69649

UNITED NATIONS
ECONOMIC COMMISSION FOR AFRICA

Senior Policy Workshop on the theme " Improving Productivity in the African Public Services "

Tunis, Tunisia
11-15 November, 1991

Organized by the Public Administration, Human Resources and Social Development Division, within the framework of the Special Action Programme for Administration and Management in Africa Regional Project (SAPAM), in collaboration with L'ecole Nationale d'Administration, Tunis, Tunisia.

I. The Need for Increased/Public Sector Productivity in Africa

The concern for efficiency and effectiveness cannot some at a better time for Africa. Up to the time of the economic crisis in the late 1970s and early 1980s, there was little interest in the subject. It was common for government leaders to dismiss concern about productivity by asserting that the public sector cannot and should never be run as a business concern. Yet, the public sector increasingly began to dominate the economies of their various countries. virtually, every African country had articulated the policy whereby whatever it regarded as the strategic sectors of the economy must be under public ownership, control and management. Nevertheless, these so-called strategic sectors were so poorly and inefficiently managed. The public mismanagement of these strategic sectors is hardly disputed in the African public administration literature.

Three distinct but related reasons explain the growing concern for the need to improve public productivity in Africa.

First, the increased scope and dominance of the public sector coincides with Africa's economic decline, increased food shortage and growing indebtedness. It is natural that donor and African policy makers should draw inferences from this correlation and begin to seek for ways to improve the productivity of this sector.

Secondly, in spite of the assumed failing of the public sector, it is widely and increasingly realised that a vigorous and virile public sector is a <u>sine qua non</u> for Africa's economic recovery. This is a far cry from the impatience of donor agencies with the public sector in the early 1980s when the public sector was regarded as the villain of the development process. Increasingly, it is being realised that in fact, to nurture and assist Africa' private sector requires vigorous, multifaceted and

The age of public sector dominance is gone for good, but the public sector is still relevant to the development process and must be effective.

Finally, economic decline meant African countries has had to make do with fewer resources either in form of aid or investment, whether from foreign or domestic sources. These have declined progressively from the late 1970s and is aggravated by the fact that a large proportion of won resources are used to service debts. This kind of environment os scarcity implies that each shilling, kwacha, franc or naira must go the farthest it possibly can. For public service systems that were widely perceived as inefficient and ineffective both by the governed and public managers, this meant radical structural and operational changes.

II. Strategies for Raising Public Sector Productivity

There are two approaches to raising productivity in public organizations: the strategies which focus on institutions and those which focus on individuals. Ultimately, the two merge into one because the institutional strategies expect to impact on individual performance.

The institutional strategies involve moving from one production form to a more efficient one. E.S. Savas has produced a taxonomy of all the possibilities of improving public sector productivity in a book under that title. [3] Savas adopts the public choice approach which perceives government as primarily a provider of goods and services. Private goods/services must however be separated from public goods/services as it is essential to maintain the distinction between provision, production and consumption. Whereas the public are consumers of public goods/services, the responsibility of providing these goods/services is accorded public organizations. Not all of these goods/services are however

ancillary to the marketing of cocoa such as road building and cocoa haulage. This led to a sharp personnel reduction of the CMB by 62,000 staggers. Furthermore, the lis of staff-owned enterprises earmarked for partial or complete disinvestiture has also been published. In Tanzania, a number of studies have been conducted on the subject, but as in Ghana very little progress has been made in practice. The situation can be likened to Kenya's where the government announced in June 1991 to privatise 139 companies out of the 250 firms in which the government of Kenya owned shares.

The Nigerian government is already fully engaged with privatization, however. In 1986, the military government abolished all the Commodity Marketing Boards and published a decree on the subject of privatization. A total of 110 out of the over 300 federal public enterprises were to be fully or partially privatized. State governments were also required to do the same. By the end of 1990, 20 federal companies have been fully privatized. They included companies dealing in petroleum, flour palm oil, cement, tires and insurance. The non-water aspects of River Basin Development Authorities had also been privatized. The Technical Committee on Privatization which is charged with overseeing the privatization process is aggressively pursuing the privatization of the remaining companies - banks, oil marketing, air and shipping lines, fertilizer companies, paper mills, sugar companies, hotel and tourism textiles, food, beverage, cattle ranches etc.

It is significant to note that in spite of the seeming commitment to public enterprise disinvestiture and privatization, few public enterprises have actually been transferred. Several reasons have been adduced to explain this phenomena: the absence of domestic political support for privatization (it is usually donor or creditor driven), the absence of an enabling or competitive environment, the absence of managerial skill and capacity required by privatization and the economic and social

implications of privatization-social equity, geographical spread of share ownership and the fear of selling 'strategic' enterprises to foreigners.

2. **Cost - Recovery and Commercialization**

These two involve reducing or eliminating public subsidies for essential services produced either by the civil service or by commercially oriented enterprises. Cost - recovery implies that user charges are raised to cover expenses on services in whole or in part while commercialisation implies the PE in question is given some latitude of freedom in setting its own price to enable it fully recover its expenses, break even, or at least independent of government grants.

The area most hit by cost-recovery measures are the social services such as health and education. All the four countries had at one time adopted policies which promised the 'free' provision of these services. All of them (Zimbabwe yet to start) have now evolved programmes which require the citizens to pay for the services either through higher taxes or user charges.

Commercialisation as an option is attractive to the parastatals because it promises to make available to them discretionary autonomy in fixing prices, recruiting and managing own personnel, establishing pay levels and generally running their enterprises. This privilege has bee denied African PEs and is largely held to be responsible for their overall poor performance.

3. **Decentralisation**

Decentralisation has taken two forms. The first is the attempt to strengthen field administration by requiring the deconcentration of the work of the ministries to regional and district organizations but effectively under the control of central

civil servants. This is the model adopted in ghana. Even though the enabling legislation for this programme is referred to as a 'Local Government Law' and District Assemblies have been elected to the districts, the system is completely subordinated to the central government bureaucracy. Ministries preoccupy themselves with policy while they leave implementation activities to the regional district and sub-district administrations.

In Tanzania and Nigeria however, the story is different. The Tanzanian Government has resuscitated local governments first in the urban centers (1982) and later in the rural areas (1984). These institutions were abolished in the hey-days of the central governments 'decentralization' programme of 1973. Local governments' abolished revenues and responsibilities reinstituted, especially as the central government passed responsibilities for health and education to the local governments. Between 1984 and 1988, local governments in Tanzania raised 30% of all government revenues.

In Nigeria, the nation's local government system was reformed in 1976 but a number of obstacles ere posed to effective devolutionary decentralisation by state government's given their relatively vantaged position vis-a-avis local government in that country's federal arrangement. From 1986, soon after the launching of the country's SAP, the federal government began to remove these obstacles. First, primary health care, a programme which had been managed by federal and health ministries were transferred to local governments in 1986. The newly established federal agency on rural infrastructures (Directorate of Food, Roads and Rural Infrastructure, DFRRI) is to work closely with local governments. Other responsibilities which the state governments had been reluctant to transfer were mandated to be transferred since 1985 although it was not until January 1991 that primary education was fully transferred to local government for management and finding. Secondly, to enable them discharge their increased levels of

responsibilities, the federal government ensured that their statutory revenue shares (10% of total federation account) were passed to them direct, rather than through state governments, some os which diverted these to other uses. Later the proposition of revenue - sharing going to LGs was increased to 15%. thirdly, a number of other administrative and political reforms were effected at the local government level to ensure that LGs were both more efficient and accountable to heir citizenry.

Over the period, local governments in Nigeria have begun to provide a larger share of the nation's public expenditure rising from only 2% in 1975 to 8% in 1987.

It is important to note that none of these Anglophone countries have exploited the range of their institutional strategies - again due largely to the level of the sophistication and debate informing the process. There are also no efforts to measure the productivity of the public sector institutions on a sustained and systematic basis. The Nigerian National Productivity Center, for instance was only legally established in 1987 and is yet to have any impact on productivity in any sector - public or private. There are similar bodies in Ghana and Tanzania but they are, as the Nigerian Center, preoccupied with short-term management training rather than in developing indicators for monitoring productivity in the public and private sectors.

B. Approaches Targeted at Individuals

It is proper to begin this section by reviewing the environment in which public sector personnel operate in Africa.

One study notes that:

> 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 macro-economic conditions. Pay cuts have often fallen disproportionately on the highest grades.[5]

Against the background of severe wage erosion and wage compression, the ability of African public services to attract or retain skill personnel has declined, leading often in times to premature exit of the brightest and best, moonlighting, rent-seeking behaviours and a marked decline in productivity.[6]

A few countries have tried to address the delicate issue of pay levels in the administrative reform programmes although as has been noted earlier, a number of others have simply ignored it with grave consequences.

The dilemma confronting African countries in this area can be stated as follows. African civil services tend to be bottom-heavy, some of them are already oversized for their economies. A general pay increase is impossible in these circumstances for two reasons. First, the macro-economic environment is one which requires the reduction of recurrent (and therefore personnel costs). Secondly, increasing pay without establishing the real needs of the civil service will only tend to attract unwanted cadres and many not be sufficient to attract the required skills.

The Ghanaian and Gambian cases provide ample illustrations on two approaches to resolving this problems.

In the Gambia, it was already established that real wages had declined by 50% in real terms between 1980 and 1986. It was further established that pay in the private sector was 88% higher than in the civil service while the parastatal sector was 22% higher. In October 1988, the grading structure was changed from 19 to 12 with an enlarged band structure. This exercise involved the

upgrading of 2, 700 posts and the downgrading of 870. In addition, the salaries commission established in 1988 to examine the country's overall pay levels reported in November 1988 and proposed a general pay increases of 10% which would have restored real salary levels to those of 1974. A pay increase averaging 67% was approved in January 1989. 42 schemes of service were developed for various cadres of civil servants as well as a staff appraisal programme - to establish redundancies.

In Ghana, it was established that median pay levels in the civil service raged from 28 - 41% of what existed in the organised private sector and 60% - 88% of what was paid in the parastatal sector. There were five objectives of pay and grading reform: (a) an increase of overall real pay levels; (b) the decompression of the pay scale; (c) the replacement of the existing 126 pay scales with a unified 15 - grade structure based on job-evaluations; (d) introduction of performance based pay and (e) improvement of pay-policy and administration>

Proposals for overall real pay increase have been linked to the adoption of the job grades. The proposals were expected to have been introduced in 1989. Second, the government announced that it intended to raise the wage compression ration from 2:1 to 13.7:1 and had already attained 10:1 in 1990, the major constraint being financial. Nothing perhaps is as daring as this country's "Skills Mobilization Scheme" which had four components: the use of local consultants paid in hard currency up to a maximum of $3, 300 per month, depending on the level of qualifications; the recruitment of Ghanaians from the private and parastatal sectors into the civil service at their previous level together with an additional $200 to $300 margin; and the programme of inducing expatriate Ghanaians to return and serve in the civil service in return for which they were paid $10,000 for relocation, transportation and normal civil service salaries plus $200 - $300 monthly margin. Furthermore, a special Duty allowances programme

was paid to civil servants engaged in structural adjustment programmes. Of the four, the last was the most popular as it raised the least resentment among the excluded civil servants. Finally, the Ghanaian government is hoping to introduce a programme of performance related pay in 1992.

The two examples examined above seem to underscore the necessary prerequisites for improving motivation and therefore productivity in Africa's civil and public service systems. First, there is the need to raise consciousness of all public officers on the need for an increased level of productivity. And the place to begin is to evolve a range of productivity measures which will be constantly refined, updated and publicised to call attention the issue. Second, there is a need to radically overhaul the personnel management system in the public service especially in the areas of personnel records, planning, manpower audit, staff appraisal, development and pay. Perhaps nothing is more disheartening than the inability of African public services to monitor the number and type of personnel in their employment. Manpower censuses brought about by economic reform have established astounding numbers of **"ghost workers"** - workers who are on the payroll but who do not exist in reality and incredible levels of over establishment at the level of junior cadres even when large numbers of vacancies exist at the middle had higher levels. [7] The personnel record system must be decentralised for operational purposes but centralised for the purposes of centralised manpower planning, development, training and cost control. Thirdly, pay improvements must be consequent on operational and structural reforms that would facilitate accountable performance at the organisational and individual levels and the introduction of performance - related pay increases. Finally, there is no substitute to having a strong economy. The goal of the public sector must be to facilitate the productive activities in the society both within the public and

private sectors. For it is only when a sufficient surplus product is generated that resources will be available to pay adequate remuneration in the civil/public services.

CONCLUSION

Both of the approaches sketched above complement one another and have great potentials for raising efficiency and effectiveness in the African public sector. Without any doubts, enhanced productivity if a long-term management issue and requires consistent record keeping, regular appraisal of performance and the development of performance indicators acceptable to all.

Productivity requires that both institutions and individuals who man these institutions perform efficiently. More than all these is that the issue of pay cannot be addressed in isolation - it must relate to reforms of the institutional framework and operational management. On the other hand, any administrative reform programme that refuses to address the issues of poor and declining pay conditions, wage compression and pay comparability across economic sectors, given Africa's current socio-economic condition is at best a deception.

As should be readily evident, increasing productivity in the public sector is not merely a management issue, it is also political. No matter how much privatization takes place, the public sector would till be charged with the overall responsibility of providing the appropriate environment for productivity in all sectors of the economy. It then becomes absolutely important that productivity levels in the public service itself must be very high. The only way to ensure that this happens is to make the public service more accountable to the public. One scholar argues that **"the application of accountability requirements to the performance of public sector institutions is equivalent, in some important**

respects, to the application of the discipline of the market in a non-market setting".[8] Unfortunately, only very recently and even then in an understandingly subdued manner have attention been focused on the need for improved accountability and accountability institutions in African public administration systems in a continent where the doctrine of enhanced powers of the executive has held sway in the last three decades.

Notes

1. On the global nature of this trend see, D. Argyriades, "The Adaptation of Government to Economic Change". General Reports, Twentieth International Congress of Administrative Sciences Amman, Jordan 6-10, September 1986, pp. 5 - 38. On the African Experience. See M.J. Balogun and G. Mutahaba (eds.), Economic Restructuring and African Public Administration: Issues, Actions and future choices (West Hartford, Kumarian Press, 1990) and Dele Olowu "Administrative Responses to the Economic Crisis in Africa" International Journal of Public Sector Management, Vol. 4, No. 3, 1991, pp. 44 - 59.

2. The study covered four countries (Ghana, Nigeria, Tanzania and Zimbabwe). All the first three already had administratively responded to the crisis, while Zimbabwe was yet to do so, see Dele Olowu, op. Cit.

3. E.S. Savas, (ed), Alternatives for Delivering Public Services: Toward Improved Performance (Boulder, colorado, Westview Press, 1977).

4. Data taken from J.R. Nellis, Public Enterprises in Sub-Saharan Africa (Washington D.C., World Bank Discussion Papers, 1986) cited in J.S. Wunsch and D. Olowu, eds The Failure of the Centralized State (Boulder, Westview Press, 1990), pp. 108 - 109; and Finance (Nairobi, Kenya) of 16-30 September 1991.

5. Most of the discussion in this section is taken from Louis de Merode, Civil service Pay and Employment Reform in Africa: Selected Implementation Experiences (Washington D.C., World Bank, 1991).

6. Derek Robinson, Civil Service Pay in Africa (Geneva, International Labour Office, 1990), notes:

7. In Tanzania, the 1988 civil service census revealed a total number of 16,000 ghost workers. In one of the Nigerian states, 9,000 positions were found to be non-existent and the levels of over -establishment at the federal level (junior workers) was 26,000.

8. R.E Stren, "Accountability in Africa" in World Bank (ed) Strengthening Local Governments in Sub-Saharan Africa (Washington D.C., Economic Development Institute Policy Seminar Report, No. 21, 1989), p. 124. See also J.S. Wunsch and Dele Olowu, (eds) The Failure of the Centralized State: Institutions and Self-Governance in Africa (Boulder, Colorado, Westview Press, 1990), Chapter 1.