most of the budgetary objectives of pay and employment reform and can be influenced by leverage, sustainability and capacity-building objectives must be able to count on a broader commitment basis extending beyond core political levels to sector institutions, middle-management and eventually grass-root levels, and on deeper degrees of personal adhesion where leverage is likely to matter less than reform ownership and responsive support, thus also implying less assertive roles for donors and technical assistance. This has many implications for the use of conditionality, for reform management processes and for technical assistance strategies.

A fourth lesson is the requirement in most cases of up-front institutional actions undertaken in conjunction with and timed to dovetail with policy actions. At a minimum for instance manpower monitoring and control functions must be appraised and if necessary strengthened as a prerequisite for employment reform actions such as censuses and employment reduction programs, if only to sustain the benefits of measures such as censuses and downsizing measures.

A fifth lesson is the need to perhaps reconsider the underlying premises of outplacement programs. The need for some support for outplacement is not in dispute, if only for social and symbolic political purposes. The accumulating evidence from the cases and other experiences seems to indicate that money for outplacement programs is best spent on severance allowances and information services, and worst spent on credit schemes for self-employment. In addition, some incentives (such as cost recovery) must be built in to minimize wasteful use of training and other typical outplacement activities. In the final analysis, however, the decisive determinant for the success of any outplacement program will be growth-induced employment buoyancy in the economy.

A final lesson is the need for improving sector work upstream of reform. An argument was presented that in many cases the need is both for improved analysis of pay and employment issues with explicit links to the macroeconomic framework, and for more systematic institutional assessments. This would serve to inject more realism in the design of reform programs and better test the relevance of alternative reform scenarios. Equally important is the careful assessment of the specific institutional weaknesses which, if uncorrected, may present obstacles to reform implementation or sustainability.

The potential for incremental improvements of reform outcomes can be estimated counterfactually by establishing a composite reform scenario combining some of the best features of the individual reform programs. Indeed combining Ghana’s employment, pay and retrenchment levels with The Gambia’s lower severance payments, and assuming tight control over recruitment, overall employment in Ghana would have been reduced by 19 percent over four years instead of 15, and average take-home pay would have improved by 15 percent instead of 9 for an unchanged wage bill. Thus there would appear to be significant potential for improvement just by using the best features of ongoing reforms.

C. GOING DEEPER

Even under optimistic assumptions, future progress in the three countries will be slow, and the speed at which compensation can be improved will be unlikely to match historical rates of deterioration. This suggests that full restoration of pay levels may take significantly more than 30 years. Earlier levels of remuneration may no longer be appropriate, as they may have reflected higher skill scarcities which may no longer pertain, and as general economic conditions have worsened. Nevertheless the time needed to restore acceptable compensation levels may be unacceptably long, if it means that in the meanwhile critical state functions will continue to be impaired. Furthermore, the favorable economic circumstances characterizing the three countries during the initial reform period in all likelihood will not be found in the majority of countries with a need for reform. On the other hand, there is no evidence in the three cases that downsizing efforts have reached the limits of social or political acceptability.

This suggests two implications: first, there is continuing need to explore the potential and test the limits of short-term skill mobilization or enclave approaches to protect key functions from overall pay problems, and second, more
radical approaches to downsizing may be feasible and called for, provided donors are able to provide the one-time financial support needed to cover the initial costs of downsizing, and that Governments are committed to an accelerated timetable for the revitalization of their civil services.

168. Rather than involving further streamlining of existing state functions, by necessity a slow process with finite potential, these approaches should be based on a reappraisal of the role of the state such as was undertaken in Guinea and in the agriculture and public works sectors in The Gambia. By divesting or privatizing suitable activities, eliminating non-priority and overlapping functions, and focusing on core public sector missions and responsibilities, quantum leaps in manpower reductions, pay and budget improvements become possible. Such programs are probably best undertaken on a sector basis after careful design and implementation preparation.

D. GOING BEYOND

169. Ongoing reforms have been primarily concerned with downsizing, improving pay levels and differentials, and the restoration of central personnel and payroll functions. In some of the cases, downsizing has not been limited to slimming down existing institutions and functions and has extended to organizational restructuring and to divestiture. While there remains ample room in the three countries for further action in all these areas, it is equally clear that this agenda alone will not in itself exhaust the potential for raising public sector performance. Thus additional avenues will need to be explored. Three are proposed below.

170. One such avenue is the development of sector-specific reform programs complementing the system-wide top-down programs described here. It is not likely to be enough to reform central personnel and financial functions. Even in highly uniform and well-performing civil services in industrialized countries, performance varies widely between individual agencies, thus even in those circumstances agency-specific performance improvement programs would be required. The sequencing of sector and system-wide reforms is a matter for experimentation. There is indeed a case for reform programs initially involving a few self-selecting sector agencies as reform prototypes, and undertaking system-wide reform in a second stage building on the experience of these agencies.

171. A second avenue would consist of replicating some of the main features of reforms undertaken in industrialized countries. Several such efforts (Sweden and the UK for example) have emphasized greater delegation of authority and accountability at the sector and agency levels, and corresponding greater flexibility to adapt centrally-determined pay, recruitment, personnel and financial management norms and processes. In all cases however, autonomy has been granted selectively to agencies with a well-established performance-oriented culture, in a context of clear accountability for performance and backed by strong central monitoring capabilities. Hence on these terms wholesale replication is unlikely to be feasible or desirable in Africa in the near future except in a few cases.

172. A third and perhaps the largest unexplored avenue lies in the identification of those organizational and motivational techniques which are able to harness African cultural values, both individual and collective, towards goals of greater effectiveness and efficiency. Leadership styles, group dynamics, task design, performance feedback, authority and peer relationships, and their links with individual, family, community, clan, ethnic and other collective values and behavioral patterns all need to be better understood and utilized towards productivity aims. This is a task for which both conceptualization and empiric validation are being undertaken in the context of another upcoming study.
ENDNOTES

1 Other cases with established records of comparable length would include the Central African Republic, Senegal, Mali and Mauritania.


4 This section draws on Barbara Nunberg and John Nellis, op.cit.


6 Reform is used in this report in the sense of a break from previous policy patterns. Employment reform is used in the sense of a break in total employment or employment composition policies; pay reform of a break in pay level or pay differential policies. Institutional reform involves a significant change in the institutional framework, whether organizational, process- or policy-related.

7 Names of national institutions have been selectively adapted to make them readily understandable for readers unfamiliar with the three countries.

8 Including the Prices and Incomes Board, the Public Service Commission, the training institutes (GIMPA, MDPI, the School of Administration of the University of Ghana), SSNIT (Social Security), the Ghana Education Service, the Civil Service Association and the three divisional heads of OHCS.

9 Including the Ministry of Labor (chair), OHCS, the Prices and Incomes Board, and the Accountant-General.

10 Nurses were exempted from retrenchment in the Civil Service, and teachers in the Education Service, representing together over a third of total employment in the combined Services. Both categories were however included in the base from which the 3 percent retrenchment target was calculated.

11 The existing pay system merely lays out pay points and ranges, but individual grades for a given occupational grouping or class overlap several pay ranges and there is no consistency among grades of different classes.

12 Schemes of Service are the main building blocks of career development in post-independence UK-derived civil services. For a given class or occupational group, they outline the main functional duties and responsibilities of members of the class at various grade levels, they establish the entry qualifications (lateral or external) required for each grade (education and training, experience, selection procedure), and they establish the criteria for promotion from one grade to the next.

13 Thirty percent of this were paid up front, and the balance in monthly installments over 20 months. Initially, severance payments were based on length of service, but the formula proved difficult to administer because of the poor state of personnel records and was abandoned.

14 Grade drift occurs when the grade distribution changes through career progression, recruitment and attrition. In a steady state (stable historical recruitment), the grade distribution can be designed to remain stable as career progression is offset by young recruits joining at the bottom of grade ranges and replacing retirees leaving at the top.

15 A good example took place in the Central African Republic in 1990.
