# CHAPTER 3

# ADMINISTRATIVE REFORM IN INDUSTRIALISED COUNTRIES AND SUB-SAHARAN AFRICA

## 1. INTRODUCTION

In order to reform the public service of South Africa successfully, the government should take cognisance of the reform trends around the world. South Africa is part of Sub-Saharan Africa, and has to take note of reform in the continent, but it also has an economy with the highest gross domestic product (GDP) in Africa (United Nations, 1999: 49-50). It trades with industrialised countries and must therefore note how they conduct their reform, to stay globally competitive.

This chapter provides a survey of reform tendencies in industrialised countries and describes factors, which could influence reform in South Africa. It contrasts reform in the Commonwealth countries and the Organisation for Economic Co-operation and Development (OECD) with reform in Sub-Saharan African countries. Typical reforms in industrialised countries will be juxtaposed to induced reform in Sub-Saharan Africa, to determine whether South Africa should adopt reform practices from industrialised countries, or Sub-Saharan countries. Reform may be real, or only notable. They could be highly focused or specialised or they may favour extensive or comprehensive reform. Reform programs can be examined according to whether they are limited, focused or extensive.

Reform will be described as to whether it is comprehensive or sectoral. By comprehensive reform is meant that a range of reform interventions are introduced that affect most aspects of the public service, or public sector or both. Comprehensive reform may include privatisation, corporatisation or decentralisation. In contrast, some countries have a particular focus or a more limited focus e.g. the policy function regarding education, health or transport.

Most of the industrialised countries in the world belong to the Organisation for Economic Co-operation and Development (OECD). Almost all of them have embarked on reform in accordance with the interventions which were instituted by the United Kingdom in the early 1980's. Some of the reform interventions were also used successfully by countries such as New Zealand and Australia, which were in turn followed by other OECD countries around the world.

Halligan (1997: 3) is of the opinion that the United Kingdom, New Zealand and Australia were the first to introduce trend setting reform and most scholars refer to the reform in these countries as a basis for judging reform efforts in OECD countries. For this reason, the nature of reform in these leading countries will be described, and thereafter cases in OECD and Sub-Saharan countries, will be used as examples against which the South African system could be evaluated.

## 2. PRINCIPAL REFORM COUNTRIES

Halligan (1994:135-141) observes that the United Kingdom, New Zealand and Australia were the first countries to embark on real administrative reform and that they all demonstrated a particular pattern of reform. To distinguish these countries from other countries, which have embarked on reform in the rest of the world, he refers to them as "Anglo tradition" countries. The influence of these countries is also referred to as the "Anglo axis" (Halligan, 1997: 3).

The "Anglo tradition" and "Anglo axis" could be confusing as many countries are practising public management and administration in the so called "Anglo tradition". Halligan does not provide an explanation on what basis the Anglo tradition countries are different from the countries in the rest of the world. Countries such as Canada and India are also steeped in the "Anglo tradition". A factor which qualifies South Africa in particular as an "Anglo tradition" country is the fact that by 1914, Australia, New Zealand, Canada and South Africa were the only colonies which enjoyed "dominion" status as Commonwealth countries, and were part of the League of Nations. These "dominion countries" all had political parties dominated by

Europeans governing the countries. India never enjoyed dominion status but belonged to the League of Nations. (Rodee, Anderson and Christol, 1967: 334 – 337)

Since South Africa became a Union in 1910, its racial policies, were however of such a nature, that it was barred from the Commonwealth, when it became a Republic in 1961. After its alienation from the Commonwealth, the racial policy of "apartheid" of the governing National Party caused internal instability and external political pressures required it to reform *politically.*

Haligan (1997) writes that Canada has explicitly eschewed the path being followed by other 'Anglo' countries. In Canada, competitive service provision or the contracting out of services, are not being actively explored. Some scholars are of the opinion, however, that the Canadian results should only be evaluated after about ten years (Caiden, Halley & Maltais, 1995: 86 – 101). What has to be concluded however, is that the "Anglo tradition" countries have at least one common feature, and that is the fact that they all initiated reform in the early 1980's. (Commonwealth Secreatriat, 1996).

The United Kingdom, New Zealand and Australia have spearheaded reform practices, and are trendsetters with a particular way of reforming. (Caiden,1991) (Armstrong, 1991/92) (Kickert, 1997). It will however, be difficult to explain to former British colonies in Sub-Saharan Africa, and on other continents, who still have clear British government and administrative traditions, why they are not "Anglo tradition" countries. It would be more appropriate if the United Kingdom, New Zealand and Australia, who took the lead in reform initiatives, practices and methodologies, are referred to as *principal reform countries,*[1] instead as "Anglo tradition" countries or "Anglo axis" as the term is used by Halligan.

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[1] The term is not described in chapter 1. The Oxford Dictionary (1964) gives the meaning of *principal* as "first in rank or importance". The Latin word, *principalis*, means first, original or most important. The first countries which initiated administrative reform after the second work war were the UK, Australia, New Zealand and Canada. In this thesis, they are referred to as *principal reform countries.*

## 2.1 Characteristics of reforms in principal reform countries

According to Halligan, there are similar reform characteristics present in principal reform countries. This is also evident from reports of the Commonwealth Secretariat (Halligan, 1994:135-141) (Commonwealth Secretariat, 1995): Typical reform characteristics are:

- major changes, such as the separation of political and executive functions and privatisation, are introduced;
- concepts are refined and elaborated on during the implementation process;
- implementation takes place over an extended period and continues under newly elected governments;
- strong and sustained political support for reform are present during the design phase;
- public officials are effectively engaged in the process; and
- a strong focus on a limited number of issues is maintained during the reform process.

It could be argued that since the early 1980's the principal reform countries followed similar reform patterns because their political leaders and senior bureaucrats had ample opportunities within the Commonwealth forums and the OECD to deliberate and convince each other of the benefits of reform. The principal reform countries did not follow the same reform process or introduced the same interventions. Both the United Kingdom and Australia commenced their reform with financial scrutinies, but the similarities, as far of the reform process is concerned, terminated there.

The reform pattern of the principal reform countries is comparable, as well as the reform results. Every country, however, relied on its own political and expert resources to attain its reform results. The first guideline for a future reform program for South Africa lies herein, namely to learn from international best practices and to use its own political and human resources to develop reform interventions to suit its own local reform needs. South Africa has already departed from international best practices right at the outset of its proposed reform program in two ways.

Firstly, it made use of a Presidential Review Commission (Government Gazette No. 16838 of 24 November 1995) to investigate matters and to make recommendations[2]. None of the principal reform countries made use of a commission to determine what reform had to be introduced[3]. Secondly, it had a large number of foreign experts, who had to assess the shortcomings in the public service and to make recommendations. Amongst the Commission's 14 members, there was 4 foreigners. There were a further 10 Commonwealth advisors and 5 international experts, as against 5 local consultants (PRC, 1998). Nowhere in the report of the PRC, did any of the foreign experts caution against the "Commission approach", which was absent in the principal reform countries. The names of the commissioners, strategic and task team members and additional contributors are reflected in *Appendix* 1.

One could raise the question: would the "Commission approach" to a reform process, which was initiated by President Mandela, suit the management style of President Thabo Mbeki, who has to give effect of the recommendations of the Commission? The report, which was submitted in 1998, has not by February 2000, evoked an official response from President Mbeki.

South Africa should, rather than rely on foreign experts in its reform process, embrace the typical reform *characteristics* of the principal reform countries. Once the reform started in New Zealand's public sector, it was sequential and fairly explicit. The Treasury played an important role to make inputs to the government prior to the election of the new government in 1984. Privatisation and reform of the core public service followed corporatisation. Intergovernmental reform (focusing on local government) and financial management reform were next and subsequently attention centred on the "non-commercial" welfare state. An extension to this agenda included the employment contracts, fiscal responsibility and further significant

[2] The mandate and term of reference of the Presidential Review Commission is described in chapter 2 under section 3.1.

[3] The institutional arrangements for reform and the methods which were applied by the principal reform countries will be described in chapter 4, point 3.

management refinements in the 1990s. (Wensing 1997: 1-24) (Duncan and Bollard, 1992: 3-145) (Halligan ,1997)

For Australia, the process was somewhat different and the development of initiatives more protracted. The main elements of the reform program focused initially on the core public service (including commercialisation, decentralisation and a new dispensation for the senior management cadre of the public service) and improving financial management, followed by corporatisation and later privatisation. The mid-1980's produced new directions, which were linked to the emerging micro-economic reform agenda, the most significant element being the major reorganisation of the machinery of government. Australia concentrated much more on the core public service reform because the need for corporatisation was less pronounced than in New Zealand, and privatisation was resisted more. Dawkins,1995: 237-243) (Ives, 1995, 319-331).

**2.2 Future of reform in the principal reform countries**

The so called "next steps" government agencies in the United Kingdom were based on a separation between policy-making, which were to remain with ministers, and operational functions, which were devolved to the specially created government agencies. (United Kingdom,1989). To date there is still not clarity where ministerial policy ends and operational policy begins, and whether the Home Secretary or the functionary in the agency is accountable.

During a conference for best practice in public administration in Canberra in 1997, Mr Robin Mountfield, Permanent Secretary of the Office of Public Service in the UK, explained (Mountfield, 1977) that his department did not have the quality of people to monitor the performance of the agencies in the centres of departments. He said control is perceived negatively by the management of agencies, but they would become self-serving unless there is a very tight system of portfolio management in the heart of the department. The department, or a similar group alongside it, ought to be responsible for evolving the policy overview, which will inform the management of the agencies. This process, cannot be completely separated from the management of the agency. He stresses that if the formal responsibility of managing an agency is separated from that of policy-making, muddled thinking could be the order of the day.

Halligan (1997) argues that Australian reform strengths include: combining a strategic approach and pragmatism, a capacity for sustaining reform over time and a ability for learning from other experiences. However, although the accomplishments of the Australian reform program appeared to be substantial by the early 1990s, it seemed to lose its momentum during the decade.

Australian weaknesses may result in part from its strengths. The knowledge that Australia was a leader in the reform field may have affected the capacity for and effectiveness of its learning over time. Excessive pragmatism may also be a source of weakness, the lack of a theoretical focus and the capacity for comparing with other public sectors in the OECD (Halliagan (1997).

A lesson, which South Africa could learn from reforms in the principal reform countries, is that the reform interventions must be explicit, with a definite end and a stage where its impact has to be assessed. Reform cannot continue indefinitely. The principal reform countries were leading by example in the 1980's but as Halligan (1997) observed, Australia appeared to have lost its momentum in the 1990's. Irrespective of the positive results, which were attained in the principal reform countries, possible reform interventions cannot remain indefinitely on the agenda of the government. It appears that "reform fatigue" sets in after major changes occurred, which results in disinterest from the politicians and less innovation from senior officials, in the management echelon.

## 3. REFORM IN THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT COUNTRIES

The forerunner to the Organisation for Economic Co-operation Development countries was the Organisation for European Economic Co-operation which was formed to administer American and Canadian aid under the Marshall Plan for the reconstruction of Europe after World War II. The OECD has been instituted through the *Convention on the Organisation for Economic Co-operation and Development* on 14 December 1960 in Paris (OECD,1999 (b)).

The first three decades were spent on building strong economies of the member countries. The OECD focus now include global economic issues such as the retention of a market share in an increasingly knowledge-based economy in a post-industrial era and the promotion of market economies in the former East Bloc countries. The OECD is not a closed club but countries have to meet particular requirements regarding market economy principles and a pluralistic democracy to become a member (OECD, 1999 (b):1).

The OECD presently consists of 29 countries. The original 20 members of the OECD are located in Western countries of Europe and North America. They were later joined by Japan, Australia, New Zealand and Finland. More recently Mexico, the Czech Republic, Hungary, Poland and Korea joined. The countries are, in alphabetic order:

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|---|---|---|---|
| Australia | 1971 | Austria | 1961 |
| Belgium | 1961 | Canada | 1961 |
| Czech Republic | 1995 | Denmark | 1961 |
| France | 1961 | Finland | 1969 |
| Greece | 1961 | Germany | 1961 |
| Hungary | 1996 | Iceland | 1961 |
| Italy | 1961 | Ireland | 1961 |
| Japan | 1964 | Korea | 1996 |
| Luxembourg | 1961 | Mexico | 1994 |
| Netherlands | 1961 | New Zealand | 1973 |
| Norway | 1961 | Poland | 1996 |
| Portugal | 1961 | Spain | 1961 |
| Switzerland | 1961 | Sweden | 1961 |
| Turkey | 1961 | United Kingdom | 1961 |
| United States | 1961 | | |

One of the services which the OECD render to their member states is to promote best practices in aspects of public management, such as accountability systems, policy- and decision-making structures and reform. (OECD, 1999 (b)). Since the end of the 1970's almost all the member countries of the Organisation for Economic Coordination and Development have introduced reform programs (OECD, 1990) During March, 1996, a ministerial symposium for ministers responsible for public management from OECD countries came together for the first time (OECD,1996). They were challenged to discuss public management from the point of view of political leaders. They responded by addressing it as a change process, a part of democratic government and a key element in sustaining strong economies. They were interested in the techniques of public management and in the experiences of the different OECD countries. The chairperson noted seven ways in which OECD countries have responded to pressures for change in the role and structure of government:

- decentralisation of authority within governmental units and devolution of responsibilities to lower levels of government (for example, municipalities);

- re-examination of what government should both do and pay for, what it should pay for but not do, and what it should neither do nor pay for;

- downsizing the public service and the privatisation or corporatisation of activities;

- consideration of more cost-effective ways of delivering services, such as contracting out, market mechanisms, and user charges;

- customer orientation, including explicit quality standards for public services;

- benchmarking and measuring performance; and

- reforms designed to simplify regulation and reduce its costs.

According to an OECD report of 1997 (OECD,1997: 2-3) governments are engaged in ongoing, high-profile and comprehensive reform. Some reform programs in the countries are, *inter alia* :

- *Mexico* with the launch of its "Program to Modernise the Public Administration 1995- 2000" (announced in 1996);
- *Denmark* with its "New Views of the Public Sector" (1993) followed by "Welfare for Citizens" (1995);
- the *United Kingdom* with its "Continuity and Change" (1994) and with later initiatives;
- the *USA* with its National Performance Review (begun in 1993);
- *Canada* with its "Getting Government Right" (1996);
- *France* with its current plans to modernise the State (begun in 1995);
- *Ireland* with its "Delivering Better Government" (1996);
- and *Germany* with its "Lean State" reform (1995-1997).

From the above OECD report it could be deduced that the OECD countries are continually adapting their administration to be economically competitive. South Africa is not part of the OECD, but the OECD is willing to share its experiences (OECD, 1999: 1-2). Due to South Africa's political isolation before the unbanning of the ANC and other political movements, it could not share ideas and study comparable countries to establish practices for administrative reform. If South Africa wants to compete internationally, it has to take note of the issues identified by reforming countries and ensure that such issues are attended to in future reform programs.

The positive experiences of the UK, New Zealand and Australia as principal reform countries have given other OECD countries the opportunity to freely interact with them on reform experiences. On a continuum of progress with reforms in the OECD countries, a simple spectrum ranging from extensive to limited reform are experienced. On the one end, the United Kingdom, New Zealand and Australia, are examples of countries that have reformed comprehensively. At the other end, Germany and Japan have experienced limited reform (Halligan, 1997).

According to Jann, (1997: 84 – 89) *Länder* such as Saarland, Schleswig-Holstein and Brandenburg are pursuing the *Neues Steuerungsmodel* (NSM) ("New Steering

Model"). In the area of public personnel management, concepts such as performance-related pay, teamwork and total quality management are introduced in the government. Fewer hierarchies are introduced, more flexible structures and decentralised, semi-autonomous units with their own resource authority are implemented. Financing reflects more flexible budgeting, transparency and the introduction of internal cost accounting. Procedures are now more customer driven and output oriented, while results are measured and cost effectiveness are compared to that in the private sector.

During 1981, the Netherlands centre-right government stated a reconsideration operation (*heroverwegen*) which was comparable to the British scrutinies. The reconsideration exercise was posing the question whether government was focusing on its core functions and if these activities were properly executed. The result of the reconsideration exercise was that a number of state institutions were privatised, such as the post office, government purchasing office and departmental units such as accounting and organisation specialists. (Verhaak, 1997: 159). During the initial 1981-1982 reconsideration, which focused on privatisation and the profit principle, 48 areas were subject to consideration. In 1989 the Social Democratic party won the election and ordered a reconsideration in 1990, which resulted in the establishment of government agencies, which according to Verhaak (1997:166) was inspired by the British concept of government agencies. The Archive Office, became an agency and computer centre for departments.

The reform in Sweden (OECD,1998:2) was introduced after a period of sharp deterioration in general economic trend in the early 1990's. The Government and *Riksdag* resolved to implement budget policy restrictions and the following budget policy objectives were established:

- the debt ratio (government debt as a proportion of GDP) was to be stabilised in 1996;
- the deficit in public-sector financial saving was not to be permitted to exceed 3 per cent of GDP in 1997;
- revenues and expenditure were to be in balance by the year 1998.

In 1997, the Swedish deficit, measured according to the rules in effect in the European Union, was 0.8 per cent of GDP. The government's long term goal is that public finances should show a surplus of 2 per cent in public finances of GDP (OECD, 1998:2).

Other reforms in Sweden (OECD,1999:4) focussed on management autonomy and delegation of decision-making and greater autonomy for government agencies. Since 1990 some 160 agencies have been closed and about 100 new ones were formed. Several public utilities and other state-owned enterprises have been incorporated. Due to the general deterioration of the central government administration, the Public Management Commission instituted evaluations. The Swedish reform from 1999 onwards (OECD,1999: 7) will focus on:

- retaining only core government services;
- enhancing the skills of public officials;
- performance management of government functions, and an
- emphasis on interaction with the public through information technology.

The Norwegian reform is not predicated on the international reform trends of the principal countries, which, according to the government, do not apply to them (Norway, 1999:1-2) for the reasons as listed below.

Firstly, the government regards the international reform phenomenon, to comprehensively overhaul the public sector, as not being relevant to Norway. Norway regards the practice of opposition parties, which come to power and initiate reform because the policies of the governing party is being perceived as illegitimate and inefficient, to have no bearing on Norway. The Norwegian government regards it as having been historically legitimate and efficient.

Secondly, Norway does not regard its public sector as too interventionist and powerful, but as an appropriate instrument to achieve the best results for the common good of the public.

Thirdly, the international belief that the development of interests groups and civil society is a substitute for popularly elected governments, does not apply to Norway. Governmental co-operation with non-governmental institutions in Norway has traditionally been regarded as an extension of the democratic system and a stabilising element in the shaping of public policy.

From a political perspective, the Norwegian government is of the opinion that *conservative governments* like those of Margaret Thatcher (England) and Ronald Reagan (United States of America) are the main contributors towards reform. In Norway however, social democratic governments are popular. From an economic perspective, Norway has oil reserves, which is an important source of government revenue, thus obviating the need to shrink the size of the public sector to decrease government expenditure on personnel (Norway, 1999:2).

The main purpose of the Norwegian reform is to reduce political constraints and render state-owned enterprises more competitive. The government pursues corporatisation for its benefits in governmental organisational flexibility and improved efficiency. Some government institutions, such as the telecommunications department, has been privatised. In Norway, privatisation, deregulation and contracting out does not enjoy the support of government and the majority of political parties. For some government agencies, however, functions such as employee restaurants and information technology services, are being provided by private enterprises (Norway, 1999:2)

The reform of the Norwegian Government comprises a two-year-programme called *Simplifying Norway*. The objective is to strengthen and co-ordinate the government's efforts to (Norway, 1999: 13)

- simplify government regulations for the business sector;
- decrease central government control over municipalities on reporting and compliance in order to allow them more local autonomy for service production, and to

- create a simplified environment for citizens to understand and communicate with public offices.

The reform is being co-ordinated by a cabinet committee chaired by the Prime Minister. All government agencies must produce *service declarations* by the end of the year 2000, which are user-oriented. The main objective of service declarations is to make service users aware of the services of the government agencies, the rights and obligations of citizens using services, improve access to information, create channels for dialogue and complaints and speed up service delivery (Norway, 1999:13).

From the Norwegian reform, it is being deduced that the country did not follow the main reform trend of the principal reform countries, namely the creation of government service agencies and enter into performance agreements with such agencies. Although international trends in the United Kingdom, New Zealand and Australia are to relax direct central government control over line functions and to decentralise operations to agencies, which are managed through commercial principles, Norway has chosen a reform strategy which is less market-oriented then in countries such as United Kingdom and New Zealand.

### 3.1 Main reform trends in OECD countries

The OECD governments have adopted a wide range of reform approaches and specific initiatives, although the general directions have similar traits. They include (OECD, 1996:2-8):

- a continuation of the trend towards devolving managerial authority to provide greater flexibility in achieving public policy goals, supported by improved resource management;

- a focus on results and accountability where managerial autonomy was granted to decentralised operational units;

- an emphasis on service quality that involves public consultation and leads to public services that are more relevant to needs and more responsive to demands;

- adaptation of organisational structures to improve service, performance, accountability and efficiency;

- a focus on the importance of an effective public sector work force and leadership, to facilitate the required performance orientation and service-oriented public service culture;

- regulatory reform as a tool to improve the capacity of governments to achieve policy objectives efficiently and effectively, and

- a strengthening of steering functions to direct reform interventions strategically and promote policy coherence on cross-cutting issues.

From the reform traits in the OECD countries it is apparent that governments desire to meet citizen demands for effective services and are pursuing improved government performance. There is also evidence to contain the size of the public sector. The presence of the principal reform countries within the OECD, such as the United Kingdom, New Zealand and Canada, and their reform experiences of economic rationalist-managerial governance, contributed towards some countries, such as the Netherlands and France, adopting "agency" concept (Callender and Johnston, 1997: 55). Halligan (1997: 1-4) observes that reform debates within the OECD, to some extent, revolves around comparing the reform of member countries with those of New Zealand and Australia. The role of the "new public management"[4] and the influence of the so-called 'Anglo' axis has become a basis for judging reform efforts in OECD countries.

[4] The concept will be described in chapter 6, paragraph 3.

South Africa, which is not a member of the OECD, has thus not been exposed to pressures to follow modern reform trends which are particularly prevalent in the principal reform countries. South Africa is, however, part of the Commonwealth, and it could be expected that it shall be presented with reform models in the principal reform countries within institutions such as the Commonwealth Association for Public Administration (CAPAM).

Warrington, (1997:11) emphasises that what are essentially characteristic and ethnocentric ideas to some, do not always transfer well between countries. He is of the opinion that while ideas are transferable to new settings, the instruments for realising them remain ineffective as long as they are inconsistent with local themes, patterns of thought and behaviour. He provides the example that the interpretation of the *merit principle* in the public service of a state emerging from *apartheid* or one-party rule would be different from its interpretation in a stable democracy with a history of political neutrality.

It could therefore be expected that while the OECD countries face an increasingly common agenda of public management issues, and share a repertoire of responses, there would be no single model for effective public management, nor one common replicable solution. Public management improvements require ongoing efforts suited to each country's circumstances. The same would hold true for South Africa. Some of the recommendations of the Presidential Review Commission (1998), are comparable with reform trends in the OECD. It should however be left to South African reformers to design interventions, which the majority of politicians and senior managers are comfortable with, to implement.

## 4. REFORM IN SUB-SAHARAN AFRICAN COUNTRIES

The World Bank has several instruments to support declining economies in developing countries. At the end of 1991, there were fifty-seven Bank-supported operations, including structural adjustment loans (SAL's), and technical assistance loans in Africa. (World Bank, 1994:1) The Technical Department of the World Bank, through its Capacity Building and Implementation Division, together with governments, helps prepare targeted operations, based on an understanding of the critical impediments to a well-functioning public administration. It is the view of the World Bank (1994: 1-5) that in various Sub-Saharan Africa countries, development efforts are threatened by the ineffectiveness of the public service.

With regard to the structural adjustment loans, the Bank focused on only two key components, firstly on retrenchment to reduce the wage bill and secondly on reform of pay and employment policy as incentives for greater efficiency/productivity in the public service. With regard to technical assistance loans, it generally focuses on the dual purpose of building institutional capacity and physical implementation of projects/reform programs (World Bank, 1993: 1-5) (World Bank, 1994:1-5) (Corkery 1997: 1-10).

The involvement if the International Monetary Fund in issues of governance is primarily concerned with macroeconomic stability, external viability and orderly economic growth. Its contribution to good governance is mainly in two spheres regimes (IMF, 1997: 2):

- to improve the *management of public resources* through *reforms* covering public sector institutions such as central banks, public enterprises and the public service (own emphasis);
- to support the development and maintenance of an economic environment conducive to private sector activities, such as bank and price systems and exchange and trade.

In order to improve the "management of public resources" in developing countries where the IMF renders a support function, the mechanisms, which the IMF utilises, are (Ouattara, 1998:3):

- an enhanced structural adjustment loan facility which contains conditions attached to IMF funds to improve the efficiency and effectiveness in specific public sector areas, such as personnel productivity, private sector markets and trading;

- a joint initiative with the World Bank to reduce the debt of poor countries (most of which are in Africa), and
- emergency assistance in countries which were subjected to conflict situations.

It can therefore be argued that the World Bank group, which includes the International Monetary Fund, becomes involved in the management and administration of the public sector after politicians have failed to create a stable macro-economic environment. As in the principal reform countries, political leaders in Sub-Saharan countries have to take a lead to ensure social legitimacy and macroeconomic stability, wherein liberalised markets for trade and investment could prosper. A well functioning public sector is essential to create an environment wherein the public feels secure and:

- government is predictable and economic policy will remain stable;
- the relationship between government and the private sector investors are regulated and not subject to the arbitrary judgements of bureaucrats, and
- conflict between government and the private sector is regulated through and independent judiciary.

Corkery (1997:2-3) writes that during the 1980's, most programmes of civil or public service reform in sub-Saharan Africa were in the framework of structural adjustment programmes (SAP's) – many, but not all, externally generated. The focus of the SAP's were to eliminate budget deficits and to improve the role of government in structuring the economy of the countries.

It can be argued that in Sub-Saharan Africa countries, reform programs are induced by external monetary institutions, mainly due to their failure to create a favourable macro-economic environment. When public sector reform is introduced, it is often made complex by the dual objectives of reform to address deteriorating economic conditions and to increase efficiency in the public sector. In most cases where external aid is offered by institutions such as the World Bank and the European Union, administrative reform is included in the aid package to assist the public sector.

The Policy Framework Paper for 1998 – 2000 of the World Bank and the IMF for the Enhanced Structural Adjustment Facility for Burkina Faso, provides for a range of interventions as part of the country's macroeconomic and reform strategy (IMF, 1998,16). The strategy, as far as the public service is concerned, is to make it more cost effective and to decrease the wage bill. It includes:

- improving the operational management of the government personnel system;
- improving the quality of services provided by public servants, by *inter alia*, the introduction of a merit-based promotion system, and making use of contract staff;
- implementing comprehensive public service reform, through applying legislation that was developed for this purpose;
- promoting good governance through mechanisms and procedures to promote transparent public administration and citizen participation, and
- strengthening the social peace, accelerating the compensation of reinstated personnel and promoting a dialogue among labour, management and government

Where external agencies such as the World Bank and International Monetary Fund introduce public service reform as a component of structural adjustment programmes in Sub-Saharan countries, they are perceived as having been imposed or strongly influenced, from outside the borders of the country. (Corkery, 1997: 10). It could therefore be deduced that public servants that are subjected to structural adjustment programs could have initial hostile feelings towards to reform program. They would therefore firstly experience a lack of appreciation of the complexity of the reform process of enhancing the public sector performance in order to change the macro economic environment, and secondly, the need for the tight time scales imposed by the external agencies for the reform program. Furthermore, it could be deduced that the public officials would perceive that the reform program was designed because they did not perform to the norms set by the external agencies and would therefore not feel responsible for it. It could therefore be concluded that there would be insufficient understanding and alignment at national level of the imperatives of economic and administrative reform, in the Sub-Saharan countries, which have been subjected to reform programs imposed by external agencies. Even though there is no reason to assume that South Africa would be subjected to structural adjustment by external agencies, South Africa could learn from the Sub-Saharan experience and involve particular senior public officials in the planning stages of its proposed reform program. This is currently not the situation, as the Presidential Review Commission was left to be the sole judge to identify the areas in the public service which need reform.

Most structural adjustment reform programs include measures to improve the performance of the public servants. The structural adjustment policy introduced by the IMF for Benin included administrative reform, which focussed on the public service compensation system. One of the interventions was that future pay increases would be based on performance, within the limits of budgetary constraints. (IMF, 1998: 2). Other interventions made provision for a unified personnel database and better auditing mechanisms. The remainder aimed at private sector development, reforming public enterprises, the agricultural sector, transport, and improving the efficiency of mining and energy outputs in the country. It is obvious that the focus of the administrative reform policies, which focused on the performance of the officials, were focused on assisting them to manage the macro economic policies to create an environment conducive to the growth of the private sector. It is self-evident that human resource development in a reform program is essential, because no matter what dysfunctional issues have to be addressed, it requires individuals to make the systems function efficiently and effectively to obtain desirable outcomes.

Scholars such as Mutahaba (1989:35), Caiden (1991), Olowu (1998:613) and Polidano, Hulme and Minogue (1998:285-286) are of the opinion that most administrative reforms in Africa have failed. According to them the social environment and the perceived need for reform among public officials are lacking in particularly those countries where the need for administrative reform is the greatest. Politicians and public officials in Sub-Saharan countries should be proactive to initiate administrative reform, but often perceive the process as having been designed by an external agency:

- which has differing value judgements to the indigenous notion of what constitutes the desirable state of affairs and the "good life" in their particular country,
- which has an interventionist rationale of abstract notions such as macro-economic principles which does not compare with industrialised countries elsewhere in the world, and
- which has Western notions of democratic processes and public management and which have been fading since the colonial period and the latter day post-independence practices.

The above deductions are confirmed by Mutahaba's research on administrative reform in Africa (Mutahaba, 1989:35). He writes that the reform programs were not as successful as its supporters might have wished. Some factors, which contributed to the failures, were the dissonance between the successful implementation of reform measures, such as human resource skills and more effective organisation structures, and the societal system, which were poorly developed and which were not conducive to sustaining reform measures. Mutahaba describes the dilemma (1989:35) as: ''Africa was trying to telescope several hundred years of the older states' experience into two decades, at the same time adopting all the latest innovations." The argument could therefore be forwarded that reform measures require more than a mere program of intent and timescales. Societal circumstances and readiness to maintain the reform interventions have to be acknowledged, and dealt with, in the process of implementing reform proposals.

Corkery (1997:2) writes that during the 1980's the focus of structural adjustment programs of the World Bank was to reduce the government budget deficit. This usually led to the reduction in the size of the public service. This is however, a rather simplistic intervention to reform a developing country and in the 1990's the World Bank changed its approach to model the reform assistance for a state based on what the Bank terms the "patrimonial system" of the country (World Bank,1993: 1-2). In a patrimonial state, political and personal loyalties are rewarded more than merit. The state resources are used as a political reward and to reward supporters, and hence the resistance to retrenchment programs. Therefore, the World Bank tailored its reform program depending on whether the patrimonial profile of the country is high, low or average. Typical interventions to neutralise the patrimonial system are (World Bank, 1993:2):

- changes to the role of the government and key institutions to render them more responsive and less oppressive to the public;
- effecting functional behavioural changes of public officials by changing incentive systems, and
- managerial and technological changes to enhance core functions of the government.

Corkery (1997: 6) writes that there exists a general scarcity of experience with public service reform in African countries It is therefore difficult to effect deep-rooted changes to positively affect the lives of its citizens. Many of the current programmes are comprehensive, involving the whole central administration and in some cases, regions. Yet, there is little experience with reforms of this magnitude and even the experiences of industrialised countries on a comparable scale, are as yet under-analysed, so that it is difficult to draw lessons from them (Corkery,1997: 5-7).

The World Bank admits that although it has financed a substantial portfolio dealing with different aspects of public service dysfunctions, there is still no agreed-upon conceptual framework which could help to translate knowledge into effective operations to address the qualitative aspects of the public service in Africa (World Bank, 1993 (b). What works in developed countries cannot be fully transplanted into Sub-Saharan Africa. The Bank states that there is a distinct need for understanding the implications of different cultural and political systems. This does not mean that experience outside Africa is irrelevant, but that it needs to be adapted to the local/indigenous African environment, by ensuring that the design and management of reform is undertaken by nationally appointed public officials and politicians who are encouraged and assisted to fundamentally rethink the whole public sector system. Corkery (1997: 6-7) suggests that comprehensive reform requires different management strategies from those needed to manage a more limited reform exercise, for example, in a single ministry or agency.

The World Bank (1993 (b): 2) regards the three critical dimensions of public service reform as:

- the *institutional environment*, meaning the state and its relationships with private enterprises, non-governmental organisations, professional and community organisations;
- *economic management*, meaning budgeting, financial management, policy management and the improvement of management information systems and procedures, and
- *pay/incentive systems as they affect performance,* which have an impact on the quality of core economic functions as well as the provision/delivery of public services.

The narrow focus of the World Bank loses sight of the modalities of administrative reform as formulated in chapter 2. It is therefore not strange that Mr. Salvatore Schiavo-Campo, who manages the Public Sector Management Team of the World Bank's Technical Department for Europe, Central Asia, the Middle East and North Africa, wrote in 1996, that the public services in Sub-Saharan Africa countries have sharply deteriorated in almost every way since the 1970's. He cited Botswana as one exception, and stated that disappointingly, with few exceptions such as Uganda, public service reform in Africa has been limited to tinkering around the edges (Schiavo-Campo, 1996: 10 – 13).

If the three critical elements of public service reform, as advocated by the World Bank, is meant to fundamentally change systems to be more effective and efficient, it stands to reason that public service reform in Africa would require more long term remedial interventions than a "tinkering around the edges", as stated by one of the senior officials of the Bank. (Schiavo-Campo, 1996; 10 – 13). If the definition of administrative reform, as described in this thesis, is compared with the three critical elements of administrative reform of the World Bank, some voids in the reform package and approach of the World Bank are apparent.

## 4.1 South Africa within Sub-Saharan Africa

South Africa has the largest and most diverse economy in Africa, with a gross domestic product in 1998 of US $115967.5 million. The second best performer was Algeria with US $65102.7 and Egypt with US $61209.2. In 1998 South Africa's GDP comprised 21.65% of Africa's, while that of Algeria was 12.19% and Egypt 11.38%. Nigeria (8.11%) and Morocco (5.69) are the only countries in Africa with a GDP share of more than 5% (United Nations 1999:49-50).

The European Union (EU) classifies South Africa's economy as one which is "in transition". It has therefore been excluded from becoming a full member of the Lomé Convention. The Lomé system of non-reciprocal trade preferences was specifically designed to assist the development of some of the World's poorest countries. (EU News, 1999: 2). Thus, although South Africa is geographically integrated with the rest of Southern Africa and the rest of the continent, its single most discerning characteristic is its economy, which could be attributed in part to the economic policies of the government and ability to govern.

Unlike the seventy member countries from Africa, the Caribbean and the Pacific, whose economies are regarded as developing economies, South Africa does not enjoy the same trade access provisions, or the financial assistance package of the Lomé Convention. The EU negotiated a different agreement on trade, development and co-operation as well as a special programme for support with South Africa (Laidler, 1998: 47). The EU Ambassador to South Africa describes South Africa as the "powerhouse of Southern Africa or even of the whole of Africa". (Laidler, 1998: 50). The European Union regards the South African economy as having a dual nature, which in particular respects resembles that of a "developed" rather than a "developing country". With a per capita Gross National Product of US $3040 billion in 1994, South Africa ranked amongst the upper-middle income countries like Malaysia, Brazil, and the Czech Republic. Its exports to Europe in 1997, were more than half of all the African, Caribbean and Pacific countries together, namely 16.6 billion euro against South Africa's 9.1 billion euro.

Despite South Africa's comparative economic advantage in Africa, the majority of the population is poor, unskilled and uneducated. In Africa, South Africa is the country with the highest degree of inequality in terms of income distribution (United Nations, 1999.19). To indicate income distribution, the United Nations uses the *Gini coefficient,* where zero (0.) indicates that every person in the society has the same income. Sierra Leone, one of the countries with the worst inequality in income distribution during the 1990's has a Gini coefficient of 66.67%, while South Africa has 58.5 %, followed in descending order by Kenya (58.3), Zimbabwe (56.5), Lesotho (56.3), Guinea-Bissau (55.8), and Senegal (54.1). The lowest degree of inequality in Africa is Egypt (32%), followed by Ghana (34.1%), Algeria, (35.5%) Niger (36.2%), and the Ivory Coast (36.9%) (United Nations, 1999: 19). The unequal distribution of income in South Africa is aggravated by the fact that the richest 20% of the population received 63.3% of the total expenditure budget. Zimbabwe is the second most unequal, with 62.3% of the total expenditure, followed by Kenya (62.1%), Lesotho (60.1%) and Senegal (58.6%).

In South Africa, 44% of the population lives *below* a poverty line of US $26 per person per month (United Nations,1999:20). The situation is the worst in countries such as Guniea-Bissau (70%), Niger (68%), Tanzania (67%), Zambia (60%), Guinea (56%), Zimbabwe (55%), Uganda (52%) Kenya (50%), and Lesotho (48%) (United Nations, 1999.20).

The United Nations (UN) regards the economic development of a country as a sustained improvement in the well being of its citizens (United nations,1999:30) To determine the state of *well being,* it makes use of the *Borda index,* which is computed as the sum of the rankings of each country by the levels of:

- real per capita gross domestic product, (GDP) in 1990 prices;
- life expectancy at birth;
- infant mortality, and
- adult literacy.

In terms of the Borda index, the worst performer has the lowest scores and the best performer has the highest scores. In terms of this index, the best performer is Seychelles and Mauritius with a score of 154.00, followed by South Africa with 141.00, Libya 137.00, Tunisia 135.00, Cape Verde 135.00, Algeria 131.00 and Swaziland 125.00. The worst performers are Sierra Leone with a score of 11.00, Mali, 26.00, Burundi, 28.00, Mozambique 32.00 Malawi 33.00 and Ethiopia 34.00.

For the reason mentioned in the previous pragraph, the World Bank has classified South Africa as a developing country (Olivier,1998: 21). Some parts of South Africa resemble typical rural impoverished Africa. In developing reform strategies for South Africa, the reform trends in the principal reform countries cannot therefore, be applied in South Africa without taking into account the dual nature of the economic development of the country. In the same way that Europe regards South Africa as a country with a dual economy which is too competitive *vis-à-vis* the African Caribbean Pacific members of the Lomé IV trade regime, the Presidential Review Commission regards the public service as reflecting a dire need for improvement in some areas, while performing well in other areas. (PRC,1998) The Presidential Review Commission found that the system of governance in the Republic of South Africa is in a "a number of crucial respects not working well at this stage of the transition process" and refers to the need to remedy the inequalities and inefficiencies of the past. The Commission recommended that the "role and functions of the public services have to be rethought fundamentally" (PRC,1998:230). This again emphasises the fact that administrative reform for South Africa requires comprehensive changes, based on an evaluation of the values underpinning the functioning of systems and structures.

Given South Africa's public service which resembles a dual nature as confirmed by the EU, the World Bank and the PRC, the question is whether the typical reform interventions of the principal reform countries, or other OECD countries could be applied in South Africa. Due to the dual nature of South Africa's state of economic development, the answer would probably lie halfway on a continuum of Sub-Saharan and the principal reform countries' type interventions.

Societal circumstances and readiness of the public sector in South Africa to maintain and add value to reform interventions within the national and provincial spheres of governments have to be acknowledged, and dealt with, in the process of designing and implementing reform proposals. A simplistic approach to design and implement similar administrative reform interventions, throughout the public sector, would be in conflict with its dual developmental. From an independent assessment of the provincial system of governance in South Africa during 1998 for the Department of Constitutional Development (Humphries and Shubane, 1998:7-10) it becomes clear that the levels of administrative and managerial efficiency and effectiveness among provinces vary. The Western Cape and Gauteng provinces proposed that the Department of Public Works devolve powers to them to maintain physical state assets. (Humphries and Shubane, 1998:11) Provinces responded differently on issues such as co-operative governance and co-operation, division of revenue on the need for national government to monitor provincial performance (Humphries and Shubane, 1998:11-12).

Reports of the Auditor-General, as indicated in chapter 6, and the report of the Presidential Review Committee (PRC, 1998: 22) indicate that the level of managerial efficiency and service delivery vary. It has to be deduced therefore that when a national administrative reform program is designed, it must be suited to the particular efficiency and effectiveness levels of provincial and national departments.

Olivier (1998:23) argues that in a cultural context, South Africa will become increasingly less European or Western and more African, but would not exclude European values. Olivier (1998:23) writes that it seems as if South African Whites have travelled further down the road of becoming indigenous, than Australians have. He is of the opinion that the vast majority of South African Whites regard themselves as natives of Africa and that their life styles point to a "cultural metamorphosis of some kind, something akin to what happened in Latin America. The key question, according to Olivier (1998:23), is whether South Africa has the capacity to develop into a multi-cultural modern society. He argues that it is possible, if indigenous cultures are receptive to "modernisation" and concludes that this is the case in South Africa.

Karim (1992:28) describes modernisation as the process of expansion of new progressive social and cultural structures or orientation on a global scale. His research indicates that modern societies have more or less the same institutional patterns and he concludes that "...modernity is a progressive movement on the route of time and civilisation". The argument emphasises the fact that reform means that countries tend to copy each other's methods of public management and strive to create the same outcomes. Of course this would not be done simply because it is fashionable, but because it carries particular rewards with it, such as political acceptability and the benefits of economic growth.

The government of South Africa, has clearly indicated that it has its roots in Africa, but has accepted global scale modernity and Western trends. This is reflected in the Constitution of the Republic of South Africa Act, 1996 (Act 108 No. 1996). The Constitution reflects concepts which are distinctly European in their origin, such as a constitutional democracy (sections 1 and 2), universal suffrage (section 1) and a separation of powers between the legislative, executive and the judiciary (chapters 4, 5 and 8). It further protects the rights of individuals in a bill of rights (chapter 2), and entrenches the role of a constitutional court (chapter 8). It makes provision for accountable government and transparency (section 1), recognises federalism (chapter 6) and gives recognition to international agreements as part of the South African legal system (sections 231, 232 and 233).

Some African values, which are reflected in the Constitution, are a Commission for the Promotion and Protection of Cultural, Religious and Linguistic Communities (section 181). Economic and social rights are placed on an equal footing with civil and political rights (chapter 2), eleven indigenous languages are recognised (section 6) together with the institution, status and role of traditional leaders (chapter 12).

The intention of the government of South Africa to modernise government was not concluded with the Constitution. It was further expressed with the intended reforms of the public service expressed in the *White Paper on the Transformation of the*

*Public Service* (1995) and the Report of the Presidential Review Commission on the Reform and Transformation of the Public Service in South Africa (1998).

## 5. CONCLUSION

The United Kingdom, New Zealand and Australia were the first countries to embark on comprehensive public sector reforms. These countries could be termed principal reform countries and have some typical approaches and methodologies, such as the separation of political and executive functions and privatisation; conceptual refining and elaboration during the implementation process. The implementation process could be over an extended period and continues under newly elected governments. They also display strong and sustained political support for reform, public officials are engaged effectively in the process and the reform focus is on a limited number of issues.

Since the end of the 1970's almost all the member countries of the Organisation for Economic Co-operation and Development have undertaken reform programs. Member countries regard reform as a continuing process and unlike the principal reform countries, OECD countries have responded to the challenge in a somehow different way. Aspects, which are receiving attention, are decentralisation of authority within governmental units, re-examination of the functions of government, downsizing, cost-effective ways of delivering services, customer orientation, simplification of regulations, benchmarking and measuring performance.

Funding institutions such as the World Bank and the International Monetary Fund are of the opinion that in many Sub-Saharan Africa countries, development efforts are threatened by the ineffectiveness of the public service. Interventions include structural adjustment loans, technical assistance loans and social dimensions of adjustment related projects in Africa. The Technical Department of the World Bank, through its Capacity Building and Implementation Division, together with governments, help prepare targeted operations, based on an understanding of the critical impediments to a well-functioning public administration.

The World Bank regards the three critical dimensions of public service reform as the:

- institutional environment, meaning the state and its relationships with other institutions;
- economic management, and pay/incentive systems as they affect performance, which has an impact on the quality of core economic functions, as well as
- the provision/delivery of public services.

The World Bank admits that there is still no agreed-upon conceptual framework, which could help translate knowledge into effective operations to address the qualitative aspects of the public service in Africa. Frameworks used in the environment of developed countries cannot be transplanted, without adaptation for Sub-Saharan Africa. The Bank states that there is a distinct need for understanding the implications of different cultural and political systems. This does not mean that experience outside Africa is irrelevant, but that it needs to be adapted to the local/indigenous African environment, by ensuring that the design and management of reform strategies are undertaken by national political leaders, officials, experts and entrepreneurial leaders. Their contribution must fundamentally rethink the desirable end result, the future role of government and the subsequent reform interventions.

South Africa has a transitional economy, and unlike the Sub-Saharan and other developing economies, South Africa is not in a situation where an external funding or aid institution have to induce administrative reforms. South Africa took the first initiatives towards reforms through the *White Paper on the Transformation of the Public Service* and the Report of the Presidential Review Commission on the Reform and Transformation of the Public Service in South Africa. The initiatives for reform have emerged from within South Africa in 1995. However, the political party, which initiated the process, should take the responsibility to ensure that the reform process is scheduled and carried through.

It could de concluded that South Africa will consider the best practices of reforms in industrialised countries and implement modern reform interventions. South Africa is being regarded by transnational institutions such as the European Union as being too competitive to be ranked with other African countries. The Government of South Africa has also proved that it is favouring modern constitutional and reform notions, which have been adopted by industrialised countries. It could therefore pursue the most effective reform practices of industrialised countries, but should ensure that such practices are adapted to suit the South African political, economic, physical and social conditions.