

Practitioner's perspective: Engaging in public-sector reform

Chiara Bronchi and Marco Larizza

Dear Chiara and Marco,

I am travelling to my assigned country for a technical discussion with the government on the main public-sector challenges they are currently facing, and the best ways to address them. I have shared with counterparts and colleagues some preliminary thoughts, based on all the information I have received from colleagues and trying to make the most of the latest research in the field I have been exposed to over the past few years.

The planning discussions have been very intense, with a lot of exchanges and discussions, and so many challenging issues to deal with!! The various consultations across government ministries and agencies reveal that the public service system in the country has long been neglected, and its rules and procedures disregarded to a point where it has become dysfunctional. A number of problems are holding the public administration back: an outdated and fragmented legal framework; an inadequate HR management system for civil servants, with proliferating “ghost workers” and manipulations of the payroll; an over-aged, poorly motivated public service; and finally, an opaque and inequitable wage system that creates opportunities for patronage and rent-seeking. These problems add up to a pervasive set of constraints which don't just hamper the public sector's ability to deliver services but are holding back the economy and development of the country.

I have to confess that I feel ill-prepared for the mission, as I did not expect to receive so much pressure from the government, development partners and civil society groups to come up with quick responses to these problems. I now fully understand the sense of the warning messages raised by Frauke de Weijer and Volker Hauck! I was hoping to discuss the advantages of Problem-Driven Iterative Adaptation with my counterparts and the need for a long process of engagements and debate to develop “best fit” approaches and identify the most feasible solutions to the multiple deficiencies of the public sector. Instead, I am beginning to suspect that researchers and government officials speak very different languages!! The government people

do not seem to be particularly impressed by all the conceptual toolkits (PDIA and the like), and – knowing the practical problems they have to deal with on a daily basis – I can't really blame them. Instead, my local colleagues tell me that they will want to know what my institution has to offer to fix the problems we have identified, and how long will it take for them to produce results. They want results and they want them now!

Indeed, time is of the essence. As you might know, the country is still in the process of a complex political transition where the change of government has created new expectations for a major shift in policy direction, with improvements in the prospects for reform but also growing frustrations with the government's inability to improve the delivery of basic services fast enough. This remains a fragile, post-conflict setting with limited room for fiscal manoeuvre, due to a combination of poor economic diversification, hardly any financial autonomy and aid dependency. In this context, both the government and the donor community agree that the priority must be building the foundation for improved government effectiveness by strengthening public-sector management.

Based on this shared appreciation of the importance of state effectiveness, the government has formally requested our organisation to provide technical assistance. The ultimate goal is to strengthen public-sector performance and overall state capacity to deliver basic services for people across all levels of public administration. The Ministry of Finance is leading the dialogue on the government side, in collaboration with the Ministry of Public Service, the Ministry of Decentralisation and Local Development, and priority sectors including education, health and agriculture. Responding to the government request, the Country Director has assigned me the task of developing the Concept Note for the new operation, making it clear I need to seek collaboration and inputs from sector experts to ensure a coherent design and feasible intervention. The Concept Note review is scheduled in the next three months, and the project has to be finally delivered to the client within the next ten months!!

I feel very excited about the challenge, but I must confess I am also very anxious about my ability to deal with such a difficult task, given the tight deadline I am facing. Where do I start? How can I select priorities in a context where so many public-sector reforms seem to be urgently needed, and nothing seems to be working properly? How should I engage with the sector experts and which approach should be prioritised? In Nick Manning's terminology, do I need to focus on "upstream" reforms of central government agencies (to set up strong foundations for the state) or rather "downstream" reforms in sector line ministries (to achieve faster and better measurable results)? And, most importantly, how can I deliver a good quality product on time when there is so much data I still need to collect, research I have to undertake and so many consultations I have to organise with government, development partners and the like?

I presume you experienced the same level of anxiety at the early stages of your career, and I know you have successfully managed it, developing a track record of operational engagement in low-income and fragile settings. Drawing on these experiences, I would very much appreciate if you can share some useful lessons and practical guidance (no more books or reports, please!!) on how to navigate this complex agenda of public sector reform, meet client expectations and – hopefully – achieve the desired results.

Yours, Lucy

Dear Lucy,

First of all, congratulations for your new assignment, which recognises your professional talent as governance practitioner and – for sure – comes with greater responsibilities! It is great to see that you are now moving into the real business of international development co-operation, and doing so with the right combination of humility, excitement and realism. This is definitely a good start! While there is no need to panic, we do understand your sense of anxiety and despair for having to meet high expectations by your senior management *and* the client, in an area – PSM reform – which everybody understands as vital to development, and yet – in Nick's words – many continue to perceive as “more or less hopeless”.

As development practitioners who are constantly facing the challenges you refer to in your letter, we think you might find it useful to get an alternative view – from a practitioner's standpoint – on what it means to work in public-sector governance and promote institutional reforms in developing countries, with a particular focus on low-capacity and fragile settings, as this category seem to be particularly relevant given the country context you are currently working in.

Below we have tried to identify a few practical and operationally oriented issues to be aware of when engaging in public sector reforms. Clearly, our intent is NOT to provide a definitive set of normative prescriptions, or to tell you what is the right package of technical solutions to achieve “good enough” and “best fit” results in public sector reforms (you will soon realise such a “magic package” does not exist!). Instead, we hope to offer you some preliminary guidance and concrete examples on the iterative and consultative process that could be used for defining the reform objectives together with the government, and arriving at the preferred and agreed “best fit” solution. Building on some examples from our most recent engagements, we will try to shed some light on the contextual factors you should be aware of when planning and implementing your intervention.

1. When facing multiple requests from the client, resist the temptation to overload low-capacity environments with a complex reform agenda, and make sure to get the basics right first. In many countries where we operate, many reforms need to happen almost simultaneously to strengthen government capacity to deliver, make progress on service delivery and achieve – often ambitious – development goals. This is especially the case in fragile and post-conflict settings, where demands on the generally weak administrative capacity of the state are high due to governments' political imperatives of achieving legitimacy through delivering basic services and the “peace dividend” across different (often formerly fighting) groups within society. Thus, governments are often under pressure to show results and will likely pass these pressures on to you, asking help to address all their major problems altogether. You need to resist these pressures. As Lant Pritchett and colleagues have forcefully argued, asking fragile states to move forward too quickly risks creating pressures that collapse what little capability has been created, “asking too much, too soon, too often”.¹

This might mean, for example, ensuring taxpayers have unique identification numbers before installing a complex revenue collection system. With reference to your specific challenges, a civil service census and proper human resource management system must be in place before even considering the feasibility of more demanding reforms such as performance-based incentives for individuals and organisations. In the Democratic Republic of Congo we faced similar challenges when preparing a new lending operation in 2013, and resisted strong pressures (from the client as well as from within our own organisation!) to front-load the project with too many interventions that were simply not feasible in the short term. Instead, we selectively focused on building the basic institutional foundations for improved government effectiveness and raising the low efficiency of the management of the public sector with a particular emphasis on rejuvenating the civil service.

In addition, the DRC project² adopted a “pilot” approach by supporting reforms in selected ministries in order to build confidence in the reform process, and generate the momentum for scaling up to the entire public service in the future. Looking back, and considering the challenges we are now facing during implementation – even within the limited scope of our intervention – we are confident we did the right thing.

2. During project preparation, be realistic about what is politically and institutionally feasible now, and be strategic in preparing technical foundations for what might become feasible in the future. We understand that in your country the government is entering a pre-election period. In this situation, it is very unlikely that it will engage in difficult discussions regarding pay reform, clean-up of the payroll and other unpopular measures to address inefficiencies in the wage bill. This, however, does not imply you cannot prepare the technical ground for future dialogue and policy

engagement. In the DRC, for example, our team has supported preparatory diagnostic work on difficult areas of civil service reform when direct technical assistance was not possible. This work proved useful when a reform-minded government came to power, allowing the team to effectively engage with the newly elected government with a wealth of data and rigorous diagnostics.

Likewise, a careful reading of the country macroeconomic and institutional context will be instrumental in identifying the reform solutions that are more likely to generate buy-in from the government, and strategically selected public-sector reforms. In Burundi, for example, enduring fiscal fragility, declining aid and increasing exposure of the national economy to external shocks has motivated the government to seek financial management help from the donor community. Responding to this request, the World Bank – in collaboration with other key donors including the IMF, the EU and other bilateral agencies – has recently prepared a new project³ that will support the government in strengthening revenue policy and administration, which will increase the effectiveness of tax and non-tax revenue mobilisation, thereby creating additional fiscal space to fight poverty through delivery of critical public services.

3. Embed innovative approaches in your intervention to better manage risk, keep up the reform momentum, and create the necessary support to achieve the desired objective. As Matta and Ashkenas⁴ put it “when a promising project doesn’t deliver, chances are the problem wasn’t the idea but how it was carried out”. This is especially the case for public-sector reforms, whose trajectories are inherently uncertain, to the point that their prospects of success will largely depend on improving our ability to manage risks and quickly adapt to changes.

One way to manage these risks would be to use rapid-results initiatives: small projects designed to quickly deliver mini versions of the big project’s end results. In Sierra Leone, for example, the World Bank in collaboration with DFID and the EU supported a major institutional reform project to help rebuild the capacity of local councils and promote decentralisation reforms after the conflict. To increase the visibility of the reform process and link the reform initiative to local communities, local councils were given a block grant and asked to deliver a first round of small capital projects in the first 100 days of their mandate. This RRI strategy helped the councils to acquire visibility rapidly and engage with citizens, and emerged as one of the main drivers of success.⁵

4. Keep project implementation arrangements and organisational structures as simple as possible, while minimising the risks of distortions to the local labour market. The cross-cutting nature of public-sector interventions may involve complex levels of organisational management. If

there is a lack of clarity and co-ordination, this can lead to confusion over the lines of authority, affecting the overall performance of the project. To avoid this risk, you should make every effort to anchor your intervention in existing government structures, ideally within the ministry in charge of leading the reform agenda. Moreover, you should resist the temptation – very common in donor projects – to establish “parallel structures” and recruit good staff from government in order to work on improving the now depleted capacity within government.

Likewise, you need to avoid massive distortions of the local labour market through top ups and rates for local consultants. Try as much as possible to build the capacity of existing government structures, rather than bypassing them altogether unless there are clear emergency needs. Even in this case, however, a clear “exit strategy” needs to be designed from the outset to avoid sustainability problems down the road.

5. Remember that donor co-ordination is a means to an end, not an end in itself. Close donor co-ordination and alignment to government development objectives is extremely important for the success of complex public-sector management reforms, as cohesion among donors helps to maintain focus and resources on reform initiatives that traditionally take time to produce results. However, while donor co-ordination can avoid overlapping responsibilities and reduce transaction costs for the government, it is equally important to remind yourself that each development agency (including your own!) has a particular agenda to follow, which might not be necessarily aligned or instrumental to the specific project results you are trying to achieve. In addition, donor co-ordination is time-consuming and can contribute to creating parallel structures (you will soon realise there is often a proliferation of donor-led technical working groups in developing countries!) which can take you away from your primary goal, which is to engage with the client and propose solutions that directly address their most urgent needs and priorities.

6. Sustained government commitment and multi-stakeholder engagement is essential for success. This is especially the case for public-sector management reform given its cross-cutting nature. Experience shows having the government design the PSM reforms itself contributes to a high degree of ownership and helps to accelerate implementation of these reforms. Moreover, lessons from the World Bank’s 2011 World Development Report⁶ show that – especially in fragile and post-conflict settings – reforms have greater chance of succeeding when space for understanding and acceptance has been created. It is thus critical that you engage in broad consultations from the early stages of your project preparation, and continue them during implementation, ideally integrating them into the project activities.

For example, recent PSM projects in Sierra Leone and the DRC⁷ provided technical assistance to build a strong communication strategy to address

different audiences including the general public, civil servants and trade unions, and other non-state actors to build understanding and broad consensus on the objectives of the reform and its beneficiaries. In 2012 when Guinea re-engaged with the donor community and our organisation, we ensured the government dialogue with all stakeholders on the public financial management and public-sector reform went as far as meeting with the Minister of Interior and the highest ranks of the army. The greater availability of information is expected to build wider understanding of the government's efforts and further empower citizens and key stakeholders in their effort to actively engage with the government and create additional pressures for reform.

7. Consider integrating “demand-side” solutions and tools with traditional “supply-side” PSM interventions, while being realistic and cautious about their actual contribution. Almost all development agencies promote some form of citizen engagement and accountability, often framed as “voice”, “demand-side governance”, “demand for good governance” or “social accountability”. There has been a proliferation of useful operational guidance and approaches using tools that can guide specific interventions, ranging from citizen score cards to participatory budgeting, third-party monitoring and so on. In some cases, these approaches can indeed be innovative and transformational. In the South Kivu region of the DRC, for example, the establishment of participatory budgeting through technology – mainly mobile phones – was instrumental in significantly increasing local tax revenues up to 20 times in 2012 (Box 1).

Challenges remain, however, in finding the best ways to scale up these pilots and sustainably roll out participatory budget mechanisms across all provinces. These challenges suggest there has been a tendency to be overly optimistic about the potential of demand-side governance approaches to solve difficult and context-specific public-sector management issues.

**Box 1. Participatory budgeting (PB) in South Kivu, DRC:
Supporting decentralisation and empowering citizens
to participate in the budgetary process through ICT**

In the Democratic Republic of Congo, diagnostic studies identified a series of challenges that needed to be addressed to improve governance and service delivery at the local level, such as asymmetry of information between stakeholders, and low levels of understanding of budget procedures and engagement with civil society. These studies indicated that using participatory budgeting (PB) as a social accountability mechanism could be a promising entry point for a potentially broader governance reform in the country. The province of South Kivu was considered the most promising area, as there was an interest on the part of the communities in participating in a PB process.

**Box 1. Participatory budgeting (PB) in South Kivu, DRC:
Supporting decentralisation and empowering citizens
to participate in the budgetary process through ICT (continued)**

The findings in the studies also pointed to the possible leverage effect the use of ICT (mainly mobile phones) could have in enhancing the process through engagement, information distribution, monitoring and follow up. Specifically mobile phones were integrated in the PB process in the following ways: 1) citizens living in a given area were informed via text message (SMS) about the next meeting; 2) on a trial basis, citizens could vote by SMS on which public works they wanted addressed; 3) citizens were informed on the outcome of the vote via SMS; and 4) citizens could provide feedback on the quality of projects under implementation, or those already implemented projects by SMS.

One of the more encouraging results connected to the project is a fairly substantive revenue increase at the local level. More citizens seem to be willing to comply with their tax obligations, as they associate the improved service delivery with government spending. There is evidence that since the process started, local tax revenues have increased up to 20 times. Another important achievement of the project was that it built strong country ownership, leading to the institutionalisation of the PB process. Following an executive government decree, a law was passed by the provincial parliament in 2012 to institutionalise the practice in the province. In South Kivu the PB process is now locally sustained with local actors taking strong ownership and extending subsequent cycles to the entire province on their own.

Source: World Bank (2012), "Participatory budgeting in South Kivu, DRC: Support to decentralization and empowering citizens to participate in the budgetary process through ICT", mimeo, World Bank Institute, Washington, DC.

8. Finally, do your homework and never stop listening, be creative. When one starts working in a new country, one needs to ensure one understands the way the public administration functions – the true lines of accountability that are often not the official ones. Written work takes you only so far, one needs to go deeper and probe the ideas, and try to think how certain policies or reforms processes would be implemented. One lesson we have learned during the preparation of the project in DRC was the importance of consulting with colleagues, and meeting with members of the Ministry of Public Services and other ministries, to understanding the different points of view and designing a technical assistance with reduced risk of failure.

We hope the general lessons and principles we have outlined above can help you to actively engage in effective policy dialogue with your senior management and your client government, as well as with other relevant

stakeholders (including development partners), and generate fruitful exchanges on the value of various instruments and approaches to support public sector reforms. Feel free to use them as selectively as you like, and remember: you are starting a fascinating journey where your informed judgment and intuition is what – ultimately – should guide your actions.

Yours,

Chiara and Marco

Notes

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7. World Bank (2012), *Sierra Leone: Pay and Performance Project*, Project Appraisal Document, World Bank, Washington, DC, <http://documents.worldbank.org/curated/en/2012/05/16267489/sierra-leone-pay-performance-project>; World Bank (2013), *Congo, Democratic Republic of: Public Service Reform and Rejuvenation Project*, Project Appraisal Document, World Bank, Washington, DC, <http://documents.worldbank.org/curated/en/2013/11/18530979/congo-democratic-republic-public-service-reform-rejuvenation-project>.