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**UNITED NATIONS
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and Social Development Division**



**SENIOR POLICY WORKSHOP ON
ASSESSMENT OF THE IMPACT OF PUBLIC
SECTOR MANAGEMENT REFORMS IN AFRICA**

Statement

by

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Distinguished participants,
Ladies and Gentlemen,

It gives me great pleasure to welcome you, on behalf of my colleagues and on my own behalf, to Africa Hall on the occasion of the organization of this Senior Policy Workshop on Assessing Public Sector Management Reforms in Africa and to take this opportunity to make brief opening remarks on this timely and very relevant theme. I am pleased to seize this opportunity to express our sincere appreciation to the Government of the Netherlands for providing financial support to the three policy workshops, including this one, which UNECA's Public Administration, Human Resources and Social Development Division organized this year.

Distinguished Participants,
Ladies and Gentlemen,

Public sector management reforms are not a new phenomenon in Africa. A number of reform initiatives were put in place in a number of African countries as early as the 1960s, to correct the inadequacies of administrative structures inherited from the colonial era, which proved to be inadequate for the socio-economic development tasks that the newly independent states were embarking upon. These reforms focussed on structural reorganization, improvement of pay, rationalization of employment policies, adoption of improved management systems and procedures. The 1980s however witnessed different types of reform initiatives that called for fundamental restructuring.

With the intensification of the economic crisis in the 1980s many countries adopted implementing structural adjustment programmes (SAPs) designed to put the economies back on a growth and development course. Public sector management reforms were among the conditionalities. Critical problems that were, by and

large, ignored in the past came to the forefront of the new generation of reform measures. The link of the size of the civil service to the wage bill became an issue of concern. It was also recognized that the inefficiency of the civil service constituted a major bottleneck to development.

The reduction in the size of the civil service became a central reform criterion. The aggressive role the state had been playing in development started to be questioned. Demands for the fundamental reconsideration of this role became common. Aside from the pressure to streamline and curtail the waste of the civil services, the demands for democratization put added pressure, particularly by the international, financial institutions and bilateral partners on the civil service to reform itself and become more accountable, transparent and participatory.

Among the institutional reforms required were: the elimination of constraints emanating from organizational and managerial deficiencies of the public sector institutions; streamlining or elimination of a variety of regulatory and procedural constraints to facilitate the implementation of policy reforms strengthening the policy and planning functions within government agencies and enhancing their role in the policy process; and devising mechanisms for promoting effective dialogue with the private sector.

The most affected target of the reforms was the public enterprises sector, which expanded significantly due to the need to accelerate economic development in the post-independence period. Public enterprises came to be relied upon as primary vehicles of development. The prominence enjoyed by public enterprises is evidenced in their share in the GDP. For example, in the Sudan in 1975 the share of public enterprises in GDP was 40%; in Zambia, 37.8% in 1979-80; in Guinea, 25% in 1979; in Senegal, 19.9% in 1974; and in Tanzania, 12.3% in 1974-77.

Public enterprises provided employment for a significant portion of the labor force. For example, 75% of modern sector employment in Guinea in 1981 and 58% in Niger and 40% in Burundi in 1980 was provided by public enterprises. As the performance of public enterprises continued to decline, their capacity as generators of economic surplus was severely reduced. Many relied heavily on deficit financing. Indeed, in recent years African public enterprises became major domestic and external borrowers.

The deepening economic and fiscal crises, particularly in the 1980s, exposed the weaknesses of public enterprises and urged the need for their reform. Public enterprise reforms in African countries were driven by three main considerations, namely: to increase their efficiency; reduce the burdens of fiscal deficits and external debt to which the public enterprises contributed; and to stimulate and expand competition in the economy by reducing the monopoly powers of some public enterprises. These reforms involved two approaches. One centered on privatization programmes which involved the sale of shares, assets or outright closure. The other focused on improving the performance of enterprises retained under state control which included such measures as management contracts, pricing reforms, improving the macro and rationalizing institutions for public enterprise control and commercialization.

It is important that the extent and impact of public sector reform measures be assessed in an objective manner to better understand the implications of these reforms, draw appropriate lessons from them and derive maximum gain from these efforts. This workshop is expected to contribute to this objective. However, assessing the impact of public sector management reforms in general and that of public enterprise in particular has to be approached with some caution.

The empirical evidence leaves much to be desired and is limited both by lack of systematic data and by the fact that the pace of reforms, many of which are recent, is uneven. Even so,

from the available data, a few tentative results are evident. A study on the impact of the reforms on the size and cost of the civil service, while confirming the generally bloated nature of African civil services, has nevertheless revealed that the assertion does not portray a correct picture as one climbed the higher echelon of the civil service. In some cases, the laying off of the redundant staff did not lead to the desired cuts in budgetary cost.

In the area of public enterprises, a recent World Bank study has noted that many countries have halted the creation of new public enterprises and several have begun to reduce the number. However, in a few countries, notably Burundi and Cote d'Ivoire, the number of public enterprises has increased. Preliminary assessment suggests that financial flows to public enterprises remain substantial in many countries.

Privatization measures, defined narrowly as pertaining to transfer of assets or shares to the private sector, have affected about 375 enterprises during the period 1980-1991 in 22 African countries. About 310 of these were concentrated in 10 countries, namely in Cote d'Ivoire, Ghana, Guinea, Madagascar, Mali, Mauritania, Niger, Nigeria, Senegal and Togo. Evidence shows that privatization has led to a reduction in the number of public enterprises in the following African countries: in Guinea, by 55%; Togo, 38%; Tunisia, 12% and Nigeria, 26%.

What is also clear is that some partners, notably the World Bank, are increasingly placing more emphasis on privatization than on other forms of public enterprise reform. In general, it can be concluded that the progress made in privatization has been slow, and one notices more commitment to it in words than in deeds.

In spite of the criticisms directed at African public enterprises, African governments do not appear to be convinced

that the public enterprises have no more role to play in their respective economies. Indeed, public enterprises continue to occupy a central role in African economies. However, African governments are in no position to tolerate inefficient management, wastage, corruption and loss making as was in the past. This, of course, implies that efficient management should be in place to ensure that most of the mistakes of the past are avoided. Economic considerations must be taken fully into account in setting public enterprise objectives.

I believe that you, as experts, who are attending this meeting and who are in the forefront of the reform efforts in your respective countries are best situated to assess the impact of public sector management reforms so far undertaken, share experiences and learn from each other as to how to improve the effectiveness of the reform efforts.

The presence of representatives of major partners such as the World Bank, the Commonwealth Secretariat, UNDP, UNDPADM, and AAPAM to share with you the experiences and perspectives of their own agencies should greatly add to the value of this exercise. It is my hope that in the process of your deliberations, you would carefully examine as to what extent have the various reform efforts been successful; how the reform measures have impacted on the size and cost of the civil service; the extent to which efficiency has improved in the public service as a result of the reform efforts; how the reform measures have positively or negatively affected the morale and motivation of the employees; what dysfunctional consequences were experienced in the course of implementing the reform measures; what obstacles were experienced in the course of implementation; what should be done to remove the obstacles and finally what lessons African countries could learn from both the success and failure stories of the countries that have implemented public sector management reforms.

Considering the quality and diversity of expertise assembled here in this room, I am confident that all the concerns expressed above will be dealt with adequately, and that you will, at the end of the workshop, be able to come-up with an objective assessment of the state of public sector management reforms in Africa and offer valuable recommendations as to how to ensure the successful implementation of the positive aspects of the management reforms that are undertaken in the public sector.

As I look forward to receiving the results of your deliberations, let me thank you for your kind attention and declare this senior policy workshop on assessing the impact of public sector management reforms in Africa open.