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Civil Service Reform and the World Bank

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and
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Some argue that the complexity and uncertainty of civil service reform place the field outside the Bank's comparative advantage. But a retreat from civil service management reform is tantamount to denying the crucial importance of government administrative capacity to implement economic and social programs. A more realistic approach is to try to learn, through trial and error, how to make such programs work better.

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This paper — a product of the Public Sector Management and Private Sector Development Division, Country Economics Department — is part of a larger effort in PRE to assess the Bank's accomplishments, problems, and prospects in the field of public sector management. An earlier version of the paper was presented at a December 1989 conference on "Institutional Development and the World Bank." Copies are available free from the World Bank, 1818 H Street NW, Washington DC 20433. Please contact Rose Malcolm, room N9-055, extension 37495 (50 pages with tables).

After reviewing civil service reform work in the Bank, Nunberg and Nellis reach certain conclusions:

The impact of Bank programs to contain the cost and size of civil services through emergency reform of pay and employment policies has so far been negligible. Reform efforts have not been ambitious enough; meaningful change will require more forceful reform. Middle-range measures such as voluntary departure schemes and early retirement programs are useful but are not a substitute for biting the bullet.

Whether more aggressive reform is feasible is partly a technical but mainly a political issue. But in the few countries where reform has been carried out, the political costs were lower than most governments (perhaps even the donors) expected. This may have been partly because of the surprising capacity of labor markets to absorb surplus government workers and partly because of the skillful handling of reform.

Functional reviews and competency testing provide symbolic assurance that the reform process will be fair. Retraining, redeployment, credit, and public works programs for redundant employees are symbolically and politically effective but have limited practical impact and are administratively difficult.

The Bank should no longer encourage or support mechanisms such as topping up executive-level salaries for key government posts unless such incentive schemes are part of an action strategy for long-term structural reform.

Technical assistance loans (TALs) for civil service management should probably provides twice the present amount of staff supervision and specialized expertise.

Such technical assistance loans require more time to prepare and implement than do infrastructure projects. They often get short shrift because of their dependence on the scheduling and requirements of structural adjustment lending. On the other hand, without SALs, many civil service reforms in TALs have no teeth.

Most Bank activities have concentrated on short-term cost-containment measures. More emphasis must be given to longer-term management issues if sustained improvement in government administrative capacity is to take place. More attention must be placed on devising a coherent, overarching strategy and detailed tactics for civil service reform.

Some argue that the complex and uncertain nature of civil service reform places the field outside the Bank's comparative advantage. They argue that the Bank should confine itself to helping define economically rational policies, such as the appropriate, affordable size of the wage bill.

But the Bank cannot identify the need to remove X thousand surplus personnel and assume that the job of removing them will be carried out by the government or a bilateral donor. The challenge for the Bank is to design projects that have measurable short-run cost-containment goals but realize them in the context of a strategy to solve the fundamental management problems in the long run.

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and
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CIVIL SERVICE REFORM AND THE WORLD BANK

INTRODUCTION

The emphasis placed by the World Bank in recent years on the major overhaul of developing country economies has accentuated the importance of adequate public sector administrative capacity, especially within the central core of government, that is, the civil service. Increasingly, the ability of civil services to carry out the critical -- much less the routine -- functions of government has been found severely deficient. Furthermore, the size and cost of many civil services have been deemed excessive and have thus become key targets of adjustment. In a real sense, this growing concern with containing the size and improving the performance of the civil service signifies nothing less than the 'redimensioning' of the state, reflecting a fundamental shift in the direction of the Bank's own policies. The new wisdom is to 'manage less -- but better.'

This paper surveys recent Bank experience in civil service reform, and begins to assess the progress made. To the extent that conclusions about 'right' and 'wrong' strategies can be reasonably drawn, some guidance is offered, with the caveat that it is too early to offer definitive policy prescriptions in this area. Most operational and even policy work on these issues is still at an incipient stage, of a duration of a few years or less.

The paper focuses on two separate but related aspects of civil service reform work in the Bank. One deals with the shorter-term, emergency steps to reform public pay and employment policies. These reforms usually focus on measures to contain the cost and size of the civil service, mostly in the context of structural adjustment lending. The other set of reforms are those dealing with longer-range civil service strengthening efforts, some of which may support various of the nearer-term cost containment measures, but most of which are directed toward ongoing, sustained management improvements. Many of these reforms have been included in technical assistance projects -- either those that stand alone as 'development management' operations or those that constitute direct institutional support for specific actions taken in SALs.

Many of the issues discussed in the paper have been the subject of earlier World Bank reviews. [1] Material from these analyses is synthesized and updated where data permit. In particular, some of the paper's concepts and much of its findings stem from research currently being conducted by the Africa Technical Department (Public Sector Management Division) for a study, 'Public Sector Pay

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[1] *See, Geoffrey Lamb, "Institutional Reform: Some Lessons from Structural Adjustment Lending," 1984; and, Barbara Nunberg, "Public Sector Pay and Employment Reform," World Bank Discussion Paper No. 68, 1989; and "Review of Public Sector Management Issues in Structural Adjustment Lending," World Bank PRE Working Paper, forthcoming 1990.*

and Employment Reform in Africa," forthcoming in 1990.

The organization of the paper is as follows: Part A focuses on the short-term pay and employment reform issues. Section I reviews some current analytic approaches to the government pay and employment problem. Section II discusses the Bank's experience with these reforms through its lending operations and tries to assess their overall impact to date. Part B of the paper examines the longer-term civil service management issues, analyzing the main types of development management initiatives undertaken through recent Bank operations. Conclusions are then drawn about this experience. The final section of the paper attempts to draw the findings of part A and B together and offers recommendations for future work.

Part A: Pay and Employment Reform: Short-Term Issues

I. The Problem: Analytic Approaches

Recent analytic work on public pay and employment issues has provided a general understanding of the broad outline of the problem. Governments in many developing countries are unable to manage and finance their civil services. Evidence suggests "...declining morale and work effort on the part of government workers, problems in staffing large numbers of skilled positions, a paucity of complementary inputs in producing government services, and increasing imbalance between the demand for government services, and the provision of public goods."[2]

Civil services in many developing countries are too large, too expensive and insufficiently productive; and civil servants, especially those in managerial positions, are poorly motivated. They are too large in the broad sense that in many states the public sector is over-extended: i.e., it possesses too many agencies and organizations, charged with too broad a span of responsibilities; and in the narrower sense that too many of these agencies employ numbers of people excessive to requirements (in the sense of people and skills needed to fulfill officially assigned economic and administrative tasks). They are too expensive in the sense that public sector wage bills constitute too high a percentage of total government revenues, and account for too high a percentage of GDP. The agents within civil services tend to be poorly motivated in that remuneration scales for upper and middle managers are low, often extremely low, in comparison to those of roughly equivalent posts in the private and frequently the parastatal sector; and wages are often severely compressed --the highest paid earning low multiples of the wages of the lowest paid. Many civil servants are insufficiently productive in the sense that they do not fulfill the tasks assigned to them (they are ineffective), or they carry out their assignments partially, with great delays, at high cost (they are inefficient).

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[2] *David Lindauer et al., "Government Wage Policy in Africa: Some Findings and Policy Issues," World Bank Research Observer, Vol. 3, No. 1 (January, 1988), p. 1. Particularly acute for Africa, such problems are also increasingly present in countries as geographically dispersed as Sri Lanka, Bolivia, Morocco, and Argentina, to name but a few.*

Analysis within the Bank on these issues has tended to focus on four problems:[3]

Excessive public sector wage bills. Excessiveness is a subjective quality, one for which no clear measurement methodology exists, and no standardized approach is applied throughout the Bank. The extreme cases are easy to identify; i.e., where public sector wage bills become so large that they begin to 'crowd out' other high priority items. In general, the wage bill is measured against one of the following: the overall government budget; overall government revenues; GDP; or total recurrent expenditures. The latter measure is perhaps the most common, and the degree to which non-personnel recurrent expenditures (such as those for supplies and maintenance) diminish in relation to personnel expenditures is taken as a key signal that the wage bill is inappropriately high.

Surplus numbers of civil servants. Although obviously related to the size of the wage bill, statements about the 'appropriate' number of civil servants are often derived ad hoc from the proportion of public servants to the overall population, to the modern sector labor force, or from somewhat casual observations of 'too many people sitting around doing nothing.' Sometimes the rate of expansion of public employment is taken as a warning signal of surplus numbers in government. Clearly, the definition of what constitutes 'too many' in the public sector must consider the relative role of the state in the economy, the level of a country's development, and the relative importance of the state as a primary source of political patronage and social welfare. To identify a personnel surplus, most World Bank reform operations rely upon the indicator of insufficient operating budgets for supplies and maintenance.

Erosion of Public Service Salaries. In many countries the level of real public sector salaries -- and particularly civil service salaries --has eroded substantially over time. The result is remuneration that is too low either to sustain lower echelon workers above the poverty level or to attract and retain needed skilled personnel. Real remunerations are significantly affected by the rate of inflation and the regularity and nature of salary adjustments. Declines in real wages have often been cushioned by elaborate allowances or non-wage benefit structures that in some countries have become an increasingly important part of the overall compensation package. A pervasive irony afflicts many countries; i.e., the overall salary bill is too high while wages are too low. This dilemma is the product of years of trade-offs, given fiscal constraints, in favor of hiring growing numbers of employees at diminishing salaries. Wage erosion is particularly a problem where there exists an alternative market for public servants, either through a better paying parastatal sector, a domestic private sector with higher salaries and benefits or an international market to which highly skilled public servants may migrate.

Wage Compression. In many cases, compression of the ratio of top to bottom salaries has increasingly been identified as a serious constraint on governments' ability to attract and retain qualified personnel at the middle and higher

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[3] *This section draws heavily on Nunberg, 1989.*

levels. Wage compression is partially a function of expansive employment policies as discussed above, but in some countries it may also derive from regime preferences for egalitarian salary structures. This, in turn, may hinge on the ideological character of the regime or the degree to which its political support is drawn from the lower socioeconomic strata.

Many of the general principles suggested above are derived from the only available data base; i.e., recent empirical analysis of wage and employment practices in a group of African countries.[4] The general analysis and sector work carried out in the Bank (and elsewhere) as well as observation gathered through operational experience confirm these findings for a broader range of cases. These findings represent a significant advance in our understanding of this phenomenon. Indeed, the low wage/high employment scenario in depressed macroeconomies turns on its head previously accepted wisdom of the government as high wage-giver. Comparative data that would permit precise measurement or quantification of these phenomena remain to be collected, however.

In short, the issue is difficult to analyze. The reasons for this are several. Certainly, a standardized view of the proper functional span and size of the state remains elusive, despite the sweeping re-emergence of liberal notions of minimalist government. For example, even in societies in broad ideological agreement as to the appropriate role of the state, there is no unarguable criterion that determines the appropriate number of ministries, or sub-divisions of ministries, a government should possess; and relative prices (wage scales) in differing labor markets might provide sound economic reasons for a wide variation in employment levels in organizations having roughly equivalent objectives. Furthermore, the range of solutions to this question may vary by country, region, or level of industrialization. On the other hand, there is no clear, linear path to development in this regard: large states with high numbers of civil servants per capita are prevalent in both the developed and underdeveloped world.

Vexing measurement questions are unresolved. The methodology for determining appropriate wage levels for private and public sectors continues to be debated. Ways to measure productivity for central government agencies have been the subject of a vast but inconclusive literature. Questions remain about the potential consequences of public sector retrenchment programs. The relative capacity of different types of labor markets (rural-urban, formal-informal) to absorb redundant labor from the public sector is poorly understood. And analytic techniques for determining the direct and indirect, upstream and downstream costs and benefits of various reduction in force scenarios are still very primitive.

Political economy features of public pay and employment practices have only begun to be analyzed. The real as opposed to the perceived political risks of government retrenchment programs are neither known nor at present calculable. Which are the key bureaucratic and societal coalitions that figure in employment and pay reform? How much reform is politically feasible for a given regime to undertake under what conditions?

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[4] Lindauer et al., op. cit.

There is, in sum, a lack of agreement on guiding analytic principles, a lack of firm measurement criteria, and a great regional variation in the intensity of the syndrome. Nonetheless, a growing body of empirical evidence on this topic -- accumulated mainly through Bank lending experience -- provides sufficient information for at least a preliminary examination. The section that follows highlights the more striking features of this experience and then draws general lessons about the implementation of these types of reforms.

2. Recent Bank Operational Experience in Civil Service Reform

Since 1981, civil service reform has featured prominently in 61 Bank lending operations. Of these, 38 were Structural Adjustment Loans or Credits (SALs or SACs), and 23 were Technical Assistance Loans or Credits. (Table 1 lists Bank operations with civil service reform components).[5] Four operations have been in the EMENA region (Europe, Middle East and North Africa); 5 in Asia; 11 in Latin America and the Caribbean; and 41 in Africa. Thus, two out of three of recent Bank-supported civil service reform programs have been in Africa. The magnitude and intensity of the issue is clearly greatest in that region; and efforts discussed below are mainly, though not exclusively, taking place in Africa. (Table 2 shows the regional distribution of Bank operations with civil service reform components by lending instrument.)

Activity is quite new in this field; prior to 1981, the Bank was only tangentially involved with civil service or administrative reform -- except for the occasional report, such as on Thailand and Indonesia, and some involvement by educational specialists on civil service training institutes -- and what was done was mainly on the project, not the policy, level. It has been the Bank's entry into policy-based lending, with its emphasis on demand management and improving the performance of adjusting governments, that has led to the increased involvement with civil service issues.

The most important set of reasons for the inclusion of civil service reform in recent adjustment operations center around the issue of budgetary burden, the recognition of the heavy, fiscal burden posed by large wage bills. For extreme example, in the early 1980s, following rapid increases in the numbers employed, many African countries saw their wage bills rise to account for more than half of total government revenues. Such increases were tolerable (though never wise) as long as total revenues increased. But with the prolonged economic crisis and its attendant stagnation of growth in government revenues, the difficult-to-reduce wage bill begins, as discussed in the preceding section, to "crowd out" other critical current expenditures: maintenance and depreciation, the provision of essential supplies and equipment. This led to the increasingly common situation of teachers without books, doctors lacking medicine, postal workers having no stamps to sell, etc. The recognition that this was taking place led some governments to initiate their own rationalization measures. It led the Bank increasingly to include civil service reform in adjustment

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[5]Several other types of policy-based lending operations, such as Reconstruction Import Credits and Economic Recovery Credits (RICs and ERCs), were counted among the SALs. They are itemized in Table 1.

operations. Thus, the primary reason for the Bank's more recent, intense and direct approach to civil service reform has been the need to help borrower governments manage demand, to contain and reduce a major cost area.

The second set of reasons centers around the perception of low effectiveness and efficiency levels in government administrations, attested to in critical cases by the degradation of the state-provided (and supposedly state-maintained) physical infrastructure; and even in the less critical cases by high transaction costs, pervasive delays, and the prevalence of corruption. Improvement of effectiveness and efficiency levels is seen as the essential and ultimate goal of administrative reform. From the outset it was thought, and experience has confirmed, that raising these levels is a complicated, problematic and longer term effort. The relation of cost containment measures to efficiency/effectiveness promotion is thus analogous to the relation of stabilization to the restoration of growth in adjusting economies: i.e., issues of demand management take precedence and are easier to effect than restarting of growth. For civil service reform one could easily argue that is should be the other way round; that assessing what the organizations of the state need to do, what resources, physical and human, they need to do it, and how to go about doing it, should precede the question of cost containment and reductions. Nonetheless, because of the magnitude and intensity of fiscal problems, the cost containment steps have been seen as the first priority.

3. Cost-Containment: Operational Approaches to Pay and Employment Reform -- A Progress Report

This section examines the most recent Bank experience in pay and employment reform, analyzing the short-term, emergency measures taken (mostly through adjustment operations and companion technical assistance projects) to contain the size and cost of civil services. The focus is on the period since 1987 when Bank-supported pay and employment reform was last reviewed. The purpose here is to provide a progress report on approaches to the problem, concentrating on their implementation. New initiatives that have been devised in the intervening period are also analyzed. The following section evaluates, on the basis of available data, the overall impact of these measures by examining general trends in wage bill containment, employment increases, and rationalization of remuneration structures.

Bank operations dealing with government pay and employment issues have supported a range of reform approaches. Many of these have been implemented on a trial and error basis, and we are only beginning to learn about which are working and which are not. (The key measures taken by countries to reform pay and employment policies are summarized in Table 3). With regard to cost-containment, various of these actions have been ranked on a continuum of political difficulty ranging from the easiest -- undertaken first -- to the most difficult. The main steps taken have been the following:

-- the elimination of "ghost" or non-existent names and workers;
-- the elimination of officially sanctioned posts which are not currently filled;
-- the retrenchment of temporary or seasonal workers;

-- the enforcement of retirement age (or retirement after x years of service) stipulations;
-- the freezing of recruitment;
-- the elimination of guaranteed entry to the civil service from the educational or training system;
-- the 'voluntary' or induced by incentives, retirement of surplus workers; and finally
-- the dismissal of serving civil servants.

A number of techniques were utilized to support the steps outlined above, including:

-- Civil Service Censuses
-- Functional Reviews
-- Payroll Computerization
-- Competency Testing
-- Public Information Campaigns
-- Redeployment Training and Credit Programs
-- Salary Supplements
-- Skills Mobilization--Senior Executive Programs

The implementation of these measures are discussed below.

Civil Service Censuses, Payroll Computerization and Clean-Up, and Ghost Reduction Measures

The reduction of civil service cadres through the elimination of ghosts [6] -- the first and least politically sensitive approach to employment reform -- appears to have been an effective technique in emergency cost-containment programs, although comprehensive data on reductions accomplished through this method are not yet available. (Table 4 presents various measures taken by selected countries to reduce employment.) For Ghana and Uganda, at least, ghost elimination represented a useful instrument of employment reform.[7] Ghost removal was also claimed to have been a significant feature of reforms in various other countries. After a staff audit in 1987 in Guinea, for example, approximately 1091 ghost names were stricken from the civil service payroll. In Cameroon, approximately 5000 fictitious names were eliminated. In general, ghost reduction

[6] *Ghosts are names on the payroll, receiving a wage, who cannot be shown to exist physically. They are workers who have died, retired or otherwise left the civil service but were never recorded as such. They are fictitious persons whose pay is claimed by others. They are variants on a name with one person receiving two or more salaries.*

[7] *Data on ghost removals in Ghana are very tentative and remain to be verified. Government claims that 11,000 ghosts were eliminated through headcount and census exercises have not yet been validated. In Uganda, approximately 30,000 ghosts have been identified, but there is no evidence that these names have been removed from the payroll as yet.*

incurs low political costs because the only opposing constituency are the system abusers themselves, for whom a public admission of fraud would be necessary to stake a claim to continuing payment. Indeed, in none of the above cases did ghost removal generate a public outcry.

The first step in ghost removal is, normally, a civil service census to determine the number and type of government employees. In many countries, such a poll will be the first time in many years (or perhaps the first time ever) an attempt has been made to get an accurate picture of public employment. The need to establish who is, and who is not, legitimately enrolled on the civil service rosters and payroll is paramount.

Civil service censuses and payroll sanitization have been features of a number of pay and employment reforms as shown in Table 3. Few reforming governments have ignored the issue, though some have proceeded without a clean-up exercise. Laos, for example, is reported to have shed an estimated 10 to 30 percent of government workers using a payroll listing as the sole form of personnel records. For most countries, though, a prior data collection and clean-up activity is necessary. They serve several useful purposes, including quantifying the often large ranks of temporary staff; providing information leading to the enforcement of the statutory retirement age, and, most important, regularizing payroll lists through the elimination of ghosts.

The usefulness of a census is related to its level of comprehensiveness and sophistication. The most elemental census-taking exercise may be little more than a "head count" which simply establishes the number and the structure of government employment (i.e. the number of employees at various professional levels or in different regional locations). Censuses of the head count variety are usually designed and carried out by governments themselves. (At early points in the reform process, Ghana, Gambia, Guinea, Bolivia and Uganda and others performed head counts on their own without technical assistance.) The results of these counts have often been disappointing. Findings have been incomplete and inaccurate, mainly because they have been based on existing civil service rolls rather than verification of physically present employees. While not expensive to undertake, head counts of this sort can still be a waste of scarce resources, since they must usually be followed by more rigorous censuses carried out by outside consultants. On the other hand, even flawed head counts can serve useful purposes. In Ghana, the initial civil service survey revealed the overall structure of employment which clearly indicated overstaffing at lower grades of the bureaucracy, providing a starting point for policy reform discussions.

Even censuses that are more sophisticated in their validation methodologies may have only limited applications. Successive censuses carried out by international consultants in Ghana (there were three all told) used the payroll mechanism to count civil servants, but they did not actually verify the physical existence of employees -- the rationale being that just getting fraudulent names off the payroll was good enough. Neither did they establish durable links between the computerized payroll system in the Ministry of Finance, the personnel records in the Office of the Head of the Civil Service, and the annual budget. The censuses did, however, provide important, one-shot, baseline data to begin the employment reduction program, thus fulfilling an essential function.

At least two problems can be seen with the Ghanaian approach. One is that, without the institutional capacity to utilize the data in a computerized monitoring system, the quality of census data is subject to rapid erosion. Results become outdated quickly as new recruits enter the civil service (openly or clandestinely) and as others leave. Personal data which might provide an overall profile of the administration also change, so that information about aspects such as the age structure and promotion patterns is no longer valid. Moreover, it is important to be able to capitalize on the results of the census quickly because the patience of civil servants to endure successive surveys wears thin, as has been the case in Ghana after three such exercises in a period of a few years. However, "doing it right" also imposes administrative and financial burdens. In Madagascar, the census was more rigorous; enumerators were hired and civil servants had to be present at the place of census. The penalty for non-cooperation was severe: suspension of paycheck. Thus, participation was high. The cost of this elaborate exercise was a non-trivial five percent of the wage bill. however. Furthermore, the organizational requirements for execution of the census -- i.e. organizing review committees, enumerators, census centers at both central and district levels -- were also considerable.

In general, recent experience with census design and implementation suggests that such mechanisms are important first steps to getting the reform process moving; that their design should be kept simple, but strategic in the sense that they should be conceived as part of the establishment of an ongoing system of controls, and that their successful conceptualization and implementation generally requires external technical assistance.

Freezing Civil Service Recruitment

Freezing or limiting civil service recruitment is an often applied mechanism for reducing government employment. It is only marginally more politically difficult than ghost elimination. (The difficulty is due to the potential disruptions that might be caused by aspiring civil service candidates.) Hiring freezes have been widely used, with varying results, in a number of countries, including Costa Rica, Ghana, the Central African Republic, Congo, Gambia, Gabon and Mauritania, among others. A variety of mechanisms were used to administer these policies. Senegal, for example, instituted a hiring freeze in 1983, and created a high-level inter-ministerial commission to supervise the process. The commission, the secretariat of which met weekly, reviewed all departures from the civil service, with a view to determining (a) if it were necessary to fill the particular vacancy, (b) if so, with whom, and (c) if not whether the staff of the organization could be reduced by one or whether the organization had some pressing personnel need in another area that justified a position. Between 1000 and 1500 reductions were reported to have been effected in the first two years of the commission's operation. This experience, and a similar but stronger scheme in the Central African Republic, are summarized in the "Box" on cost containment in Annex 2. Variations on this theme include allowing hiring only if it does not result in a net creation of civil service posts (Kenya has tried this); or limiting hiring to essential professional staff (in force in Malawi, Mali and Nigeria).

Automatic hiring has been discontinued in some African countries which had traditionally guaranteed government jobs to school graduates. (Examples are CAR, Congo, Guinea, Mali, Somalia, Sudan, and Senegal.) This reform measure turns out to be somewhat complicated to implement, as the case of Senegal demonstrates. When the hiring freeze was instituted in Senegal, there were more than forty government schools and training centers. Prior to the freeze, entry to these centers equalled entry to the civil service. The freeze forced the Senegalese to curtail severely the entry to and activities of these centers; the result to date has been the continued existence of most of these institutions, but with ever-declining numbers of students or trainees. Still, the Senegalese government, as most others faced with this problem, maintained its employment commitment to those already in the training pipeline, meaning that it may be some years before an effect from this particular element of restructuring can be perceived.[8]

In general, the record of hiring freezes appears to have been mixed. Where they have signified a halt to automatic civil service recruitment from universities or public administration training institutions, they apply a significant brake on civil service expansion. But recruitment freezes may constrain government from achieving the necessary skill mix through renovation of its cadres with young entrants. Moreover, for some civil services, hiring freezes may be no more efficient in eliminating redundant civil servants than natural attrition. Indeed, in some countries (such as Madagascar), the height of civil service expansion took place in the early 1960s, when many new recruits were hired, causing a persistent bubble in the civil service rolls. Hiring then leveled off. It could be argued that in these instances it makes sense to let natural attrition through normal retirement, which will occur over the next few years, take care of this surplus.

Suspension of Automatic Increases and Advancements

One cost containment measure which has come into increasing use in the most recent operations is the suspension of automatic increases and step advancements. This is of particular relevance in the francophone African countries where advances in grade and pay tended to be based solely on years of service. Thus, freezing recruitment or even modest reductions in the total number of the civil servants sometimes has had but a limited effect. Senegal, for example, froze recruitment as early as 1983, and even succeeded over two years in reducing total numbers. Still, it found that automatic step and grade increases kept the wage bill on the increase; the fiscal result of what the Senegalese regarded as an heroic and politically dangerous effort was reduction in the annual average

[8] *The Senegal case raises another issue: the parallel reform in the parapublic sector is resulting in reduced transfers to and, it is hoped, eventual reduction in the numbers of public enterprises. But many of the staff now employed in Senegalese PEs are "tenured" civil servants who chose or were assigned to service in a PE. If they are dismissed from the PE they have the legal right to a post in the civil service proper. Legal rights can be amended, of course, but only at the expense of time, effort and the expenditure of some of the government's political base.*

growth rate of the wage bill from fourteen to nine percent. The suspension of automatic advances is an element of recent reforms in five countries with Bank programs, including Dominica and Mauritania. In addition, Burundi and Cote d'Ivoire temporarily suspended automatic pay increases to dampen drift factors. Both Burkina Faso and Cote d'Ivoire also restructured their pay systems so that promotions are now offered on a more selective basis rather than granted automatically.

Strict enforcement of retirement for over-age civil servants has been a feature of a number of reform programs (including Cameroon, Gabon, Costa Rica, and Benin, Senegal, Ghana, and Guinea). In Guinea, for example, the Bank supported the enforcement of a retirement program in which all civil servants over 55, or all those who had completed thirty years of service, were to be placed in automatic and effective retirement. The result was a reduction of over 7000 cadres. While presenting an option for employment reduction that causes few political ripples, the impact of such programs has been minimal. This is partly due to the unreliability of most information about age -- even when gathered by modern survey techniques through civil service censuses -- and to the overall age profile of most civil services in most LDCs. This is especially the case in Africa, where the average age of civil servants is below 40. Thus, the removal of over-aged employees usually targets a small group.

Early Retirement Programs

Increasingly, countries find that implementing the more 'easy' options does not result in sufficient cost cutting. They thus begin to explore ways to actually cut back on the numbers of serving employees. Even at this stage, governments are loathe to take the most difficult political route; that of involuntary dismissal. A number of strategies have been tried with varying degrees of success. Usually, these options are offered as one among several in a mixed approach to staff reductions.

Early retirement is an option that has been proposed in several countries, including Senegal. This program targets civil servants within a few years of normal retirement age, either paying them a lump sum separation package with pension benefits to begin with normal retirement age, or by starting their pensions at the early departure date. Although systematic analysis has not yet been performed on these types of programs, their benefits (in terms of numbers reduced and wage bill decreases) would seem to be minimal and their costs significant. First, the net present value of the savings stream is likely to be low since the savings only represent three to four years of staff reductions instead of those that would occur if younger workers were to be removed. Furthermore, early retirement programs target the most experienced employees -- both at managerial and support levels. This poses a particularly acute cost for those civil services in which once high standards of professional performance and training have broken down. Early retirement means that the collective experience of the older employees, who might be the sole keepers of the efficient flame of an earlier era, is lost to the newer generation.

Voluntary Departure Programs

Voluntary departure schemes have been a feature of several civil service reform programs, including those in Guinea, the CAR, Mali, Kenya and Somalia; one has been proposed for Senegal. In general, voluntary departure schemes are viewed as politically palatable because they are not coercive. Voluntary departure programs are problematic, however, in that they often attract the best and brightest civil servants; that is, those whom government would most wish to retain. Carried out on a large scale, voluntary departure schemes are expensive. In Guinea, voluntary departure with an associated premium was to be financed with an earmarked fund of GF 6.5 billion. The benefits involved a three-option plan from which departees might choose to: (a) draw a salary with accompanying rice rations for 60 months; (b) take 40 percent in cash and the remainder in regular salary payments; or (c) take a share of the severance allowance as a down payment on a new private sector business venture. In its proposed voluntary departure scheme, Senegal would offer 60 months of salaries to voluntarily departing civil servants. The government has requested financial support for this scheme from the Bank.

Many countries would prefer to carry out staff reductions exclusively through voluntary departure programs, particularly if they can find external financing for a portion of the costs. Nonetheless, it seems clear that the monetary incentives would have to be significant (and probably unaffordable) to encourage sufficient reductions in numbers. On a smaller scale, some civil servants might have a low reservation cost that would permit them to take advantage of voluntary departure incentives that were not exorbitantly expensive for government. In this way, voluntary departure, when combined with retrenchment, could be a viable strategy to achieve significant employment reduction. However, on its own it is probably not terribly effective.

Retrenchment

Retrenchment -- the direct and explicit dismissal of redundant civil servants -- is the most difficult and politically contentious measure used to reduce employment. Governments have strongly resisted these remedies, and have adopted them as last resort options. This reluctance is related to the nature of the state in many developing countries. An important purpose of governments is construed as the distribution of political patronage and social welfare through the provision of public posts to loyal followers and otherwise deserving clients. Overt employment reduction thus strikes at this basic definition of the role of government. Moreover, the fear of most political regimes that retrenchment will incite destabilizing social upheaval and political opposition serves to stiffen resistance to overt employment reduction measures. The task of opponents to staff cuts is made that much easier by fears that the labor absorptive capacity of the private sector is weak.

It is thus not surprising that involved Bank staff note difficulties and delays in complying with staff reduction conditionality in adjustment operations in the Central African Republic, Guinea Bissau, Guinea, Ghana, Sao Tome and Principe, Senegal, Costa Rica and Dominica, to name but a few recent cases. Supervision reports record acceptance of fewer dismissals and lengthier timeframes than originally negotiated; these reports note as well in several second adjustment operations the repetition, in somewhat stronger terms, of employment reduction conditions seen in the first operation (SAL 1-" enforce retirement age regulations;" SAL 2-"strictly enforce retirement age regulations").

Despite the considerable resistance of governments to undertake what they perceive to be politically risky measures, retrenchment is nonetheless taking place in several countries through Bank operations. Ghana, Guinea, Gambia, and CAR (countries for which some documented reduction figures are available) are cases in point: as of 1989, approximately 27,791 civil servants have been retrenched in Ghana, in addition to those removed from the rolls by other mechanisms. In Guinea, an estimated 4245 have been retrenched. In the Gambia, following a census and staff audit, approximately 3350 government employees (including 2600 temporary employees) were dismissed. And in the Central African Republic, 300 civil servants have been fired so far, with more reductions planned for coming years.[9] (See Table 4).

The data on these retrenchment exercises are still quite preliminary, and in-depth analysis of this experience is only now being performed.[10] It is thus possible to offer only tentative observations on implementation. One notable feature of these programs was the use of a variety of techniques to deflect political opposition, minimize the social cost of retrenchment, and provide technical support to redundancy programs. In Guinea and CAR (and planned for Senegal), for example, public information campaigns were designed, with the help of consultants, to inform government employees through radio broadcasts and newspaper articles, of government intentions with regard to administrative and financial aspects of the staff reduction programs. Bank staff reported positive effects for these efforts.

Testing

Competency exams were used in at least one country. In Guinea, competency tests for sitting civil servants provided technical criteria to determine which personnel would be graded as surplus. Those who passed the test were to be retained, and those who failed would be entitled to a severance package related to the length of service. (They would not, however, be able to opt for the more

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[9] In fact, many of the mechanisms described in this section have been utilized in combination with one another, making it difficult to isolate the relative utility or impact of any single one. In Ghana, for example, voluntary departure was not stimulated through additional incentives; the "voluntary" separation package was the same as for redundant workers, thus providing little motivation for workers to leave of their own volition. At the same time, workers theoretically had the option of early retirement, but would receive no extra payments over and above their regular pension rights. If they chose voluntary retirement, however, they would receive the lump sum separation payment in addition to their pension. Thus, there were virtually no early retirees in Ghana, but some older voluntary departees. Clearly, it was not the nature of the individual scheme, but its relation to the other parts of the staff reduction program that determined the outcome.

[10] Systematic analysis of pay and employment reform in three Bank operations (Guinea, Ghana and Gambia) is the subject of the Africa Technical Department, Public Sector Management Division study in progress, "Public Sector Pay and Employment Reform in Africa," forthcoming, 1990.

lucrative package offered those in voluntary departure). Recruitment in subsequent years would be determined according to the new qualifications testing, and the promotion of employees retained would follow a logical procedure coupled with training. Although the exams were first geared to university level standards in France for professional level positions, the requirements were later relaxed to fit local capabilities. The objectivity and credibility of the program was validated by the presence of external consultants, and this apparently enhanced acceptance of the practice. Despite this acceptance of the principle of testing, the exercise has proved to be cumbersome to administer, causing conflict and delays in the overall civil service reform program in Guinea.

Personnel Banks

Competency testing was coupled in Guinea with the creation of a special personnel bank where those employees who passed exams, but were considered otherwise redundant, were placed in a special category. These people remain on the payroll for six months. If they do not find jobs, they are removed and dismissed. They also have the option of leaving of their own volition with a severance package somewhat less generous than that offered to voluntary departees. There are approximately 14,487 employees in this category as of this writing. (This figure may include some 3400 public enterprise employees, however.) The administration of this personnel bank has proved exceedingly complicated, and there is not yet clear indication that any of those placed in the pool have actually left government. There is concern that this category of employees will continue to impose an onerous burden on the wage bill without contributing to civil service productivity. Moreover, the presence in government of an (officially) idle class of disgruntled employees may serve to demoralize other government personnel.

Severance Packages

Severance payments -- financed by governments themselves --have accompanied retrenchment programs in most countries. A comparison of severance provisions is shown in Table 5. While the absolute value of these separation packages is impossible to compare, the formulae themselves appear to be relatively generous. These formulae are mostly embellishments upon the basic legal obligations of government to dismissed workers worked out through negotiations among various interested parties. The administration and the size of the severance packages appear to be among the most important determinants of the level of acceptance of the overall employment reduction program by affected employees. In Ghana, delays in the calculation and distribution of separation entitlement in the first year of the reform program stirred some disruptive opposition among affected civil servants, for example. Bank staff reported that protests were smoothed over in the second year when severance payments began to be awarded on time.

Functional Reviews

In some countries, functional reviews have provided an important technical rationale for employment cuts. (Table 3 shows a sample of countries that have carried out functional reviews). These reviews are discussed in greater depth in Part B of this paper. Their purpose is essentially to audit the functions of component agencies of government and the number and type of staff presently carrying them out in an attempt to determine the optimal staffing arrangements for basic government tasks. Functional reviews are difficult to administer (they are usually carried out through technical assistance), and they are time-consuming. Indeed, as is discussed in detail below, in the two cases where they figured most prominently in the reform program (Ghana and Gambia) many of the employment cuts actually took place before the functional reviews had been started. Nonetheless, it has been reported that the carrying out of these reviews even well into the implementation of a retrenchment program provides an assurance that there is at least an intention to pursue staff reductions in a rational, technical, and just manner. This assurance has served to dispel political and social discontent over the retrenchment programs as a whole.

Redeployment, Retraining and Credit Programs

Bank operations have begun to address the issue of redeployment of redundant labor in their reform programs. Several countries have put together programs which offer training for jobs in the informal sector, credit schemes at favorable interest rates for small business or agriculture, and/or public works programs. (Ghana, Gambia, Guinea, and Bolivia offered such programs.) On a technical basis, these programs have been less than fully successful; in some instances their justification may be questioned.

First, retraining for informal sector activities -- which is where many redundant workers tend to go, may be largely irrelevant; indeed, the number of people benefiting from training for carpentry or dressmaking is probably quite small. In Ghana, for example, where this type of program was offered through the Programme of Actions to Mitigate the Social Cost of Adjustment (PAMSCAD), the demand for such training was low. In most countries, the existent training institutions are not equipped to handle this kind of informal training, or if the demand were higher, to accommodate the number of trainees that potentially could result from massive lay-offs in the public sector. The administrative costs are high and the potential benefits unclear. Again in Ghana, an attempt was also made to provide training through an apprenticeship program. This was difficult to organize, however, and only reached a limited group. Like the other redeployment schemes, this program was undersubscribed. Credit for small business and agricultural activities, another aspect of the program, was also in low demand. In the Gambia, the Institute of Business Advisory Services (IBAS) administered a similar program which received approximately 700 applications (out of more than 2000 workers laid off by the government) and provided credit and/or training services to only about 300 individuals.

In Bolivia, a public works program was organized through the Emergency Social Fund to provide transitional employment for dismissed tin mine workers from COMIBOL, the state mining company. Reports indicate that most miners did not take advantage of these programs, however. Instead, they sometimes used the cash payment provided by a generous separation package to relocate and start enterprises in the informal sector, or to find construction work elsewhere. In Guinea, the Government set up a special office, BARAF, (Bureau d'Aide a la Reconversion des Agents de la Fonction Publique) to assist departing civil servants in applying for credit to finance private businesses. Some Bank staff fear this credit program may have permanently damaged the country's credit system; indeed, there are now on the books large numbers of loans to departed civil servants that have almost no hope of being recovered. The Gambia small business credit scheme for redundant civil servants did not fare well in this respect either. Its loan recovery rate was 30 percent (as compared to 65 percent, for example, for an EEC-financed credit scheme with more stringent eligibility requirements).

This experience suggests that the technical rationale for these programs is weak. It would appear that many civil servants being retrenched neither need nor expect to be retrained or redeployed. Most go into the informal sector for which there ~~are few~~ adapted credit schemes. It would be administratively easier, and would probably have a more beneficial economic impact, to simply award cash severance payments to departing staff.

Another point is that redeployment programs require considerable institutional capacity to administer. In the Gambia, the program only got off the ground one and a half years after retrenchment had begun. In Ghana, the lag time was two and a half years. In Guinea, the program began on the anticipated date, but proved to be very difficult to manage. Typically, there are a number of institutions whose activities must be coordinated and the preparation requirements are considerable. Moreover, because existing training and credit institutions are inadequate, new mechanisms often are required, imposing substantial additional costs.

Finally, for some countries, the need for special mechanisms to rechannel labor into private markets may be less than anticipated. That is, there is some preliminary evidence to suggest that labor absorption has been easier than expected -- or than governments typically contend. In Africa, for example, urban workers appear to have moved easily into agricultural activities. In Bolivia, the ability of the informal sector to absorb redundant public sector employees appears to have been considerable. Thus, the technical rationale for retraining and credit is further eroded.

These programs do perhaps have an important symbolic value to the extent that dismissed workers place value on access to this kind of assistance, whether they avail themselves of it or not. Such programs thus serve an important political function in defusing potential discontent among retrenched employees. In general, though, it may make more sense to concentrate on severance packages or generous golden handshakes in designing employment reductions programs, as this is where most employee interest and demand are focused.

Remuneration Issues

Many of the cost-containment measures taken have focused on reducing employment; but many steps have also been directed at containing the wage bill in the aggregate, and at removing distortions in the overall remuneration structure. These measures are discussed below.

Wage Restraint

Wage freezes are common measures. Full or partial wage freezes were called for in Uruguay, Senegal, Gambia, Sao Tome and Principe, Cameroon, Gabon and Tunisia. (Prior to the Bank's increased involvement in wage bill restraint, wage freezes featured more prominently as conditions of IMF agreements.) Ways of instituting a wage freeze or at least restraining wages are numerous; i.e. by holding wages to existing levels in current terms; by holding them in constant terms; by allowing increases equal to a portion of, but less than the entirety of the rate of inflation; by setting a currency unit ceiling, or by agreeing that the wage bill cannot surpass a particular ratio (for example, percentage of government expenditure).

Rationalization of Remuneration

Increasingly, pay and employment reform programs have also been addressing specific pay conditions for civil servants in an attempt to remove demotivating distortions in government remuneration structures. A number of reform programs have aimed at improving pay conditions, rationalizing the overall system of remuneration, and building an institutional capacity in government to formulate and implement sound salary policies on an ongoing basis.

Rationalization of the remuneration structure has been an important reform objective. This has mainly consisted of attempts to reduce the proportion of remunerations from non-wage benefits. In many countries, these constitute an unacceptably large percentage of total compensation, as real wages have been steadily eroded by inflation and expanding employment. Most work on this issue has been in the form of studies calling attention to the problem and recommending solutions. Such studies are being carried out in Senegal, Cameroon, Mauritania, Senegal, among others. In several countries, concrete steps have been taken to reduce allowances. Bolivia, Laos, Guinea, Senegal, and Cameroon have reduced non-wage allowances (housing in Cameroon), in-kind benefits (rice rations in Guinea and special performance premia in Bolivia.) However, available data suggest that, in general, virtually no progress has been made on this front. As Table 6 indicates, non-wage benefits as a percentage of total compensation have increased on the average by nearly 8 percent for those countries that experienced a change.

It is claimed that the Cameroon has also significantly reduced the number and extent of allowances, but data do not show any improvement between 1986 and 1988. Bolivia has officially taken actions to reduce benefits, but data on the results of these measures have not yet been collected. One reason for the slow movement on this issue is the difficulty in getting systematic information and disentangling the enormously intricate webs of benefit structures. For many countries -- in particular, those in francophone Africa -- it may well be that reform will only result from a simple declaration nullifying the entirety of the present convoluted benefit system, and replacing it with a rational, salary-based reward system. Unfortunately, it is politically difficult to dispense with non-wage mechanisms without redressing the inadequacies of the salary structure which stimulated the emergence of non-wage distortions in the first place. Bolivia's recent attempts to legislate a rational salary system have been circumvented, for example, by spontaneous non-wage bonus features to reward some employees outside of the strict wage system.

Equalizing Pay Discrepancies

Inequities in pay among various parts of government have also been the target for rationalization. In Mauritania, salary discrepancies among different central government ministries for comparable work, and the effects of inequities resulting from irregularities in employment status, were both the subject of studies financed by the Bank's Development Management Project.

Closing the gap in pay and benefits among different parts of the public sector was the goal of some reform programs. In Jamaica, and many other countries, parastatal bodies were able to attract qualified candidates away from the civil service with substantially higher salaries. SAL III instituted conditionality that higher level management posts in the civil service be remunerated at 85 percent of equivalent grades in statutory bodies through a three-phase pay hike. Although two raises for managers did occur, the opposition to differential wage increases from unionized civil servants at lower skill levels prevented the third increase from being enacted. As a result of this delay and the continuing wage erosion through inflation, qualified professionals and managers continue to be in short supply in central government.[11]

Simplifying the Salary Structure

In some countries, simplification of the salary grid has resulted from pay and grading study recommendations. Studies have been carried out in Bank-financed programs in the Gambia, Ghana, Guinea, Dominica, and Jamaica, for example. In Dominica, the remuneration system, consisting of over 100 pay scales, was converted to a structure of 14 for middle and lower management; almost all jobs are now included in this new pay scale system. In Guinea, consultants undertook a job evaluation exercise and reduced 19 grades to 12.

Wage Compression and Decompression

For many countries, the erosion of average wages was the big problem to be addressed by pay reform. But, particularly in Africa, a principal objective of pay reform is the decompression of the wage structure. This is essential, given the difficulties in recruitment and retention of higher level staff whose salaries have sunk to very low multiples of the lowest ranked workers. (Table 7 shows some compression ratios for selected countries.) Decompression of the salary structure was a definite aim in Ghana, for example, where in 1984, before the SAC I program began, the compression ratio was approximately 2.5 to 1. It rapidly moved to 5.7:1 in that year and by 1989, it had decompressed to 7.8 to 1. The Government's stated objective of achieving a 13 to 1 ratio by 1991 may or may not be reached, but it is clearly moving in the right direction. In the CAR, five years of reform produced no perceptible change in the compression

11 Methodologies for determining the appropriate pay levels in the civil service are only now being developed. In Jamaica, a comparative pay survey was carried out through the Administrative Reform Project, the institutional counterpart for pay reform in SAL III. But the survey took so long to be completed that the ARP was terminated before the results became known. Similar surveys were carried out in Ghana, the Gambia, and Thailand to determine the appropriate pay levels for civil servants.

ratio. And in Laos, salaries decompressed from 3 to 1 to 6 to 1 under a program supported (in its later stages) by the Fund and the Bank.

For other countries, progress is much less clear. During the reform period in the Gambia, for example, salaries appear to have become more compressed in the first years of adjustment, moving from 6.5 to 1 to 5.7 to 1.. (This might have been due, in part, to the introduction of the new, shorter twelve grade structure, however.) In Guinea Bissau and Senegal, as well, it would also appear that salaries compressed further during the reform period, from 5.2 to 1 to 4 to 1 in the former; to 7.8 to 1 to 6.8 to 1 in the latter. It must be underlined that all these figures should be taken with a large grain of salt; they tend to be "guess-timates", based on sketchy data.

Salary Supplements

Where reform of the salary structure has not been imminent, a number of countries have resorted to interim programs aimed at attracting qualified professionals into government. Salary supplements are the most common mechanism used to compensate for low civil service pay at upper echelons. Although no systematic documentation exists, salary supplements appear to be widely utilized. Examples include Mozambique, Bolivia, Uganda, Guinea Bissau, Cameroon and Niger, among others. In countries where international donor assistance provides an alternative employment market for skilled professionals, salary supplements may be provided by externally financed projects in several different ways. Civil servants may accept supplements to top off their civil service pay by as much as 400 percent (as in Mozambique or Bolivia), without taking leave from the government rolls. Indeed, in Mozambique (and elsewhere) Bank and other donor projects have hired individuals working in ministries to staff special project units at higher salaries while still retaining their government jobs. The obvious conflict of interest potential here is enormous. Moreover, the demonstration effect for those government employees lacking access to topping-up benefits can be devastating.

Some civil servants may take leave or actually separate from the civil service. While this is a "cleaner" arrangement in principle, the cost may well be the loss of the skilled individual from government service over the short and long run. In countries such as Mozambique where human capital is so scarce, this brain drain could paralyze government functions. Moreover, on a large scale, such supplementation is affordable only with sustained external financing. The siphoning off and rewarding of the best and the brightest undercuts government motivation to improve conditions for the majority of individuals. On the other hand, salary supplements are viewed by many Bank Staff as unavoidable. They are seen as the only way of obtaining good staff to run projects and programs which, presumably, will enhance the functioning of the civil service, and restart the process of economic growth. The argument is that the loss of time and money that would occur with inferior staff is worth both the higher remuneration, and the demoralization of the unaffected majority.

In some countries, salary supplements consist of those payments provided to higher level civil servants over and above their civil service grade salary. These payments are offered largely because it is feared that, without topped up salaries, the most capable personnel will be lured into internationally financed projects or, better-paying parastatals, or (where this is an option) into the private sector. There is little doubt that salary supplements have a corrosive and distorting effect on civil service morale and management. Most important, they undermine the possibilities of meaningful structural reform in the longer term. The insidious aspect of this problem is that in many instances the offenders are the donors, including the Bank. This is so despite the Bank's overt policy of not financing government salaries.

In a few instances, innovations have been proposed to deal with this problem. In Bolivia, international donors contributed $ U.S. 6 million to form a foundation to finance 500 key high level government positions -- all performance evaluated -- outside of the budget and outside of the IMF targets for the wage bill. While this was not seen as a long-term solution to the salary problem, it was viewed as a means to bring some order to the chaotic pay supplement situation. In Ghana, the Bank assisted an innovative Skills Mobilization Scheme to finance local consultancies for key government positions essential to the economic recovery program. Fees for these consultancies were to be at local private sector rates -- well over civil service levels -- and the positions were not to be filled by serving government employees. The idea was to attract skilled professionals from the private sector, and perhaps even repatriate skilled Ghanaians living overseas. After considerable debate over the terms of these contracts, the scheme was made operational, but appears to have had little impact. At time of writing, forty-one individuals have been identified as eligible for the scheme and registered on a consultants roster, but only three government slots have actually been filled through this mechanism.

Parastatals vs. Central Government

There are various aspects to the salary supplement problem. Attempts to approach parity between central government salaries and parastatals were contemplated, if not always fully carried out, in Jamaica, Ivory Coast and Bolivia. Such attempts sometimes result in a "no-win situation." First, the equalization of state enterprise salaries with those of central government agencies is often not achievable; all that can be accomplished is to narrow the gap between the two in order to stem the flow of qualified staff from one to the other and to mitigate somewhat the resentment of civil servants at receiving relatively lower salaries. Second, even in cases where parity has been legislated, the incentives to performance of state enterprises themselves cannot help but be negatively affected. To the degree that parastatals behave more like central government agencies than private or competitive enterprises -- particularly with regard to salary and personnel policies -- parastatal performance is likely to suffer.

Institutional Arrangement Issues

The Bank's interlocutor(s) in programs to reduce the size and contain the cost of the civil service have generally been the Ministry of Finance and the Ministry of the Civil Service. The tendency of the Bank to centralize its focus on these core agencies has occasionally oversimplified the complicated map of institutions involved in various phases of cost-containment. In the Ghana case, the failure to perceive and bring on board the entirety of agencies involved in the process resulted in design mistakes and delays in implementation.[12] In other instances, the failure to understand that institutional arrangements in countries are more decentralized and less controllable than donors would like (or are accustomed to) has led project designers to underestimate the potential for non-compliance with reform objectives. Again in Ghana, the exclusion of the Ghana Education Service from redeployment discussions contributed to a misperception of the chances for post-freeze recruitment of teachers.

Internal Bank procedures are also factors affecting the outcome of the reforms experiences discussed above. One element increasingly recognized as crucial to the preparation of pay and employment programs is diagnostic sector work in anticipation of and in conjunction with SAL design. Much of the uneven progress noted at various points in this paper in the Ghana reform program might well have been mitigated by adequate diagnostic work that mapped out the strengths and weaknesses of the institutions that would need to be involved in the program. An 'institutional assessment' of this type might have resulted in a strategy which established the objectives, and the ways to reach them, of each step of the reform program.

4. Impact of Cost Containment Reforms

The above discussion has focused mainly on aspects of implementation of government pay and employment reforms through Bank operations. Although a fair amount can be determined about how these programs are working from this implementational perspective, a sense of the real contribution of these reform programs can only be achieved by looking more closely at their outcomes and trying to assess the degree to which they have accomplished their stated objectives. (Note again that the usual warnings obtain about the limited extent and low quality of the data.)

Wage Bill Impact

The primary objective of most reforms was to reduce the aggregate wage bill. To what extent has this occurred in recent years? Is there any way to link changes (positive or negative) in the wage bill to Bank-sponsored government pay and employment reforms? (Table 8 shows wage bill trends for selected countries). For the fifteen countries with available data in which either the Bank --through a SAL or a TAL -- or an IMF program sponsored reform, ten (two-thirds) had wage bill increases for the last two years. Moreover, this group included those countries in which the reform program had progressed furthest, such as Ghana, Jamaica, Guinea, and the Gambia. In only four countries did the wage bill decline in absolute terms. In nine countries, wages and salaries rose

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[12] *As noted by J. Tait Davis in "Review and Evaluation of Ghana's Civil Service Reform Programme," Consultant's Report, AFTPS, World Bank, October, 1989.*

salaries rose as a percentage of total expenditures. Moreover, the percentage of total expenditures on goods and services or materials and supplies, the indicator of the availability of necessary inputs for government staff, declined for seven out of the group and rose only for four. (For Togo, the percentage of current expenditures spent on goods and services declined for the last year of available data). For the other four countries, data were not available.

To repeat, these data are not very robust and it would not be wise to overgeneralize from them. Indeed, there may be any number of good reasons why the wage bill rose in these countries that are completely unrelated to civil service reform programs. It is not possible to explain reliably the idiosyncratic reasons for each wage bill increase. Even for cases where it is possible to probe data more deeply, the reasons for increases in the wage bill can be very ambiguous.[13] Moreover, even at the aggregate level, the time lag between reform and impact may be longer than can be captured in the available figures. It is possible that these results will only be visible in future data sets.

It should also be noted that personnel expenditure trends often do not show up in the aggregate wage bill figures. They can be hidden in the budget in myriad other (often non-itemized) categories. Thus, some of these wage bill figures may actually understate the total amount of personal emoluments for a given year. Taking all these caveats into account, however, the data suggest that the impact of these reform programs on aggregate wage bill reduction is negligible.

The increase in overall wages and salaries expenditures may be due to general pay hikes awarded to civil servants to alleviate the erosion that had been affecting government salaries in many countries -- again, especially in Africa. As has been pointed out earlier in this paper, this general wage erosion affected different classes of civil servants differently, and higher level professionals salaries had fallen to dangerously low levels in many cases. Thus, the possible "good news" in a higher aggregate wage bill might be the decompression of the salary structure from top to bottom.

Data on wage compression are poor. Table 7 shows changes in only six cases. Of these, half the wage structures showed decompression and half showed compression. Looking a bit more closely at individual reform programs it seems clear that Ghana has made progress in decompressing its salary structure, and Bank staff confirm improved morale among upper echelon personnel. In the CAR, it would appear that not much decompression has occurred. And the compression situations in Guinea and the Gambia are less encouraging still. Despite reform programs, wages have actually become more compressed. In the Gambia, this is especially disturbing since a hotly debated salary increase of approximately 25

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13 *In Bolivia, for example, where more detailed analytic work has recently been completed on public sector wage and employment trends, the increase might be explained by a rise in employment (perhaps with declining average wages) or an increase in average real salaries. The data for that country are so ambiguous that it is impossible to argue either case with confidence. See Barbara Nunberg, "Bolivia: A Review of Public Pay and Employment Issues," 1990.*

percent was awarded in 1988.

Another possible explanation of wage bill increases might be the rationalization of the remuneration structure. As noted, non-wage benefits and allowances have traditionally constituted an important component of the overall compensation package. These benefits have often been unevenl distributed and have rarely been linked to performance-based criteria -- or eve need. In most countries information about these benefit structures i unavailable to policy makers. And, of course, the more important the non-wag benefit contribution to the overall compensation package, the more it is likel to distort the general distribution of remuneration, thus making calculation of compression ratios among various levels of the civil service at best onl indicative of real remuneration relationships.

Employment Reductions

In the absence of clear improvements on the fiscal side, the overal objective of employment reduction retains importance. Has this been achieved under these programs? Table 9 shows the limited data available on employment trends for selected countries which have undergone some form of employment reform. For the fifteen countries for which data are available, eight were able to reduce government employment during this period. Among these, one (Ghana) experienced slippage through new recruitment in the Education Service. Two others -- Jamaica and Cameroon -- experienced significant reductions in recent years, but then reversed the trend slightly during the last year. For the other countries, the rate of growth remained relatively constant during the reform period.

In general, these reductions were of small magnitude. The limited impact on the wage bill for those few cases where results have been even modestly encouraging may be a function of the very low levels of employment cuts that countries are being asked and are willing to make. Indeed, it may well be that more serious impact can only be achieved through more drastic reductions.

It is also important to note that the saving achieved through government cuts were generally not sufficient to pay for the subsequent salary increases awarded to correct previous civil service wage erosion. Indeed, preliminary evidence from Ghana and the Gambia suggest that aggregate pay increases vastly outstrip the savings accrued by the retrenchment exercise. The discrepancy between the relatively small fiscal savings of retrenchment and the generous pay hikes is partially explained by the extreme wage erosion that had taken place in many countries in recent years. It is not likely that significant redress of this erosion could be achieved through anything less than massive employee lay-offs, the likes of which have not been contemplated or carried out in any of the present cases. Finally, most employment reduction has taken place at the lower pay levels of the civil service. This has tended to mitigate the financial impact of the redundancies.

Part B: THE LONG VIEW: CIVIL SERVICE MANAGEMENT

Short-term efforts to correct glaring and burdensome distortions in government pay and employment practices have clearly dominated the Bank's operational agenda in civil service reform. However, with the advancement or completion of emergency surgery, many governments -- with Bank support -- have begun to focus on longer term issues in civil service strengthening. The 'long view' transcends cost-containment to concentrate on detailed, slower-paced reforms aimed at improving levels of effectiveness and efficiency of government administrative systems. The grand objective of these 'rationalist' reforms is to create or strengthen a capacity for personnel policy formulation and for day-to-day management of the civil service. Underlying the longer-term approach is the recognition that shorter-term measures must be supported by institutionalized systems that can sustain ongoing reform.

To the extent that development management interventions are linked to policy-based reforms, they may be distinguished from the public administration assistance activities of other donors working in this field (particularly the United States Agency for International Development [USAID] and the United Nations Department of Technology, Co-operation and Development [UN-DTCD]). These latter have tended to engage in extensive, diffuse, training and improvement programs, often linked to particular projects, with little policy focus and few links to precise, measurable, institutional outcomes.

In essence, the Bank's long view, more 'rationalist' reform programs aim at:

* ~~installing in civil services~~ personnel information and management systems, more tightly linked to payrolls, and including clear and appropriate career development schemes;
* staff audits, to determine what personnel is on hand;
* improved training systems;
* revision, usually meaning simplification, of the legal framework governing the civil service; and
* getting the right people into the administration, partly by stronger incentives to attract and retain them, partly by changing objectives and procedures in an effort to make the work situation more challenging and rewarding.

Civil service management reform has been dealt with in a series of technical assistance projects of relatively recent origin. The main activities of these development management operations are outlined below. The discussion then raises a set of important implementational issues, and concludes by drawing the first discernable lessons from these operations' results.

Since 1981, approximately 23 TALs have supported civil service management reform programs.[14] Most, though not all, were in Sub-Saharan Africa. Most of the operations have been specifically linked to institutional reforms contained

[14] *Some of these TALs were only partially devoted to development management issues and thus cannot be strictly classified as development management projects.*

in SALs. (The remaining have been supposedly freestanding projects, but even a fair number of these have had an indirect relation to SAL reform programs.) There is no formal model for reform that can be applied uniformly across countries, but there are identifiable sets of activities which most of these projects have in common. These measures are presented below according to the phased order in which they usually occur in the reform process.

1. Components of Rationalist Reform Efforts

Data Collection and Analysis

In the least developed countries with weak reporting and records systems, the first need is to determine the facts; i.e. to determine the number, personal characteristics, skills, years of service, pay, etc., of the civil service. In some cases, there has been a coincidence of this data collection exercise and a civil service census (Mauritania, for instance). In others, such exercises may complement or supplant previous censuses which were methodologically flawed or did not go far enough in collecting pertinent information. This was the case for Ghana and the Gambia, for example.[15] While time-consuming and expensive, these data gathering and analysis exercises provide the data base for the establishment of effective records management practices. This means improving registry procedures and building systems for the ongoing collection, aggregation and analysis of personnel data. Even in the short run, a manpower data base for the civil service is essential to devising and implementing retrenchment strategies. They provide information that assists in the determination of priority areas or ministries to undergo functional reviews (discussed below), for example, or they help establish the scope for staff savings in various employment categories.

Introduction of Computerized Payroll Functions

Civil service management improvement programs financed by the Bank often have included support for the rationalization and computerization of the payroll mechanism, usually located in the Treasury in the Ministry of Finance. (Ghana, Senegal, Mauritania, Uganda are a few examples). In some cases this computerization has proceeded on its own; in others, the payroll system has been linked to the improved personnel management data base discussed above. Explicit links to the budget have also been forged. In several countries, implementation

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[15] *In Ghana, for example, the original 1986 civil service census and the manpower survey carried out by the Headcount Committee in 1987 to identify ghost workers were successful in indicating in broad terms the overall numbers and distribution of civil servants, but were technically flawed in other ways that limited their usefulness as a management tool. For example, the data were collected and stored manually, making aggregate analysis difficult and time-consuming; the "population" was not clearly defined so that it was not possible to tell exactly what the percentage coverage or response was; certain key pieces of summary personnel information were not collected; and, the surveys were "one-off" exercises with no provision for maintaining or updating information.*

of this integrated system has not been carried out, but the management TALs have provided support for studies to produce recommendations and the technical rationale for the implantation of such a network. The integration of the personnel data and the payroll and budgetary information is somewhat cumbersome administratively and institutionally as it involves the coordination of various organs: ministries of finance and civil service, statistical institutes, computation centers and technical line ministries are usually all involved. But comprehensive and sustained control over personnel management functions cannot occur without a linked system. Furthermore, the greater the degree of decentralization of personnel management, the more crucial an integrated network becomes. Most governments (and several donors) have been easily seduced by the appeal of computerized payroll systems, but there has been greater resistance to the notion of an integrated payroll-personnel management information system.

Functional Reviews

Functional reviews have been a common feature of Bank-sponsored civil service management reform efforts. Such reviews are in essence organizational audits on a sample or selected priority list of central government agencies. Their overall aim is to determine the appropriate match between types and numbers of staff, and tasks or functions of government. In adjusting countries, these reviews have sometimes been hurriedly devised and rapidly implemented. Thus, they have not always met the most rigorous standards of productivity measurement. Nonetheless, functional reviews do represent a rough, often best available, effort to determine the appropriate number of personnel and the type of skills necessary to carry out the organizational objectives of various component parts of government.

To some degree, the term, 'functional review' is a catchall for a range of related or similar activities, including:

* Job Inspections -- A job inspection program reviews the structure and staffing of agencies in government to determine: what work needs to be done to fulfill the organization's objectives; whether the organizational structure is appropriate for its activities; whether the staffing numbers, grades, and levels of responsibility are appropriate to the needs of the work; and, whether some degree of consistency is maintained across agencies.

* Organization and method studies constitute another instrument used in functional reviews. These are evaluations of the efficiency of a particular service provided in a similar way by several or many agencies, and where significant numbers of staff are employed. The aim is to identify main areas of weakness in performance, to find and remove bottlenecks, and, in sum, to simplify procedures. This process can yield significant staff savings as well as promote greater efficiency.

* A third technique used in functional reviews is budgetary analysis. This is an examination of financial data in an effort to pinpoint areas where manpower are being inefficiently employed. This, it is assumed, automatically identifies potential targets for budgetary savings. One approach is to undertake analysis by exception: for example, to pinpoint agencies where the proportion of personal emoluments to total expenditure is particularly high, or where trends in

personnel emoluments have deviated significantly from observed trends in other program expenditure.

* Functional reviews often use ratio analysis, a means of identifying potential problem areas requiring more detailed policy reviews. Ratio analysis is tailored to the precise functions and objectives of the organization or sector concerned. Typical examples include medical officer/bed ratios, teacher/non-teaching staff ratios, agricultural extension officer/population ratios, and cost of tax revenues collected/tax collector. These ratios are then reviewed against government targets to assist in highlighting regional disparities and, in particular, flagging areas of apparent staff shortages or surpluses relative to the average. Ratio analysis is indicative rather than conclusive; it indicates needs for more specific policy reviews, and ultimately to more detailed plans for recruitment, training and staff development. In the immediate, it helps identify functions which are obsolete, overlapping or otherwise redundant.

The findings of functional reviews lead to the next phase in the sequence of administrative rationalization; the matching of existing personnel to ideal needs. In principle, this should result in the identification and retention of those individuals with appropriate and needed skills. It should also lead to the reassignment (and perhaps retraining) of staff superfluous to the requirements of the agency under review, but who possess capacities and potential required elsewhere in the system. Finally, it should identify the individuals who are not needed, and should be dismissed or persuaded to leave voluntarily.

Functional reviews have been utilized in several countries (Ghana, Guinea, Benin, Gambia) to provide a technical basis for decisions concerning employment cuts. Although the heavily rationalist process described above suggests only an ideal type, functional reviews of the sort described have enhanced the credibility of redundancy programs, in Ghana and the Gambia, for example. In both countries, as part of the adjustment process, functional reviews were conducted over a period of a few months. They were mainly designed and administered by international consultants. In Ghana, the consultants, in conjunction with British Overseas Development Assistance (ODA)-sponsored overseas training, succeeded in transferring personnel review techniques to local staff in the Management Servicos Division of the Office of the Head of the Civil Service (OHCS). The result was that a corps of competent job inspectors was built from scratch. This successful transfer of technology turned out to be an important and positive feature of the program. It not only boosted professional pride in the OHCS, but also extended a sense of Ghanaian ownership to the redeployment program.

On the other hand, job inspectors were not the highest priority among the manpower requirements of the Ghanaian civil service. Presumably, the demand for these skills will diminish considerably -- though not disappear -- once the initial, cost-cutting phases of the redeployment program have been completed. In the Gambia, by contrast, virtually no on-site training of local staff was accomplished by the implementing consultants in the execution of functional reviews. The consultants attributed this admitted deficiency to a number of factors, including intense pressure to produce the reviews very quickly.

It is worth noting that in both the Ghanaian and Gambian cases, a substantial number of employment cuts (and certainly those effected in the first months of the reform programs) were made in advance of the findings of the functional reviews. However, these reviews did, reportedly, help in the justification and implementation of the second round of cuts. The reason is as follows: the second-round targeted reductions fell on areas of less obvious "fat," and the data and recommendations of the functional reviews provided decision-makers with "technical" and "objective" information with which to contest the various groups opposed to the staff cuts. In Senegal, a process akin to the functional reviews -- called organizational audits -- was carried out by the Office of Organization and Methods (BOM), a management training and trouble-shooting unit located in the prestigious Office of the President. The audits of BOM have progressed much more slowly than those performed by consultants, perhaps in part because of difficulties in winning the cooperation and support of key ministries in the endeavor. While there is an advantage to the national control of the Senegalese exercise, one must note the cost of the snail's pace at which policy actions stemming from these reviews have materialized.

Training

In-service training of civil servants either on-the-job, or in short courses abroad have been a feature of a number of civil service management projects. In several cases (Malawi, Mauritania) the main focus of projects has been on strengthening civil service training institutes. In Mauritania, a "training needs assessment" study was financed through the Development Management Project, and a twinning arrangement was established between the Institute of Public Administration in France and the National School of Administration (ENA) in Mauritania to carry out in-service training of higher level civil service personnel. The experience has been promising. ENA -- once a stale institution focused exclusively on pre-service training for new civil service recruits -- has turned its attention to improving the skills of government personnel already in service. Training is thus serving to reinforce government's commitment to improve quality and reduce quantity in the civil service.

In Malawi, the sole focus of an Institutional Development Project is the training of higher and middle level managers in the civil service. Increasing the modest national capacity for management training has long been viewed by Government as an extremely high priority. This view has come to be shared by the Bank, which has attributed recent implementation bottlenecks in adjustment programs to the severe shortage of trained personnel in the upper levels of the civil service. Thus, the project aims at the strengthening of the Malawian Institute of Management.

Involved Bank staff view this project as a necessary component to civil service management improvement. Still, they are quick to point out that training and skills improvement are necessary but not sufficient conditions for reform. The crucial fact remains that there are few incentives, financial or otherwise, for newly trained and presumably improved managers to return to the civil service. Thus, the next and necessary step will be to pursue improved personnel policies, incentive systems, pay and employment schemes, and performance evaluation. Most of the work on the project to date has been done under a Canadian twinning exercise which has worked well as a model for building training capabilities.

Special Incentive Schemes for Higher Level Civil Servants

Weak incentives systems mean weak civil services. As discussed earlier, "topping-up" mechanisms that circumvent civil service salary scales have been seen as a possible answer. They are used to attract and retain highly skilled professionals into government service, in particular so they may perform key economic recovery program tasks. Topping-up mechanisms were explicitly funded in two TALS: the Bolivia Economic Management Strengthening Operation (EMSO) funded a non-governmental agency -- a 'foundation' -- to channel pooled extra-budgetary resources for key posts; and the Ghana Structural Adjustment Institutional Support (SAIS) project created a Skills Mobilization Scheme to hire local consultants for government positions at salaries well over civil service levels. These schemes were aimed at creating something akin to the established and enduring U.S. Senior Executive Service. While they have succeeded in getting some skilled people into government service, they have so far been seen as short-term, incentive-boosting mechanisms, not as enduring institutions. Such instruments have been included in development management projects in an attempt to impose a modicum of order on the haphazard array of mechanisms created by governments (and often supported by donors) to circumvent civil service remuneration constraints.

Policy Studies

Studies aimed at providing a technical data base for personnel policy formulation have been an important component of many civil service reform operations. Development management projects have financed studies to examine current practices and recommend future actions on: salary policy, personnel management information system creation and maintenance, general employment policy, civil service training, and career development for civil servants. A number of studies have focussed on important but poorly understood topics, such as the system of fringe benefits and bonuses in Senegal. Most of these studies were intended to produce action programs specifying the needed and feasible steps of further reform.

It has been argued that studies have sometimes substituted for or delayed action, as in Bolivia and Senegal for example. The idea is that the Bank and governments use studies to avoid bringing a conflict, or potential conflict, to a damaging head. This cynicism is not entirely justified, however; studies have often produced serious thought about important and contentious personnel issues, including what is the appropriate and affordable role for state agencies, and what is the proper size and cost of the civil service. Studies have supplied recommendations that form the concrete basis for Bank-country dialogue on these topics.

2. Implementation Issues and Lessons in Development Management

Although many of the activities discussed in the preceding section have just begun to be implemented, several issues meriting attention have already emerged. The discussion that follows highlights the key points; those raised most frequently by Bank staff working on these projects.

One perhaps unavoidable but nonetheless worrisome feature of these development management operations is the short-term perspective on which they are based; i.e., the quite limited extent to which they have begun to address the longer-term management issues. As noted, the bulk of supported activities assists SAL cost-containment measures. The emphasis on the short-term is understandable but costly. It often comes at the expense of attention to long-term strategy and the need to build enduring, sustainable management systems. In Ghana, for example, with the exception of preparing job inspectors to carry out tasks in support of the retrenchment exercise, little training to build up basic administrative skills of the civil service has yet taken place. In Guinea, the prime goal of TAL I was to reduce numbers in the civil service. So far, there has been little support for the resolution of longer-term, structural wage issues. A census of the civil service was performed, but there has not yet been a follow-up to build an information management system to install modern, impartial personnel review and control practices. In the Gambia, the follow-up staff inspection program which was to be carried out by trained Gambians under the supervision of ODA long-term technical advisors in the post-retrenchment period has ground to a halt, possibly due in part to this failure to internalize these activities in the earlier phases of the reform process, and to the lack of commitment to long-term administrative reform by both government and the Bank.

As noted, in several instances computerized data management systems have been installed for personnel records and these systems have been linked to the payroll and the budget. This is an accomplishment. But the absence of a strategic framework for ongoing civil service management is troublesome. In the Central African Republic, for example, concerns have been expressed about inadequate attention to factors essential to civil service performance improvements: career development, training, incentive structures, performance evaluation systems, etc. The fear is that unless such changes are implemented, even a smaller civil service will remain unproductive. The fundamental questions are the long-term ones: What kind and size of civil service does the country need? How should it plan to get there? What should be the ultimate purpose of the reviews of the various legal texts regarding the wage system, the indemnity system, the rights and responsibilities of civil servants over the long haul?

The absence of a strategy has not always been due to the overriding nature of short term SAL demands or the assumption that cost containment is everywhere and always the first priority. In some instances it has been due to a deficit of vision or coherence in the reform program itself. In Jamaica, for example, the Administrative Reform Project consisted of a series of largely uncoordinated activities -- including revision of classification systems and pay surveys -- the strategic value of which was not clearly defined.

There have been cases in which aversion to strategic considerations was the product of conscious choice. In Bolivia, creating a pool of comparatively skilled and well paid civil servants, to fill key government posts, was accomplished -- without enormous difficulties -- through the Economic Management Support Operation (EMSO). But government interest in larger policy questions (or even studies) on such questions as overall pay and employment levels, or career development policies, was conspicuously absent. According to observers, government reticence could be traced to the political implications of personnel policy reform: the rationalization of civil service incentives and employment policies would eliminate political patronage opportunities which are alternatively distributed to the 'ins' and 'outs' during electoral transitions. There is thus no clear constituency for restructuring the system.

In some cases, strategic policy concerns have been crowded out by components the usefulness of which is more immediately apparent to governments. In Mauritania, for example, computerization of the personnel management system, which enjoys considerable government commitment, has been proceeding on schedule. But a number of delays have taken place in the preparation of a series of policy studies. It may be that changes in administrative technology are perceived as less threatening politically than overt examination of existing policies (even though the application of the technology may render transparent abuses and fraud by exposing 'ghost' workers and double salaries, etc.)

Efforts in these operations have concentrated on reforming systems in the core ministries of finance and civil service. The costs and benefits of establishing clear linkages between central ministries and decentralized organs have not been well addressed. In the Jamaica Administrative Reform Project, for example, decentralized personnel units were to be set up in line ministries to coordinate with the central Ministry of the Public Service. However, training of sectoral ministry staff never occurred, as the central ministry was loathe to relinquish control of personnel administration.

The question of 'appropriate technology' and the capacity of borrowers to internalize new management systems and procedures has been an issue in several civil service management operations. Ghana and Mauritania provide two contrasting experiences in this regard. In Mauritania, computerization of the personnel management system occurred through the application of a technical package that was developed through elaborate fine-tuning by Tunisian consultants, contracted through a twinning arrangement between their government and the Ministry of the Civil Service. Intensive interaction over a period of many months resulted in a system neatly tailored to the Mauritanian context. Mauritanians were carefully trained, and by the end of a year, were ready to take over the system. Bank staff report that the twinning approach worked so well in Mauritania because of the cultural affinity between the Tunisians and the Mauritanians; and because the Tunisians had just installed a similar system in their own country. From the outset, this system was designed to be comprehensive, connecting the payroll and the personnel records of the Ministry of the Civil Service. The design of a comprehensive system grew out of a detailed diagnostic study undertaken as part of Bank sector work on public sector management in Mauritania. Adequate preparation, detailed diagnosis, appropriate technology, sensitively delivered: these are the building blocks of success.

In Ghana, by contrast, the link between the computerized payroll system -- completed early in the adjustment program because of its importance to demand management -- and a proposed computerized personnel management system came as an afterthought. Where the Tunisians had carefully crafted a package for the particular needs of the Mauritanians, the expatriate consultants working in Ghana proposed an off-the-shelf-technology, estimated to take only six months to install. The establishment of the linkage is, at time of writing, underway; and it may well work. Still, it seems likely that there will be a tradeoff between speed of installation and the degree of internalization among Ghanaians.

The simple and obvious lesson to be drawn from these contrasting experiences is that different circumstances dictate different approaches. Mauritania was ready from the outset for a comprehensive approach, in part because of earlier diagnostic work and in part because of the good will toward the Tunisian consultants. Although successive changes in the Minister of the Civil Service created discontinuities, the degree of consensus-building necessary among various parts of government to win support for the project was relatively modest. Ghana presented a much more fractious and fragmented context, in which each step of the reform program had to be sold to a widely diverse constituency. It is unlikely, given the initial resistance to reform, that the Ghanaians would have "bought" a comprehensive personnel system as part of a grand civil service reform strategy so early in the reform program. Indeed, a good deal of the work of the consultants in Ghana -- which overall has been performed quite successfully -- has been gradually to gain the confidence of their counterparts and thereby build support for the reform program.

The <u>relationship between development management efforts in TALs and SALs</u> is an issue raised by Bank staff. Many complained that SALs pushed these development management operations too fast. Most estimated that the time officially allocated for activities was about half of what was actually required for implementation. The other horn of the dilemma is that TALs not linked to SAL conditionality were viewed as "toothless," and implementation of these freestanding projects was made that much more difficult. Thus, in civil service reform the Bank seems faced with a difficult trade-off between realistic, longer-term timetables and leverage.

In a number of instances, <u>the sequencing of reforms through TALs</u> was haphazard. Sometimes, a component could not proceed because an unrelated aspect of the TAL or the companion SAL would be delayed, thus holding up loan effectiveness or disbursement. This sometimes seriously threw the phasing of the civil service reform items off-balance. In some instances, sequencing of activities had to be altered because the time required to build consensus among key actors had been seriously underestimated. In other cases, the Bank's understanding of the network of principal institutional players was inadequate. In at least one instance support for a component was mistakenly negotiated with the wrong agency.

The <u>relationship between the Bank and other donors</u> has figured importantly in development management operations. Other donors such as the UN/DTCD and USAID have been active on these issues in a number of countries in which the Bank is supporting civil service reform. (Guinea, Ghana, Bolivia and Uganda are examples). The lack of coordination or a clear division of labor among these efforts has resulted in overlapping or conflicting agendas, where there should be complementarity. Lack of agreement about terms-of-reference for consultants, operating schedules and styles has presented problems -- with varying degrees of seriousness -- in Jamaica, Gambia and Ghana, for example. Delays in project implementation have ensued.

The familiar lament that staff weeks for supervision were inadequate to implementation requirements was particularly poignant for these operations. This was true for Bank staff time and for expert consultancies. For some aspects of development management, such as the computerization of payroll and personnel records schemes, specialized skills have to be sought outside the Bank; but in several cases, resources were not available and therefore generalist Bank staff were forced to supervise -- often inadequately, they felt -- highly technical components.

3. Observations

What the above discussion of experience suggests is that this group of development management operations constitute a first generation of projects whose objectives are, for the most part, tied to the overall agenda of SALs. As such, they have only begun to scratch the surface of what is required to construct (and sometimes reconstruct) well-managed and well-performing civil services. Indeed, for the most part, Bank interventions in this area have left untouched a wide range of longer-term, structural issues whose resolution is essential to sustainable improvements in government administrative capacity. These include the reform and institutionalization of systems, procedures and, most importantly, incentive structures. This study shows that as the shorter-term reforms are played out, the need to affect these underlying systemic problems through second and third generations of projects is becoming more evident, as is their complexity. The uncertain and sometimes apparently intractable nature of these issues has already felled one successor administrative reform project in Jamaica, where the Bank is now pursuing a more narrow approach to institutional development through a financial management project to follow upon the first Administrative Reform Project.

A key conclusion is that avoiding civil service management problems will not make them go away. Some staff argue that the inherently complex and uncertain nature of civil service reform places the field outside the Bank's comparative advantage. They argue, or hope, that on this issue the Bank should confine itself to assisting in the definition of economically rational policies; i.e., the appropriate and affordable size of the wage bill. But it is wishful thinking to believe that one can separate the formulation of policy from its implementation. For prime example, the Bank cannot simply identify X thousand surplus personnel, and then assume that the totality of the job of removing them will be carried out by the government or a bilateral donor. The challenge for the Bank is to design projects which have measurable short-run cost-containment outputs, but to do so in the context of a strategy to solve the more fundamental management problems in the long run.

Part C: Conclusions

Despite the oft-mentioned data constraints affecting the subject and the findings of this paper, some lessons to guide present and future civil service reform are emerging. These can be summarized as follows:

* The impact of Bank programs to contain the cost and size of civil services through emergency pay and employment reforms has so far been negligible. Efforts in most countries to reduce the wage bill and to decrease the number of civil service employees have yielded minimal results. Moreover, attempts to correct distortions in the structure of pay and employment through the decompression of wages and the rationalization of the remuneration system have had but limited success. This disappointing record suggests that reforms to date have been insufficiently ambitious in scope to bring about the degree of change that is needed. Meaningful change is going to require more forceful reforms.

* The question of whether more aggressive reforms are feasible is partly a technical but mainly a political issue. As mentioned in earlier sections of this paper, the political economy of pay and employment reforms needs further conceptual and analytical work. Nonetheless, it is possible to hypothesize from the few examples of countries where programs have been carried out that the political costs of implementing pay and employment reforms have been lower than most governments (and perhaps even the donors) had anticipated. Organized opposition to reforms has not resulted in regime destabilization, and social upheaval as a result of dismissals has not occurred. In part, this may have been a function of the surprising capacity of private sector labor markets -- particularly in agricultural and informal sectors, and particularly, but not exclusively in Africa -- to absorb surplus government workers. It may also have been a function of the unexpectedly good handling of political factors, including the skill with which regimes generated supporting coalitions and managed contesting groups, for example.

What this suggests is that quite possibly regimes can (for political reasons) and must (for economic reasons) make deeper cuts. How far any given government can push these reforms is, of course, unknown. But the relatively mild consequences of the minimal reforms undertaken so far can, it is hoped, influence governments' perceptions of political risk and encourage them to take bolder actions in the future.

* Most of the middle-range employment reduction mechanisms such as voluntary departure schemes and early retirement programs may be useful and politically astute, when applied in combination with more stringent retrenchment measures. But they have not yet proven to be effective in reducing employment in any significant manner. Thus, they do not provide a substitute for biting the bullet through explicit dismissals.

* Technical analysis and support activities such as functional reviews and competency testing, for example, have been useful in providing a rational

basis for cost-containment measures. Their major contribution, however, may be the symbolic assurance they provide that the reform process has been undertaken with fair and equitable intentions.

* Retraining, redeployment, credit and public works programs for redundant employees have certainly had a utility, but one more symbolic and political than economic. From a financial and technical perspective such programs have had limited impact and have proved administratively difficult.

* Some Bank supported reform programs have promoted interim solutions to pay and employment problems through specialized incentive schemes for topping up executive level salaries for key government posts, or, more broadly, by widely supplementing civil service salaries through donor financed activities. Most observers familiar with the use of these mechanisms recognize their limitations and costs. The problem is that neither hard-pressed governments nor operational staff have alternative means as their disposal. Still, what must be recognized is that these salary supplement methods do not provide enduring answers to the fundamental problems of civil service incentives; indeed, they ultimately undermine the likelihood of devising a durable solution. The Bank should not encourage or support such mechanisms in the absence of an action strategy for long-term structural reforms in government pay and employment policies.

* Most Bank activities in civil service reform have concentrated, understandably, on the short-term cost-containment measures. Considerably more emphasis will have to be given to longer-term management issues if sustained improvement in government administrative capacity is to take place. The first generation of development management projects now underway have taken an important step in this direction. More attention needs to be paid to devising a coherent, over-arching strategy for civil service reform, and detailing the set of tactics by which the strategic goals will be achieved.

* Technical Assistance Loans dealing with civil service management issues require more staff supervision time and more resources for specialized expertise than has previously been allocated. Most estimates suggest that these factors need to be more or less doubled to ensure successful implementation.

* Technical Assistance Loans in Development Management require more time to prepare and implement than do infrastructure projects. While this is well-recognized, they are too often short-changed in this regard by their dependence on both the scheduling and substantive requirements of structural adjustment lending. On the other hand, such TALs profit from the association with both the policy focus and the increased leverage that SALs provide. Without SALs, many civil service reforms in TALs have no 'teeth'.

* Many of the institutional obstacles to carrying out vitally needed civil service reforms can seem overwhelming and insuperable, especially when confronting the 'long-haul' problems. Indeed, the mixed record so far on many of these issues could discourage further efforts. A frequently observed response to this state of affairs has been to decry the Bank's lack of 'comparative advantage' in this field. But a retreat from civil service management reform is tantamount to a denial of the crucial importance of government administrative capacity to implement economic and social programs. A more realistic approach

is to try to learn through trial and error how to make such programs work better.

TABLE 1

BANK OPERATIONS WITH CIVIL SERVICE REFORM COMPONENTS
1981 - 1989

Country	Ln/Cr Type	Ln/Cr Number	Approval Date	Ln/Cr Amount (US$m)
CAR	TAL	Cr 1150	81/05	4.00
CAR	TAL	Cr 1581	85/04	8.00
CAR	SAL I	Cr 1732	86/09	14.00
CAR	SAL II	Cr 1916	88/06	40.00
CAR	Eco Mgt project	Cr 1971	88/12	13.20
Mali	TAL	Cr 1307	82/12	10.40
Uganda	TAL II	Cr 1434	83/12	14.20
Uganda	ERP	Cr 1844	87/09	65.00
Guinea	TAL	Cr 1559	85/03	9.50
Guinea	SAL I	Cr 1659	86/02	25.00
Guinea	SAL II	Cr 1926	88/06	35.00
Guinea	II Eco Mgt Support	Cr 1963	88/11	14.50
Mauritania	SAL	Cr 1812	87/06	15.00
Mauritania	Devt Mgt	Cr 1865	87/12	10.00
Togo	SAL II	Cr 1599	85/05	27.80
Togo	TAL III	Cr 1600	85/05	6.20
Malawi	SAL III	Cr 1644	85/12	30.00
Malawi	ID Project	Cr 2036	89/06	11.30
Niger	SAL	Cr 1660	86/02	20.00
Senegal	SAL II	Cr 1656	86/02	20.00
Senegal	SAL III	Cr 1802	87/05	45.00
Senegal	Devt Mgt	Cr 1910	88/05	17.00
Gambia	SAL I	Cr 1730	86/08	5.00
Gambia	SAL II	Cr 2032	89/06	23.00
Ghana	Pub Adm		81/12	
Ghana	SAL I	Cr 1777	87/04	34.00
Ghana	SA Inst Support	Cr 1778	87/04	10.80
Ghana	SAL II	Cr 20015	89/04	120.00
Guinea Bissau	SAL I	Cr 1798	87/05	10.00
Guinea Bissau	TAL II	Cr 1935	88/06	9.70
Guinea Bissau	SAL II	Cr 2019	89/05	23.40
Sudan	PE & Eco Mgt Project	Cr 1789	87/05	9.00
Zaire	SAL	Cr 1831	87/06	55.00
Zaire	Eco mgt & ID	Cr 1832	87/06	12.00

TABLE 2

BANK OPERATIONS WITH CIVIL SERVICE COMPONENTS BY LENDING INSTRUMENTS AND REGION

REGION	SALs	TALs	TOTAL
Africa	23	18	41
LAC	7	4	11
EMENA	4		4
Asia	4	1	5
Total	38	23	61

TABLE 3

COMPONENTS OF CIVIL SERVICE REFORM

Studies Diagnostics	CS Census Survey/Head Count/ Functional Review	Data Collection/ MIS/Mechanization of Pers. Mgmt Functions	Reform Wage & Salary Structure (Decompression, Grading, Freezing Cutting Wage Bill)	Reduction/ Enforcement of retirement age/ Freeze/Cut Employment	Voluntary Departure/ Redeployment Training/ Compensation/ Severance	Create/Change/ Strengthen Personnel Mgmt Institutions, Commissions, Etc
Bangladesh IPC	CAR SAL	Bangladesh PA	Bangladesh IPC	Bolivia	Bolivia REC	Bangladesh PA
Bangladesh PA	CAR TAL I	CAR SAL	Bangladesh PA	CAR SAL	CAR SAL	CAR SAL
CAR SAL	Gambia SAL	CAR TAL II	Bolivia	Costa Rica SAL	CAR TAL II	CAR TAL II
Costa Rica TAL	Ghana TAL	Ghana SAL	CAR SAL	Gambia SAL	Costa Rica SAL	Gambia SAL
Guinea TAL	Guinea SAL	Ghana TAL	Costa Rica TAL	Ghana SAL	Gambia SAL	Ghana SAL
Haiti SAL	Jamaica SAL II	Mali TAL	Gambia SAL	Ghana TAL	Ghana SAL	Ghana TAL
Jamaica PA	Uganda ERC	Mauritania SAL	Ghana SAL	Guinea SAL	Ghana TAL	Guinea SAL
Jamaica SAL III	Uganda TAL II	Mauritania TAL	Ghana TAL	Guyana SAL	Guinea SAL	Jamaica PA
Mauritania PE	Congo SAL	Senegal SAL	Guinea SAL	Haiti SAL	Guyana SAL	Jamaica SAL III
Mauritania TAL	Senegal SAL III	Senegal TAL	Haiti SAL	Haiti TAL	Haiti TAL	Mali TAL
Niger SAL	Mauritania SAL		Haiti TAL	Mauritania SAL	Mauritania TAL	Mauritania TAL
Peru TAL	Bolivia		Jamaica PA	Niger SAL	Senegal SAL II	Peru TAL
Senegal SAL III	Guinea Bissau SAL		Jamaica SAL III	Senegal SAL II	Guinea Bissau SAL	Senegal TAL
Sri Lanka UNDP			Mauritania SAL	Turkey SAL II	Laos SAL	Togo TAL III
Thailand SAL I			Mauritania TAL	Turkey SAL III	Cameroon SAL	Turkey SAL V
Thailand SAL II			Niger SAL	Uganda ERC	Congo SAL	Uganda TAL II
Togo TAL III			Peru TAL	Congo SAL	Benin SAL	
			Senegal SAL	Gabon SAL		
			Sierra Leone TAL	Sao Tome & Principe SAL		
			Thailand SAL I	Cameroon SAL		
			Thailand SAL II	Gabon SAL		
			Togo TAL III	Costa Rica SAL		
			Uganda ERC*	Nepal SAL		
			Sao Tome & Principe SAL	Benin SAL		
			Cameroon SAL	Congo SAL		
			Gabon SAL	Guinea Bissau SAL		
			Tunisia SAL			
			Uruguay SAL			
			Benin SAL			
			Dominica SAL			
			Congo SAL			
			Zaire SAL			

Table 4

EMPLOYMENT REDUCTION MECHANISMS FOR SELECTED COUNTRIES

COUNTRY	GHOST REMOVAL	ENFORCED/EARLY RETIREMENT	VOLUNTARY DEPARTURE	RETRENCHMENT	TEMPORARY EMPLOYEES	OTHER MECHANISMS	TOTAL
Mali			600				600
Ghana	11000 \a	4235		27791			43026
Guinea	1091 \b	7378	7320	4265		14487 \c	34529
CAR	2950 \d		1200	350-400			4500-4550
Gambia				750	2600		3350
Uganda	30000 \e						
Cameroon	5830 \d	5000					10830

\a This figure has been claimed by Government but not validated in technical analysis
\b Refers to the ghosts in Guinea Conakry
\c Other Mechanisms in the case of Guinea refers to the personnel bank and the staff laid off from the state-owned enterprises
\d Refers to elimination of ghosts and double payments
\e Refers to ghosts identified

Sources: "Review and Evaluation of Ghana's Civil Service Reform Program, 1987 - 1989", J. Tait Davis, "L'Adjustement des effectifs et des salaires de la fonction publique", Guido de Weerd (Guinea), Interviews with country staff and Public Sector Pay and Employment", Phase I Study, The Gambia Administrative Reform Program, F.J. Glynn

TABLE 5

SEVERANCE FORMULAE FOR SELECTED COUNTRIES

Country	Formula	
Ghana	4 months basic salary	
End of Service award	2 months basic salary on termination times completed years of service	
Guinea Bissau	1 year's salary paid on a monthly basis	
Central African Republic	40 months salary and all cumulated employee contribution towards the pension fund	
Laos	1 year's salary	
Guinea	Grade related amounts	
	Amount	Index
	400000	207-312
	450000	332-560
	500000	580-773
	550000	787-1050
	600000	1129-1347
	650000	1406-1525
	700000	1604-1980
	750000	2139-2614
	800000	Above 2164

Sources: Country Staff & Recuil des Textes Statutaires de la Fonction Publique Guineenne

TABLE 6

COMPOSITION OF CIVIL SERVICE REMUNERATION FOR SELECTED COUNTRIES
SALARY VS NON WAGE BENEFITS

Country	Year	Benefits as % of total compensation	Salary as % of total compensation
Gambia	1982	11.93	88.07
	1983	12.24	87.76
	1984	12.63	87.37
	1986	15.65	84.35
	1987	20.57	79.43
	1988	21.88	78.12
Senegal	1980/85	25.37	74.63
	1988	44.86	55.14
	1989	43.00	57.00
CAR	1984	38.00	62.00
	1985	40.00	60.00
	1986	43.00	57.00
	1987	41.00	59.00
Cameroon	1987	19.00	81.00
	1987/88	19.00	81.00
Bolivia	1982	70.00	30.00
Laos		90.00	10.00

Sources: Country staff, Staff estimates, Coopers & Lybrand report "Efficacite de la Fonction Publique Programme de Reduction" (Senegal), Data provided by the Gambian authorities.

Country	Ln/Cr Type	Ln/Cr Number	Approval Date	Ln/Cr Amount (US$m)
Sao Tome & Principe	SAL	Cr 1825	87/06	4.00
Congo	SAL	Ln 2866	87/06	70.00
Gabon	SAL	Ln 2933	88/04	50.00
Gabon	TAL	Ln 3114	89/08	5.00
Benin	SAL	Cr 2023	89/06	45.00
Cameroon	Eco mgt Project	Ln 3110	89,07	9.00
Cameroon	SAL	Ln 2866	89/07	70.00
Thailand	SAL I	Ln 2097	82/03	304.50
Thailand	SAL II	Ln 2256	83/03	175.50
Bangladesh	PA	Cr 1349	83/04	12.00
Bangladesh	IPC 13	Cr 1655	86/02	200.00
Laos	SAL	Cr 2037	89/06	40.00
Turkey	SAL II	Ln 1987	81/05	300.00
Turkey	SAL IV	Ln 2321	83/06	300.80
Turkey	SAL V	Ln 2441	84/06	376.00
Tunisia	SAL	Ln 2962	88/06	150.00
Guyana	SAL	Ln 1948	81/02	14.00
Peru	PSM	Ln 2204	82/09	10.20
Jamaica	SAL II	Ln 2315	83/06	60.20
Jamaica	PA	Ln 2423	84/05	4.50
Jamaica	SAL III	Ln 2478	84/11	55.00
Costa Rica	SAL I	Ln 2518	85/04	80.00
Costa Rica	TAL	Ln 2519	85/04	3.50
Costa Rica	SAL II	Ln 3005	88/12	100.00
Bolivia	RIC	Cr 1703	86/05	55.00
Bolivia	Eco Mgt strengthening	Cr 1977	88/12	9.70
Dominica	SAL	Cr 1817	87/06	3.00

TABLE 7

WAGE COMPRESSION RATIOS FOR SELECTED COUNTRIES

Country	Year	Compression Ratio
Gambia	1985	8.5 : 1
	1988	5.7 : 1
CAR	1985	9.4 : 1
	1988	9.0 : 1
Mauritania	1975	6.9 : 1
	1985	3.0 : 1
Guinea	1985	8.7 : 1
	1987	3.8 : 1
	1988	4.5 : 1
	1989	4.6 : 1
Guinea Bissau	1988	5.2 : 1
	1989	4.0 : 1
Laos	Pre-1988	3.0 : 1
	1988	6.6 : 1
Ghana	1984	5.7 : 1
	1989	7.8 : 1
Mali	1985	16.5 : 1
Niger	1975	18.2 : 1
	1985	14.8 : 1
Senegal	1980	7.8 : 1
	1982	7.3 : 1
	1983	6.8 : 1
	1985	6.5 : 1
Togo	1985	12.0 : 1
Uganda	1983/84	5.9 : 1
Zaire	1985	47.2 : 1
Burundi	1984	17.0 : 1
Cameroon	1989	22.0 : 1

Sources: Country staff, Departamento de Informatica (Guinea Bissau) and data provided by the Gambian authorities, Preliminary data from D.Robinson: Civil service pay in Africa (Geneva, ILO, forthcoming)

TABLE 8

GOVERNMENT WAGE TRENDS FOR SELECTED COUNTRIES

COUNTRY	1980	1981	1982	1983	1984	1985	1986	1987	1988
Bolivia (Thousands of real Bolivianos)									
Wages and Salaries (1980=100)	10106.19	8341.13	7603.88	6640.29	6735.33	7662.10	5206.07	6101.65	6594.24
Materials and Supplies	1181.85	1699.22	1035.53	1090.06	1025.45	1389.28	1656.78	1441.22	1219.
Total Expenditures	19079.00	13893.40	11791.00	11091.50	11148.70	12657.00	10862.90	13247.90	11450.60
W&S/Current Expenditure (%)									
M&S/Current Expenditure (%)									
W&S/Total Expenditures (%)	52.97	60.04	64.46	59.87	60.39	60.54	47.93	46.06	57.59
M&S/Total Expenditures (%)	6.19	12.23	8.78	9.83	9.20	10.98	15.25	10.88	10.65
W&S/Total Revenue (%)									
M&S/Total Revenue (%)									
CAR (Billions of CFA Francs)									
Wages and Salaries	18.70	21.70	23.70	23.90	23.40	24.30	24.88	25.44	25.1
Goods and Services	6.80	6.60	6.90	8.00	5.60	5.54	6.74	7.68	8.2
Current Expenditure			36.40	38.60	37.00	38.32	40.20	42.27	43.5
Total Expenditure					64.67	83.21	85.10	84.66	84.2
Total Revenue			35.80	36.50	39.50	41.64	40.10	38.14	40.6
W&S/Current Expenditure (%)			65.11	61.92	63.24	63.94	61.89	60.18	58.18
G&S/Current Expenditure (%)			18.96	20.73	15.14	14.46	16.77	17.70	19.20
W&S/Total Expenditures (%)					36.34	29.44	29.24	30.05	30.18
G&S/Total Expenditures (%)					8.66	6.66	7.92	8.84	9.85
W&S/Total Revenue (%)			66.20	65.48	59.24	58.81	62.04	66.70	62.4
G&S/Total Revenue (%)			19.27	21.92	14.18	13.30	16.81	19.61	20.3
Cameroon (Billions of CFA Francs)									
Wages and Salaries			172.60	220.00	224.50	280.00	265.00		
Goods and Services									
Current Expenditure			392.80	440.50	455.50	533.50	479.80		
Total Expenditure			725.00	866.50	926.40	1228.80	796.80		
Total Revenue			722.60	736.50	911.40	765.00	625.00		
W&S/Current Expenditure (%)			43.94	49.94	49.29	52.48	55.23		
G&S/Current Expenditure (%)									
W&S/Total Expenditure (%)			23.81	25.39	24.23	22.79	33.26		
G&S/Total Expenditure (%)									
W&S/Total Revenue(%)			23.89	29.87	24.63	36.60	42.40		
G&S/Total Revenue (%)									
Congo (Billions of CFA Francs)									
Wages and Salaries						79.20	77.08	76.60	
Goods and Services									
Current Expenditure									
Total Expenditure									
Total Revenue									
W&S/Current Expenditure (%)									
G&S/Current Expenditure (%)									
W&S/Total Expenditure (%)									
G&S/Total Expenditure (%)									
W&S/Total Revenue(%)									
G&S/Total Revenue (%)									
Costa Rica (Millions of Colones)									
Wages and Salaries	2936.00	3501.00	5044.00	7730.00	9822.00	10981.00	13631.00	15611.00	18983.00
Goods and Services	303.00	426.00	669.00	1138.00	1468.00	1803.00	2012.00	2388.00	3230.00
Current Expenditure	6352.00	8663.00	15072.00	20953.00	26384.00	30144.00	36859.00	43629.00	53906.30
Total Expenditure	8332	10769	17284	26066	31978	35946	46277	50355.00	61645.30
Total Revenue	5053.00	7770	14028	21417	27012	32005	38030	44642.00	54200.00
W&S/Current Expenditure (%)	46.22	40.41	33.47	36.89	36.94	36.43	37.04	35.78	35.22
G&S/Current Expenditure (%)	4.77	4.92	4.44	5.53	5.49	5.98	5.46	5.47	5.99
W&S/Total Expenditure (%)	35.24	32.51	29.18	29.68	30.71	30.55	29.50	31.00	30.79
G&S/Total Expenditure (%)	3.64	3.96	3.87	4.45	4.57	5.02	4.35	4.74	5.24
W&S/Total Revenue(%)	58.10	45.06	35.96	36.09	36.36	34.31	35.90	34.97	35.02
G&S/Total Revenue (%)	6.00	5.48	4.77	5.41	5.41	5.63	5.29	5.35	5.96

COUNTRY	1980	1981	1982	1983	1984	1985	1986	1987	1988
Mali (Billions of CFA Francs)									
Wages and Salaries	24.80	27.30	30.20	33.20	35.90	38.40	39.40	39.20	
Materials and Supplies	8.20	8.60	9.10	11.30	8.10	10.10	10.30	10.30	
Current Expenditure	40.10	42.30	45.90	51.40	56.10	62.70	62.40	62.30	
Total Expenditure	93.7	92.2	109.0	116.4	143.4	160.4	147.8	146.60	
Total Revenue	46.4	49.9	54.1	61.9	71.0	94.4	89.2	85.60	
W&S/Current Expenditure (%)	61.85	64.24	65.80	64.59	63.99	61.24	63.14	62.60	
M&S/Current Expenditure (%)	20.45	20.24	19.83	21.98	14.44	16.11	16.83	16.85	
W&S/Total Expenditures (%)	26.47	29.61	27.71	28.52	25.03	23.94	26.66	26.60	
M&S/Total Expenditures (%)	8.75	9.33	8.35	9.71	5.65	6.30	7.10	7.16	
W&S/Total Revenue (%)	53.45	54.71	55.82	53.63	50.56	40.68	44.17	45.56	
M&S/Total Revenue (%)	17.67	17.25	16.82	18.26	11.41	10.70	11.77	12.27	
Niger (Billions of CFA Francs)									
Wages and Salaries					24.90	25.80	28.30	30.30	33.80
Goods and Services					42.60	46.20	47.90	49.40	51.30
Current Expenditure					70.10	75.00	76.10	78.20	79.43
Total Expenditure					123.60	137.90	134.80	131.80	139.43
Total Revenue					69.90	74.10	75.70	68.20	[illegible]
W&S/Current Expenditure (%)					35.52	34.40	37.19	38.75	42.57
G&S/Current Expenditure (%)					60.77	61.60	62.94	63.17	64.61
W&S/Total Expenditure (%)					20.15	18.71	20.99	22.99	24.23
G&S/Total Expenditure (%)					34.47	33.50	35.53	37.48	36.80
W&S/Total Revenue(%)					35.62	34.82	37.38	44.43	48.29
G&S/Total Revenue (%)					60.94	62.35	63.28	72.63	73.29
Senegal (Billions of CFA Francs)									
Wages and Salaries	78.30	83.30	92.70	100.40	106.60	111.80	119.80	122.30	125.[illegible]
Goods and Services	34.80	30.30	36.90	35.40	33.50	40.90			
Current Expenditure					172.77	179.17	193.23	198.54	248.21
Total Expenditure					217.11	220.51	232.62	244.60	248.21
Total Revenue	125.50	131.90	175.70	189.40	203.82	218.79	251.15	251.65	273.[illegible]
W&S/Current Expenditure (%)					61.70	62.40	62.00	61.60	50.40
G&S/Current Expenditure (%)									
W&S/Total Expenditure (%)					49.10	50.70	51.50	50.00	50.[illegible]
G&S/Total Expenditure (%)									
W&S/Total Revenue(%)					52.30	51.10	47.70	48.60	45.80
G&S/Total Revenue (%)									
Togo (Billions of CFA Francs)									
Wages and Salaries			28.70	27.80	27.80	28.80	34.20	35.40	
Materials and Supplies			8.10	9.60	13.00	15.70	21.00	17.40	
Current Expenditure			54.40	56.10	56.20	65.20	72.00	72.00	
Total Expenditure									
Total Revenue									
W&S/Current Expenditure (%)			52.76	49.55	49.47	44.17	47.50	49.17	
M&S/Current Expenditure (%)			14.89	17.11	23.13	24.08	29.17	24.17	
W&S/Total Expenditures (%)									
M&S/Total Expenditures (%)									
W&S/Total Revenue (%)									
M&S/Total Revenue (%)									
Uganda (Millions of new Ugandan shillings)									
Wages and Salaries	64.00	70.00	126.00	440.20	535.00	1159.00	3700.00		
Goods and Services									
Current Expenditure	308.20	536.00	695.20	1568.40	3516.60	6788.00	24744.00		
Total Expenditure	535.2	720.9	1154.3	2397.0	4722.0	10931.0	42049.00		
Total Revenue	243.9	526.1	929.4	1620.9	2845.3	5870.4	24870.00		
W&S/Current Expenditure (%)	20.77	13.06	18.12	28.07	15.21	17.07	14.95		
G&S/Current Expenditure (%)									
W&S/Total Expenditures (%)	11.96	9.71	10.92	18.36	11.33	10.60	8.80		
G&S/Total Expenditures (%)									
W&S/Total Revenue (%)	26.24	13.31	13.56	27.16	18.80	19.74	14.88		
G&S/Total Revenue (%)									

Sources: "Review and Evaluation of Ghana's Civil Service Reform Program, 1987 - 1989," J. Tait Davis. Ministries of Planning, Commerce and Tourism (Guinea Bissau), and Bank staff estimates. Draft PER (Togo, Cameroon). Statistical Institute of Jamaica. Ministry of Finance and Planning and Fund estimates (Jamaica). Data provided by the Niger and Gambian authorities.

COUNTRY	1980	1981	1982	1983	1984	1985	1986	1987	1988
Guinea (Billions of Guinean Francs)									
Wages and Salaries	*3.40	3.79	4.26	4.50			18.20	21.30	36.80
Goods and Services							45.80	51.80	37.70
Current Expenditure							86.70	106.80	122.40
Total Expenditure							137.70	185.90	240.90
Total Revenue							77.80	120.50	149.70
W&S/Current Expenditure (%)							20.99	19.94	30.37
G&S/Current Expenditure (%)							52.83	48.50	30.80
W&S/Total Expenditure (%)							13.22	11.46	15.28
G&S/Total Expenditure (%)							33.26	27.86	15.65
W&S/Total Revenue(%)							23.39	17.68	24.58
G&S/Total Revenue (%)							58.87	42.99	25.18
Ghana (Millions of Cedis)									
Wages and Salaries		1257	2274	2501	5282	14524	26194	35920	49444
Goods and Services	2253	3869	4798		15644	28597	42142	60538	
Current Expenditure	4179	6330	8603	13401	23326	38642	60834	80583	111304
Total Expenditure	4668	7719	9530	14755	30040	52726	98075	142832	199221
Total Revenue	2951	3234	4804	10185	21727	38692	69759	105009	142238
W&S/Current Expenditure (%)		19.86	26.43	18.66	22.64	37.59	43.06	44.58	44.56
G&S/Current Expenditure (%)	53.91	61.12	55.77	0.00	67.07	74.00	69.27	75.13	0.00
W&S/Total Expenditure (%)		16.28	23.86	16.95	17.58	27.55	26.71	25.15	24.83
G&S/Total Expenditure (%)	48.26	50.12	50.35	0.00	52.08	54.24	42.97	42.38	0.00
W&S/Total Revenue(%)		38.87	47.34	24.56	24.31	37.54	37.55	34.21	34.78
G&S/Total Revenue (%)	76.35	119.64	99.88	0.00	72.00	73.91	60.41	57.65	0.00
Gambia (Thousands of dalasis)									
Wages and Salaries			52775	63929	66190		62271	73090	78387
Goods and Services			24978	22280	26017		40866	58603	60121
Total Current Expenditure			129563	151827	180912		5371	379956	404611
Total Expenditure									
Total Revenue	95780	76520	87050	103100	122970	144040	213190	294620	
W&S/Current Expenditure (%)			40.73	42.11	36.59		19.75	19.24	19.3
G&S/Current Expenditure (%)			19.28	14.67	14.38		12.95	15.42	14.86
W&S/Total Expenditure (%)									
G&S/Total Expenditure (%)									
W&S/Total Revenue(%)			60.63	62.01	53.83		29.21	24.81	
G&S/Total Revenue (%)			28.69	21.61	21.16		19.16	19.89	
Guinea Bissau (% of GDP)									
Wages and Salaries	16.00	14.70	13.20	12.30	11.90	8.70	5.80	5.30	
Goods and Services	6.60	8.00	7.00	6.10	6.10	5.30	5.40	6.50	
Current Expenditure	26.90	26.50	24.10	21.60	22.20	17.80	16.80	18.00	
Total Expenditure	54.60	57.10	49.50	59.20	59.00	40.70	48.10	52.30	
Total Revenue	27.20	31.40	26.30	31.50	33.40	24.60	38.10	39.00	
W&S/Current Expenditure (%)	59.48	55.47	54.77	56.94	53.60	48.88	34.52	29.44	
G&S/Current Expenditure (%)	24.54	30.19	29.05	28.24	27.48	29.78	32.14	36.11	
W&S/Total Expenditure (%)	29.30	25.74	26.67	20.78	20.17	21.38	12.06	10.13	
G&S/Total Expenditure (%)	12.09	14.01	14.14	10.30	10.34	13.02	11.23	12.43	
W&S/Total Revenue(%)	58.82	46.82	50.19	39.05	35.63	35.66	15.22	13.59	
G&S/Total Revenue (%)	24.26	25.48	26.62	19.37	18.26	21.72	14.17	16.67	
Jamaica (Millions of Jamaican dollars)									
Wages and Salaries			967.0	1072.0	1083.0	1260.0	1335.4	1501.5	
Goods and Services			281.4	428.5	490.5	619.2	744.9	794.5	
Current Expenditure			2394.0	2817.9	3253.0	3755.0	4189.3	5136.0	
Total Expenditure			2991.0	3335.3	3934.0	4719.6	5508.8	6855.6	
Total Revenue			1844.4	2334.1	2708.5	3700.5			
W&S/Current Expenditure (%)			40.39	38.04	33.29	33.56	31.88	29.23	
G&S/Current Expenditure (%)			11.75	15.21	15.08	16.49	17.78	15.47	
W&S/Total Expenditure (%)			32.33	32.14	27.53	26.70	24.24	21.90	
G&S/Total Expenditure (%)			9.41	12.85	12.47	13.12	13.52	11.59	
W&S/Total Revenue(%)			52.43	45.93	39.99	34.05			
G&S/Total Revenue (%)			15.26	18.36	18.11	16.73			

TABLE 9

CIVIL SERVICE EMPLOYMENT

COUNTRY	1980	1981	1982	1983	1984	1985	1986	1987	1988	
Niger						31924	32680	32465	35342	
Costa Rica	142300	141700	134300	145300	136200	137500	165800			
Ghana							300727	284415	282821	
Senegal	59987	63573	67298	70249	68958	70037	71163	69407	69456	6[illegible]
Jamaica	110100	118000	118800	102000	100500	81105	79900	72800	76000	
Cameroon			137030	149200	163950	172400	191750	174750	179120	
Congo							73348		71800	
Gambia								14209	12295	
Uganda				119000				239528		
Bolivia						237130				
Guinea Bissau								18625	14465	
CAR						21993	22211	22793	21090	
Guinea		96958					88103		54189	
Togo						29110			31300	
Mali				49116	50924	43435	50970	52553	52608	

Sources: Country Staff, PERs, CEMs, Statistical Institute of Jamaica, Staff estimates and data provided by the Niger authorities, & "Review and Evaluation of Ghana's Civil Service Reform Program, 1987 - 1989," J. Tait Davis

CIVIL SERVICE COST CONTAINMENT

Containing the central government's wage bill has been a primary objective of civil service reform in the Central African Republic (CAR) and Ghana. In both countries reform has been supported by structural adjustment lending and technical assistance from the World Bank Group.

In the CAR, where the wage bill absorbs over 60% of domestic revenues, initial steps focussed on disposing of "ghost" workers and then limiting the total numbers employed. However, this approach did not work well because agencies replaced low-paid workers by recruiting staff at higher levels. It was then decided to impose a limit on the wage bill in 1987, with further reductions in 1988 and 1989. This was to be done mainly by suspending regular annual increments. The wage bill has, in fact, declined only slightly in each of the first two years (1987-1988). Attention is now also beginning to focus once more on reducing the size of the civil service.

. Reform in Ghana began with the elimination of what the government has claimed to to be some 11,000 "ghosts"from the government payroll. "Management appraisals" were then undertaken by teams of officials from the ministries under review to identify categories of workers that were overstaffed, without reference to individuals. The appraisals concentrated on the 30-40 lowest pay grades (out of 130) on the assumption that this was where the main problem lay, and recommendations were made as to the number of positions to be abolished. The recommendations were reviewed by a committee of senior civil servants which decided how many, and who, should be retrenched. Ministers then reviewed the circumstances of each one of the individuals recommended for termination, taking into account not only their performance, but their years of service and number of dependents, as well as whether other members of the family were government employees and were also being terminated. Only after this scrutiny were people actually dismissed. The net result has been a reduction of central government employment in the range of 30,000 plus over four years. However, this has not yet led to any budgetary savings because there has been a general (and badly needed) increase in civil service pay adjusted for inflation, together with a slight widening of differentials between the highest and lowest paid, and because savings from staff reductions have been more than offset in the first three years by the costs of compensation. The ratio of the central government wage bill to GDP (around 5%) has in fact increased slightly.

All civil servants in the CAR were given the option of leaving government employment with a severance payment of 40 months' current salary, plus any personal contributions they had made to the pension plan (to date these payments have averaged over US$10,000 per head). As of August 1989, about 1,500 people had applied for voluntary retirement under this scheme, and 300 had actually left the service. Meanwhile, plans for the dismissal of redundant employees are proceeding very slowly. Those not designated as essential by their agency enter a central personnel pool, and may be hired by other agencies if they have appropriate qualifications. Those not selected in either round are supposed to be dismissed from the service on terms much less favorable than for voluntary retirement, but with some assistance in obtaining alternative employment and access to credit to set up in business or farming. However, no dismissals have yet taken place.

In Ghana each dismissed civil servant receives four months' base salary, plus two months' pay for each year of service, and the average severance package for those terminated through mid-1989 has been estimated at the equivalent of 2.94 years of pay (1.96 years for teachers). The support program for those who are re-deployed includes information, counselling and placement services, training opportunities at existing vocational and technical training centers and assistance in agricultural production through provision of land, inputs, extension services and transitional food aid.

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