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SUMMARY REPORT OF THE PUBLIC SECTOR GOVERNANCE REFORM EVALUATION

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PREFACE

In late 2008, at a conference on governance in London which was hosted by DFID, a number of development agencies expressed frustration with the results of their efforts to support reforms in the public sector. We all recognised how important an area this was from a development perspective. Donors have invested large amounts of money in supporting public sector governance reform. Moreover, when donors are supporting efforts to improve essential social services, transportation, agriculture or other specific areas, this almost always involves working with the public sector and improving the way it functions. But equally we were seeing that with some exceptions, many of these reforms were not working well. And yet we couldn't walk away from the problem. Public sector governance reform (PSGR) was and is too central to our common goal of reducing poverty.

There are a number of reasons for these disappointing results. Reform of this kind is a particularly long-term and time-consuming process and rife with political-economic interests. Effective public sector governance depends on a complex system of interdependent institutions that all need reforming, and it is difficult to monitor or even notice progress at the aggregate level in such a system. Ultimately, PSGR attempts a fundamental transformation of the relationship between the government, the public administration and citizens.

DFID took the lead in raising this issue within the OECD DAC Network on Governance and bringing a number of agencies together to commission a joint evaluation of donor support to public sector governance reform. A multi-stakeholder experts meeting was subsequently convened at the OECD DAC in Paris (April 2009) to discuss the proposed evaluation.

Oxford Policy Management Ltd was contracted by DFID, on behalf of the OECD DAC, to carry out the evaluation of donor support to PSGR over the ten years 2001–2010. The Management Group contracted Professor Mark Turner, an independent consultant, to write the synthesis report, based on OPM's work, the comments of the Management Group and Professor Turner's personal reflections on the material. This is the report presented here.

All the documents produced are available from DFID's Evaluation Department, via DFID's Public Enquiry Point (Enquiry@dfid.gov.uk).

This report is the outcome of a long process of analysis, synthesis and findings into what is a complex area. It tries to answer some of the questions which have continued to perplex developing countries and the donor community about public sector governance – what factors contribute to or constrain successful reforms and why? How can we better understand the environment which has such an influence on the outcomes of these reforms? What should we do differently in the future?

The primary objective was to enable donors and recipient countries to learn lessons about what to support in the implementation of PSGR reforms, and how best to do so. The evidence for the evaluation was drawn from country case studies in Bosnia-Herzegovina, Cambodia, Indonesia, Mozambique and Uganda (Annex 1 identifies the reforms chosen for case studies), a comprehensive literature review, and the analysis of international statistics and governance indicators.

An evaluation framework was fully developed and elaborated during the inception phase. This framework was structured around three groups of questions, under the following headings, which were to be used to investigate reforms in each of the thematic areas:

Preface

1. Describing the reforms and their contexts – telling the story from the country perspective (consider relevance and efficiency from an allocative standpoint);
2. Supporting and coordinating reforms – telling the story from the donor perspective (consider coherence and complementarity, operational efficiency);
3. Learning what worked, what didn't and why – understanding the interplay between reform efforts, their results and their contexts (consider effectiveness, impacts, sustainability, applying gender and rights lenses).

In this evaluation, the term public sector governance reform refers particularly to four broad thematic areas:

- Reforms of the role of the state,
- Reforms of the central functions of government,
- Reforms to accountability and oversight mechanisms, and
- Reforms to civil service systems and the management of public service organisations.

This synthesis report concludes with a number of recommendations. None of them are completely new. However, they serve as reminders that, in this difficult area, there are a number of considerations which, if applied, could help yield better results from PSGR. For example, good political economy analysis can help to inform a strategy. Leadership and support for reform within the public administration is critical. There needs to be more emphasis on results through developing a 'theory of change', and a good monitoring and evaluation system. And importantly, a level of realism is required, recognising that reform is a long term process.

We do not pretend to have all the answers to our questions in this report. Indeed the study raises further questions that need to be teased out. We do believe however, that it has given us some valuable insights that should make us more aware of the pitfalls and help us approach public sector governance reform in a different way.

The evaluation was overseen by a Management Group comprising DFID, Sida and Irish Aid, and an International Reference Group which included representatives of the World Bank, OECD, European Union, Asia Development Bank, UNDP, Inter-American Development Bank, Africa Development Bank, Danish Ministry of Foreign Affairs and evaluation consultants.

Management Group for the Evaluation of Public Sector Governance Reforms 2001–2010
March 2013

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This report has been prepared by Professor Mark Turner, an independent consultant, based on the evaluation products produced by Oxford Policy Management Ltd (OPM).

Full responsibility for the text of this report rests with the author. In common with all evaluation reports commissioned by DFID's Evaluation Department, Sida's Evaluation Department and Irish Aid's Evaluation and Audit Unit, the views contained in this report do not necessarily represent those of DFID, Sida or Irish Aid or any of the individuals or agencies consulted.

The evaluation was managed, at the time of its completion, by John Murray from DFID's Evaluation Department reporting to a Management Group comprising Áine Hearn and Kevin Carroll from Irish Aid, Lennart Peck and James Donovan from Sida and Laure-Helene Piron and Zoe Wildig from DFID.

The Management Group would also like to thank those DFID, Sida and Irish Aid staff who contributed to the Management Group at the outset of the evaluation, the International Reference Group, OPM, Professor Mark Turner, and all who provided or suggested documentation and/or were interviewed during the evaluation.

SUMMARY REPORT OF THE PUBLIC SECTOR GOVERNANCE REFORM EVALUATION

EXECUTIVE SUMMARY

- S1. This report is the summary of an evaluation of the effectiveness of public sector governance reform (PSGR) and donor support in developing and transitional countries over the ten years 2001–2010. During this time, the flow of donor funds to PSG initiatives has been substantial. For example, between 2003 and 2007, Government Administration projects accounted for almost US\$10 billion of Official Development Assistance (ODA) bilateral spending. The evaluation set out to examine four areas of reform: the role of the state; management at the centre of government; accountability and oversight; and civil service systems. The category of ‘social justice’ was added to this report to better describe some projects focusing on human rights, law and order, and gender. For each category of reform, the evaluation involved a literature review and a selection of projects from five participating countries: Bosnia and Herzegovina, Cambodia, Indonesia, Mozambique and Uganda¹. From the evidence gathered for the literature review and project evaluations, lessons and recommendations were drawn.
- S2. Since the 1990s, the concepts of governance, and PSG more particularly, have played major roles in development thinking and action. However, different meanings attach to PSG. For example, the Organization for Economic Cooperation and Development (OECD) lists five perspectives: rule-based traditional public administration; results-based New Public Management; network governance; power and political economy; and the context-specific historical approach. Whatever the emphasis of the different approaches PSG is important because it sets the rules for economic and political interactions between state and society and within the state; it determines the decision-making structures that choose public policy priorities; it allocates the resources to address these priorities; and it produces and applies the public sector rules and processes that contribute to the management of those organizations implementing the policies.
- S3. The literature review regarding the role of the state found that three notable PSGR foci have emerged in recent years: improved service delivery processes and outcomes; engaging informed citizens in public affairs; and creating open, responsible and accountable government. The intent of these three orientations is to create the effective and inclusive state. The review revealed that there were often major obstacles to achieving such a state. Even popular initiatives such as decentralization often failed to live up to expectation. One reason perhaps was that too much had been expected of bottom-up pressure from citizens. ‘Working with the grain’ with top officials is increasingly being seen as more important for PSGR success.
- S4. The role-of-the state projects concerned restructuring the state. For two countries, Cambodia and Indonesia, this involved decentralization to subnational governments. In Indonesia, the changes were radical and rapidly implemented while in Cambodia a very cautious incrementalism prevailed. The contrasting political economies and the

¹ These documents are available from DFID’s Evaluation Department, via DFID’s Public Enquiry Point (Enquiry@dfid.gov.uk)

drivers of decentralization in each country explain very different decentralization experiences. In the post-conflict state of Mozambique, state restructuring started with reviewing the entire macrostructure of the state before moving on to decentralization, functional analysis of government organizations and inter-ministerial commissions. It was difficult to draw firm conclusions about the success of these reforms because relations between policy actions and development outcomes were complex and unclear.

- S5. The literature on management at the centre-of-government, the second category of PSGR, was found to be sparse for developing countries. Policy coordination was seen as important. For the efficient and effective performance of this function several key conditions were identified: for example, a government agenda that is clearly planned; government decisions taken on the basis of adequate information; and a dispute resolution process. There was consensus in the literature that impetus and continuous support for policy coordination must come from the highest levels of government and that the starting point for reforms should be a thorough review of existing structures and processes and not the imposition of an abstract policy model. Finally, reforms should focus on building competencies and links with other organizations rather than on being concerned with size and structure issues as there is no best practice model for the latter items.
- S6. The centre-of-government reforms in all five countries were concerned with policy coordination. They ranged from aid coordination in two countries through to poverty reduction, inter-ministerial commissions and monitoring and evaluation (M&E) in the others. Progress was evident in all the reforms but the amount varied often because of the influences of the countries' political contexts. For example, in the fragmented state of Bosnia and Herzegovina, it was only possible to make some technical gains as non-cooperation and a culture of exclusivity characterized relations between the governments of the country's component parts. But even where there was progress, stubborn problems remained such as corruption and patronage. The most successful reform was in poverty reduction coordination in Indonesia. Strong government leadership was the main factor for success, although it remained unknown as to the outcomes of the two poverty programs. Mozambique's attempts to reactivate its inter-ministerial commissions met with some success but there was no evaluation of their performance. The introduction of an M&E system in Uganda got off to a slow start with a system of too great complexity. A simpler system with government backing led to some progress but dependence on donor funding continued.
- S7. The third area of PSG was accountability and oversight. The literature review identified a variety of reasons why these were popular with donors, recipient governments, citizens, civil society and the private sector. These included ensuring aid effectiveness, minimizing corruption, promoting good governance and enhancing service delivery. The literature revealed considerable work in various areas of accountability and oversight such as increasing participation, deepening democracy, improving transparency and combatting corruption, and identified some successes but also found that in some ways there remained much to be done. Public financial management (PFM) reform was acknowledged as being at the core of accountability and oversight. However, there were contrasting reports on the success of PFM reforms. The role of parliaments in accountability and oversight was seen as a relatively overlooked area of enquiry.

- S8. The accountability and oversight projects in the evaluation were concerned with each country's supreme auditing agency. They comprised the most successful category of projects in the evaluation although the nature of the projects and their degree of success varied. Conditions for success included: strong leadership and support by government; popular support; clear legal base; the authority to determine staff terms and conditions; and benchmarking to international standards. Building technical competence was certainly important in all cases but insufficient to guarantee success. In all countries, corruption remains a major problem. The cases also showed that supreme audit agencies have the advantage of being discrete entities operating clearly defined functions in a standardized manner. However, their overall effectiveness was still strongly influenced by their political economy contexts.
- S9. The fourth category of PSGR in the evaluation was social justice. Under this broad umbrella are human rights, law and order, gender inequalities and other manifestations of inequality. The literature review acknowledged the influence of Amartya Sen and his ideas of entitlements, freedoms and a rights view of PSG and development. The frequently observed deficits in social justice were seen to be related to both formal and informal institutions that maintained unequal power relations. However, civil society was identified as playing a leading role in trying to overcome social injustices, especially through the work of non-governmental organizations (NGOs).
- S10. The broad scope of the term 'social justice' was matched by the variety of projects in the category. They ranged from gender mainstreaming in Indonesia to a mixture of human rights activities in Uganda. In Bosnia and Herzegovina there were two projects, one in the law and order sector and the other concerned with deepening democracy. Most projects involved cooperation between the state and NGOs.
- S11. Evaluation of the two social justice projects in Bosnia and Herzegovina reaffirmed the difficulty of making substantial progress in PSG reform in the context of a fragmented post-conflict state. The other projects demonstrated the benefits of state-civil society cooperation but also indicated the perennial problem of generating true partnership between these actors. All the projects also reaffirmed that social justice reforms take long periods to become effective as they involve changes in both deeply embedded bureaucratic behaviours and societal attitudes and practices.
- S12. The final category of PSGRs was civil service systems where changes were meant to affect the whole civil service. The literature revealed that there had been much experimentation in this field. The current phase of civil service reforms, while retaining some of the earlier techniques (for example, transparency and restructuring), has become more concerned with quality, motivation, recruitment and promotion systems. Gender and leadership are also being given increasing attention.
- S13. The projects evaluated mirrored much of the literature that has reported disappointing results. All countries could report some success, for example, in terms of improving technical skills and laying the foundations for further reform. However, there were implementation problems deriving from both inadequate capacity and entrenched opposition to reform. But the effectiveness of the reforms in facilitating improvements in service delivery or obtaining value for money was highly questionable. Evaluation of the case studies and literature review led to the identification of policy lessons for PSGR.

- S14. First, although a wide variety of strategies can be employed for PSGR, to be effective, they need to emphasize changes that will be sustained and theories of change that delineate the likely effects of particular courses of action. However, the designers of major PSGRs and other stakeholders need to appreciate time and information constraints as well as cognitive limitations when dealing with highly complex organizational changes.
- S15. Second, political economy analysis (PEA) needs to be employed more in PSGR to fully appreciate how politics affects policies, how economic interests in society influence decision making in the state and how informal institutions, such as patronage, hinder reforms. Through PEA, risks can be identified and steps taken to lessen or avoid them.
- S16. Third, successful civil service reform requires a whole-of-system approach, a long-term perspective and well-coordinated donor support. There can be good achievements in individual organizations but when the reforms aim at the whole civil service results are frequently disappointing, a reflection of complexity and opposition.
- S17. Fourth, M&E activities are at low levels and when they do occur, there is a narrow focus on outputs. There were technical and resource difficulties regarding M&E and resistance to them. Fifth, in decentralization reforms, there was inadequate attention to the roles central government agencies should play in a decentralized state. The sixth lesson concerns service delivery and how one of the aims of many PSGRs was the improvement of services, yet the projects were, at best, only loosely linked to how the improvement would be obtained. A focus on specific services and how to improve them would appear to offer better returns for enhancing welfare outcomes.
- S18. The final lesson concerned partnership and coordination. Ideally the donor-recipient relation is meant to be one of partnership characterized by equality, trust, respect and agreement. PSGRs put strain on this ideal relationship because of their typically slow progress and difficulties in demonstrating what progress has taken place. Many types of coordination were recognized in the projects evaluated but no best practice model was evident as different project contexts and contents led to different arrangements.
- S19. Ten recommendations for PSGR emerged from the evaluation:
- Political economy analysis should be undertaken for any PSGR.
 - Theories of change should be developed for PSGRs.
 - Working with both bottom-up and top-down is desirable for PSGRs.
 - Long-term time-frames should be adopted in designing, implementing and evaluating PSGRs.
 - PSGR should be concerned with changes that are sustainable.
 - Greater effort should be invested in M&E activities.
 - Greater consideration should be given to the role of leadership in PSGR.
 - It is desirable that development partners have a shared vision for PSGRs.
 - Improvements to service delivery should be a major focus of PSGR.
 - There is no one-best way for development partnerships.

ABBREVIATIONS/ACRONYMS

ADB	Asian Development Bank
BPK	Badan Pemoriksa Keuangan (Indonesia)
CAR	Council for Administrative Reform (Mozambique)
CCT	Conditional Cash Transfers
CDCF	Cambodia Development Cooperation Forum
CRDB/CDC	Cambodia Development and Rehabilitation Board under the Council for the Development of Cambodia
CRS	Creditor Reporting System
CSO	Civil Society Organisations
DAC	Development Assistance Committee
DFID	Department for International Development
DSF	Decentralised Support Facility (Indonesia)
EU	European Union
FBiH	Federation of Bosnia and Herzegovina
GSCM	General Secretariat for the Council of Ministers (Bosnia and Herzegovina)
HIPC	Highly Indebted Poor Countries
HRGGP	Human Rights and Good Governance Project (Uganda)
HRIS	Human Resources Information Software (Bosnia and Herzegovina)
HRM	Human Resource Management
IEG	Independent Evaluation Group (World Bank)
IMF	International Monetary Fund
ISPGG	Institutional Support for Good Governance (Uganda)
JLOS	Justice Law and Order Sector (Uganda)
M&E	Monitoring and Evaluation

MDG	Millennium Development Goals
MENPAN	Ministry for Administrative Reform (Indonesia)
NAA	National Audit Authority (Cambodia)
NGOs	Non-Governmental Organisations
NIMES	National Integrated Monitoring and Evaluation System (Uganda)
NPAR	National Public Administration Reform Program (Cambodia)
NPM	New Public Management
NSCBR	National Steering Committee for Bureaucratic Reform (Indonesia)
OAG	Office of the Auditor General (Uganda)
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PAR	Public Administration Reform
PEA	Political Economy Analysis
PFM	Public Financial Management
PNPM	National Program for Community Empowerment (Indonesia)
PSGR	Public Sector Governance Reform
PSRP	Public Sector Reform Program (Uganda)
SEBDM	Strengthening Evidence-based Decision Making (Uganda)
SIDA	Swedish International Development Cooperation Agency
SPCoG	Strategic Planning and Aid Coordination in the Centres of Government (Bosnia and Herzegovina)
STARSDP	State Audit Reform Sector Development Program (Indonesia)
Tad	Tribunal Administrativo (Mozambique)
UK	United Kingdom
UNDP	United Nations Development Programme

Abbreviations

UNECA	United Nations Economic Commission for Africa
UTRESP	Technical Unit for Public Sector Reform (Mozambique)
VFM	Value For Money
WECP	Women Empowerment and Child Protection Ministry (Indonesia)

1 ABOUT THE EVALUATION

Outline of the Evaluation Summary Report

- 1.1 This report is the summary of an evaluation of public sector governance reform (PSGR) and donor support in developing and transitional countries over the ten years 2001–2010. During this time the flow of donor funds to PSG initiatives has been substantial. For example, between 2003 and 2007, Government Administration projects accounted for almost US\$10 billion of Official Development Assistance (ODA) bilateral spending. But what have the development partners to show for this large influx of resources? According to the objectives of PSGR programs, governments in recipient partner countries should have:
- become more capable, accountable and responsive in delivering services and maintaining the rights of citizens;
 - helped create an enabling environment for economic growth;
 - built state capability to manage and implement reforms.
- 1.2 The terms of reference for the PSGR evaluation asked for examination of whether such changes had taken place focusing on four broad areas of reform:
- the role of the state;
 - management at the centre-of-government;
 - accountability and oversight;
 - civil service systems (See Appendix A for a full list of the projects in the evaluation).
- 1.3 However, some of the projects included in the evaluation did not fit easily into the four broad areas of reform. Therefore, for the purposes of this Evaluation Summary Report, a new category, ‘Social Justice’, has been included to better accommodate these activities in the fields of human rights, law and order, gender, democratization and civil society organizations (CSOs).
- 1.4 The various areas of reform were examined mainly through a literature review and detailed case studies in five countries:
- Bosnia and Herzegovina.
 - Cambodia.
 - Indonesia.
 - Mozambique.
 - Uganda.
- The evaluation also involved analysis of ODA aid flows and their impacts.
- 1.5 The evidence drawn from the different components of the evaluation yielded lessons and recommendations on how to improve aid effectiveness for PSG, to assist

prioritization of activities, and to generate baseline information for future planning and implementation of PSGR.

What is Public Sector Governance?

- 1.6 Since the 1990s, the concept of ‘governance’ has had a major role in development thinking and action. Good governance or effective governance are often seen as prerequisites for developmental success, but support for and the application of the governance concept are not matched by agreement on its meaning or scope. For example, the OECD lists five different perspectives on governance that are likely to be present in governance evaluations (OECD 2009):
- traditional public administration: rule-based governance;
 - New Public Management: results-based governance;
 - network governance: networks between organizations inside and outside the public sector, nationally and internationally;
 - power and political economy: formal and informal power and interests and their mechanisms for articulation;
 - historical perspective: context-specific and path-dependent trajectories through which governance has developed in a country.
- 1.7 This evaluation focuses on one area of governance – public sector governance (PSG) – as opposed to other types of governance such as environmental, corporate, educational and religious. In the broadest sense, PSG refers to relationships involving the organizations and institutions² of the state. These could be between organizations of the state such as between central government agencies, or between different levels of government, or how the rule of law can be enforced. More importantly, PSG is concerned with relations between state and society: how the state interacts with society to provide services, how the state makes itself accountable to society, and how the state guarantees the security and rights of its citizens.
- 1.8 The terms of reference for the evaluation focused on those central government institutions and organizations that create and apply the governance conditions for the public service and the wider state sector. The organizations of interest in the evaluation are the central agencies that support the political decision-making of the executive and regulate their implementation by the public sector. The organizations deal with strategy planning, policy development and coordination, economic management, service delivery for other public sector organizations, civil service arrangements, public sector leadership and control. They are also responsible for ensuring that action by the

² A distinction can be made between (a) *organizations* as formally structured and managed social entities established to pursue set goals and linked to an external environment, such as a ministry or bureau, and (b) *institutions* as systems of established rules that structure social interactions, such as language, money, economic regulations and the rule of law. However, there is academic disagreement on the terms’ definitions. For some writers, organizations and institutions are used interchangeably.

executive branch complies with the law and is accountable to the legislature and the general public.

- 1.9 The scope of the evaluation set out in the terms of reference excluded several areas of PSG. These were: democracy and the separation of powers; PSG arrangements within particular policy areas or sectors such as education or health; the operations of sub-national governments; public financial management; and anti-corruption agencies. However, the evaluation includes observations of activities and reforms in ‘whole of government’ institutions and organizations that have significant implications for these excluded areas; for example, central government agencies’ relations with sub-national governments in determining human resource management (HRM) rules and practices. This ‘whole of government’ concern derives from appreciation of the interconnectedness of the public sector and the resulting policy implications of such linkages.
- 1.10 The definition of ‘reform’ guiding the evaluation has been ‘activities seeking to improve the public administration of the State, its roles and functions as well as the effectiveness and efficiency of its core public service institutions in a *systemic* and *sustainable* manner’. The emphasis on *systemic* and *sustainable* is to underline that the desired PSG reforms bring about enduring changes in the behaviour of public sector actors in the interests of better outcomes for citizens. When planned changes do not institutionalize new or modified behaviours and practices that lead to these better outcomes for citizens, the reforms do not qualify as *systemic* and *sustainable*.
- 1.11 A challenge for the evaluation is the lack of a clearly defined field of study or practice called PSG. This means that the boundaries of what constitute PSG and PSGR are flexible, unlike for instance the literature on corporate governance. At the extreme, the difference between PSG and development can become almost indistinguishable. There is potentially a vast literature produced by academics, donors, governments and civil society organizations (CSOs). The literature review in this study has focused on items concerned with changes to the central institutional arrangements that alter public sector behaviours and practices and that are intended to produce improvements that are sustainable, systemic and beneficial for citizens.

Why is Public Sector Governance Reform Important?

- 1.12 PSGR is about systemic and sustainable performance improvement in the public sector. The question is, how is PSGR supposed to bring about the improvements and what are the specific improvements that can be expected? PSG is important because it sets the rules for economic and political interactions between state and society and within the state; it determines the decision-making structures that choose public policy priorities; it allocates the resources to address these priorities; and it produces and applies the public sector rules and processes that contribute to the management of those organizations implementing the policies. It is at the core of development. But in

many developing countries, these activities are not performed well and citizens suffer. Drawing on evidence from academic and official literatures it is generally hypothesized that if these vital elements of PSG are reformed, we can expect the public sector to improve its efficiency and effectiveness for the benefit of all its citizens, especially the poor and marginalized who are inadequately served by current governance arrangements and the resultant public sector performance.

1.13 The importance of PSGR can be further appreciated through the specific improvements that could be anticipated from its successful design and implementation:

- improved service delivery;
- improved efficiency and value for money;
- increasing private sector involvement in public policy and service delivery;
- devolution of functions and finance to sub-national government;
- more effective machinery of government;
- enhanced government transparency and accountability;
- engagement of citizens in public service development and oversight;
- enhanced public sector leadership and professionalism;
- strengthened strategic management in government;
- management decentralization with associated accountability for ministries, departments and agencies.

1.14 The causal connections between these desirable outcomes or conditions and PSG is sometimes unclear. For example, does development lead to good PSG or is it the reform of PSG that leads to development, or is there a reciprocal relationship? Disagreement arises about what indicators are used to measure PSG and questions raised regarding the accuracy and appropriateness of competing modes of measurement. Thus, measuring PSG is an imprecise and contested science and can be a huge challenge for the empirically inclined.

1.15 Whatever the methodology used in the major reviews and evaluations of PSGR activity, the evaluation's literature review reveals a general consensus that PSGR reforms have often only partially met their objectives.³ For example, the UK Department for International Development (DFID) reviewed its governance portfolio during 2010. It found the performance score for civil service reform to be 60 per cent, the lowest of all governance sub-sectors. The 2011 *World Development Report* acknowledges that institutional transformation is 'always tough' and even at best 'takes a generation', while a 2009 World Bank review of its public sector reform projects across the globe found that civil service and administrative performance had improved in fewer than half of the borrowing countries (IEG 2009). The PSG reform record is more complex than it might appear at first glance. While some academic studies

³ The full literature review for the PSGR evaluation can be accessed at http://www.gsdrc.org/docs/open/Scott2011_PSGRLiteratureReview.pdf

concur with the major reviews of donors, the findings are mixed. Looking at governance in the broadest sense at the macro level studies tend to find consistent correlation between development and good governance (Grindle 2007). Focusing more narrowly on public sector reform, a 2012 World Bank working paper reported a 'relatively high success rate of about 75, (operations rated as moderately satisfactory or better)' (Bunse and Fritz 2012: 5). By contrast studies of one or a few countries indicate that development requires much more than getting the 'right' governance (Grindle 2007). Despite these inconsistencies and complexities in recording and interpreting PSGRs, reports in the literature do lean towards a lack of success or partially fulfilled goals. This is reflected in the evaluation case studies in the following section.

2 EVALUATION FINDINGS

- 2.1 This section of the Summary Report sets out the findings of the PSGR evaluation in terms of the five thematic areas identified earlier. In each thematic area, an overview of the literature is presented on the subject, followed by data from the case studies.

The Role of the State

Literature review

- 2.2 In the 1980s and 1990s, the neoliberal ascendancy meant that the ideal model of a state was one that was small but efficient, taking care of a restricted set of core functions (Hood 1991, Hughes 2012). Policy recommendations focused on downsizing the state, both in terms of numbers of employees and functions directly delivered. The ebbing of the neoliberal tide in the late 1990s led to a rethink of the role of the state and the emergence of three notable PSGR foci:
- improved service delivery processes and outcomes (World Bank 2004);
 - promoting the engagement of an informed citizenry in public affairs and with a role to play in PSGR (Owusu 2005, Levy 2007);
 - creating an open, responsive and accountable government which supports the cooperative relationship between state and society (UNDP 2009a, Unsworth 2010).
- 2.3 The intent of these three orientations is to create the effective and inclusive state. It is a state that connects to its citizens, civil society and the private sector to provide services. Citizens and civil society organizations are supposed to assist in designing, monitoring and sustaining reforms. The private sector is also seen as a partner rather than simply a recipient of services of privatized government functions. However, there are often considerable obstacles blocking the achievement of this ideal-type effective and inclusive state. The literature points to such things as bureaucratic culture, the defence of bureaucratic fiefdoms, patronage relations and lack of capacity to run the new model.
- 2.4 The most far-reaching changes to the architecture of the state have been through territorial decentralization. The leading question has not been whether to decentralize or not, but how best to design decentralized intergovernmental relations. The explicit justifications for decentralization include improved service delivery, democratization, increased participation, poverty alleviation, enhanced accountability and preventing secession. However, they are more often representative of hope than of any clear causal logic and according to academic research the hopes often remain unfulfilled or disappointed. Research generally supports the assertion that decentralization reforms have not had a consistent, positive impact on service delivery, participation, poverty reduction or social cohesion (Robinson 2007a and 2007b, Vedeld 2003, Crook 2003, Conyers 2007, Blunt and Turner 2007). The result of donor lending in decentralization neither ‘facilitates nor undermines the main goals....to improve

governance and service delivery while combating poverty and encouraging growth' (IEG 2008: 61). But these general conclusions must be tempered by the recurring observation of how the decentralization experience is country specific rendering generalizations hard to make (Jutting 2005).

- 2.5 New Public Management (NPM) assisted in propagating the efficacy of the private sector and led to prescriptions for privatizing government functions and contracting out service delivery. However, the literature on developing countries reveals concerns about the ways in which the public sector interacts with the private sector and civil society to produce services (Parnini 2009). These include issues such as the performance of non-state actors, employment conditions, financial transparency, accountability, the government's capacity to manage partnerships and complex contract relationships (Batley and McLoughlin 2010, Clark et al. 2005, Loevinsohn and Harding 2004). However, researchers do see possible merits in service delivery arrangements involving private sector and civil society actors. In rich countries, this declining role of the state in the direct delivery of services has been accompanied by its expanding role in such activities as regulation, partnering, contracting, subsidies and education about new modes of service delivery (Alford and O'Flynn 2012).
- 2.6 While popular participation became an orthodoxy in PSG in the 1990s some authors still believe that not enough has been done to build the requisite trust for citizen-state partnership (UNDP 2009b, Goetz 2009). This finding was confirmed in a review of 150 case studies of various modes of citizen engagement with the state, although in 75 per cent of these cases, there were positive gains and in the remaining 25 per cent, there were detrimental outcomes (Benequista and Gaventa 2011). Six factors were identified as critical for promoting positive citizen engagement:
- institutional and political environment;
 - prior citizen capabilities;
 - strength of internal champions;
 - history and style of engagement;
 - nature of the issue and how it is framed;
 - location of power and decision-making.
- 2.7 However, some observers believe that bottom-up pressure from citizens is a weak factor in improving state performance and that renewed attention should be paid to top-down pressures or 'working with the grain' as Booth (2012) calls it. There appears to be a growing consensus that a combination of bottom-up and top-down pressures is the most effective means of improving government performance – 'in other words an efficient combination of supply- and demand-side initiatives' (Booth 2012: 167).

Country studies

Table 1: Donor Interventions in Case Study Countries: Role of the State

Bosnia and Herzegovina	Cambodia	Indonesia	Mozambique	Uganda
	Decentralization and Deconcentration	Decentralization	Restructuring the State	

2.8 The PSG reforms grouped under this role of the state were all concerned with restructuring the state to become more efficient and effective in responding to the needs of citizens and improving their welfare. The projects in Cambodia and Indonesia were on decentralization, that is redesigning the state in terms of the distribution of responsibilities and governance mechanisms between different territorial levels of the state. In both cases, consideration of the role of the state and how best to organize that role were the driving forces behind decentralization. The reform in Mozambique was grander in scope as its point of departure was consideration of the overall role of the state through first reviewing the desired macrostructure of the state. Decentralization was one of a number of other concerns in Mozambique that also included functional analysis of central government agencies and reform of inter-ministerial commissions.

2.9 For **Cambodia**, the role of the state project concerned assistance to the government's decentralization and deconcentration policy. This policy was introduced in the late 1990s to early 2000s, when the country's political situation had stabilized. Until then, successive post-conflict regimes and governments had attempted to rebuild a centralized state from the total ruins left by the Khmer Rouge. While ODA poured in, following the Paris Peace Agreement and democratization in the early 1990s, the bureaucracy in charge of implementing any PSG reforms suffered from capacity deficits, patronage and corruption, and other dysfunctions.

2.10 Despite the bureaucratic problems, political decentralization was effective in the sense of a new system being established. Commune councils were elected across the country and all their officials received training to carry out their functions adequately. An existing process for annual small infrastructure projects became absorbed into the council portfolio. However, virtually no other functions were transferred, although councils do form a link with other levels of government to articulate citizens' issues and problems. Voluntary deconcentration moved extremely slowly as ministries found little incentive to delegate responsibilities to sub-national offices. A new law to deepen decentralization through indirectly elected district and provincial councils was introduced in 2008 but its implementation has moved very slowly despite its endorsement at the highest levels of government.

2.11 Decentralization (not so much deconcentration) has proved to be popular with donors – 17 multilateral and bilateral donors in 19 programs and projects (over the ten years

2001 – 2010). In earlier years there was limited cooperation between donors but this has improved. Despite the considerable donor investment and activity, after 10 years, no significant movement of resources or decision-making to sub-national levels has occurred. Administration in Cambodia is still characterized as ‘highly centralized and authoritarian’ (IEG 2010: 56). Despite the popularity of decentralization and deconcentration among donors, little political economy analysis has been carried out to identify the obstacles to transferring power to sub-national levels.

- 2.12 While reforms have not been demand-driven, the establishment and operation of commune councils have been favoured by local populations who appreciate their contribution to political stability, infrastructure and the articulation of citizen concerns. But neither decentralization nor deconcentration have led to significant delegation of functions from central government. This reflects the diffuse nature of authority in the state’s complex machinery of government that allows ministries to resist successfully attempts to remove their authorities. Cambodian officials have welcomed the investments of donors and largely funnelled them into capacity-building rather than into more governance-related activities. Current policy is continuing that trend with donor-funded initiatives focused on building sub-national capacity. The rationale is to ensure that when resources are eventually decentralized to district and provincial governments, they will be utilized by capable officials operating in efficient, effective and equipped organizations.
- 2.13 Decentralization in **Indonesia** has been very successful in the sense of establishing new and very different arrangements between the different levels of the state. The structures and processes of the decentralized governments were quickly set up in 2001 and institutionalized while 2.44 million public servants were transferred to local government control. There has been general satisfaction among citizens with decentralization and, at least in the first six years, reports have underscored improved governance and service delivery. Some local governments have instituted innovations in governance and service delivery. Nonetheless, with increasing awareness of what democracy entails, populations and CSOs are becoming more critical of local governments. Furthermore, there is evidence that longstanding habits of the New Order central government, especially rent-seeking behaviours and corruption, have permeated local governments. Thus, the evaluation found that 155 heads of local governments were either under investigation for corruption or had already been penalized for such activities.
- 2.14 The Indonesian case commenced with the country experiencing severe economic difficulties in the wake of the Asian Financial Crisis in 1997. This led to the collapse of the authoritarian New Order regime and the opening of political space that enabled rapid democratization and decentralization designed and delivered by domestic actors. The impetus for decentralization reforms came from strong demands emanating from

populations in sub-national territories across the country and within central government, the latter seeing it as a way to secure legitimacy and manage ever-present centrifugal tendencies in the extensive and ethnically diverse archipelago. A constant theme in the republic's history has been how to maintain unity in diversity.

- 2.15 Indonesian decentralization has been remarkable for its radical nature and rapid implementation. Most service delivery functions and the substantial finance for them were devolved to the control of popularly elected heads of regions and councils. The district rather than the province has been the focus of decentralization, a matter which probably reflects governance concerns of maintaining national integrity and forestalling separatist tendencies. The implementation schedule for the massive changes was a mere 13 months, an exceptionally short period for such radical governance reforms.
- 2.16 One of the frequently overlooked aspects of decentralization is the preparation and contribution of central government agencies. Often the record is poor. In the Indonesian case there are several problems of central government agencies that have impinged on the success of decentralization. These include:
- shortcomings in the production of legal instruments;
 - inability to prevent a proliferation of new local governments and hence growth in the size of government overall;
 - inconsistent and incomplete actions to install and operate minimum service standards;
 - unsatisfactory oversight;
 - no significant civil service reforms.
- 2.17 Donors have supported decentralization because of its perceived potential for improved poverty alleviation and service delivery. The government's prime impetus was probably more in the realm of the politics of maintaining national integrity. Donors have provided significant support to decentralization mostly of a technical and capacity-building nature; for example, assisting with the drafting of regulations and training. Most of the support has been from bilateral sources using their own delivery mechanisms. There have been efforts to coordinate donor activities and collectively with government. However, donor-funded stocktakes on decentralization in 2006 and 2009 observed that cooperation was still insufficient and was not institutionalized. Even where mechanisms have been established, they have not been sustainable. For example, the Decentralization Support Facility, (DSF), a multi-donor trust, was set up in 2006. Led by three government ministries and with donors represented on the Steering and Management Committee the DSF failed to get full support from the Indonesian agencies. Agencies and donors willingly returned to familiar bilateral operations.
- 2.18 **Mozambique** is a post-conflict state like Cambodia, but with the conflict more recent and the development indicators much worse. The civil war in Mozambique ended with a peace agreement in 1992 and in the ensuing years until 2000, the focus of

government policy and donor support was on reconstruction and establishing the institutions of democracy. Mozambique is a low-income country with approximately 50 per cent of its population living in poverty and with little prospect of achieving the MDGs in 2015. It is aid dependent and between 2001 and 2011 received US\$120 million for PSGR.

- 2.19 Because the reforms needed for the rehabilitation and rebuilding in Mozambique had to cover such an extensive area of PSG, the evaluation merged the reform categories of role of the state and management at the centre-of-government. Most activities came under the Global Strategy for Public Sector Reform, a two-phased program (2001–2005/6 and 2006–2011) which included:
- functional analysis and reconstruction of ministries;
 - analysis of the state’s macrostructure;
 - rationalization of inter-ministerial commissions;
 - decentralization through deconcentration.
- 2.20 *Functional analysis* was intended to align ministry and agency capacities to the various challenges faced by the state. These involved responding to societal and market needs in the transition from a planned to a market economy. It was expected to have been completed by 2003 but by 2005, only two ministries had submitted their functional analyses to the cabinet.
- 2.21 *Macrostructure of government* was expected to provide the general vision on how to restructure the state and improve the overall policy process at the central level, with implications for sub-national governance. The study on this aspect of reform was never formally approved and was of limited circulation although government restructuring decisions apparently took into account some recommendations from the study.
- 2.22 *Inter-ministerial commissions* are bodies for public policy decision-making, subsets of the cabinet to complement ministry work and to promote policy coordination. The existence of 44 commissions, some inactive, was considered to be excessive and inefficient. The process of rationalization was wholly government-driven, without external funds or technical assistance from donors. This component of the program progressed rapidly, compared to the delays experienced in other PSGRs. The number of commissions was reduced to 19 and officially claimed as contributing to streamlining decision-making. However, little information is available and no formal evaluations have been made of this area of reform.
- 2.23 *Decentralization* is a huge area of reform and the study focused on deconcentration as it related to central-local relations and the role of central government. The deconcentration process certainly contributed to the transfer of functions to the local

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level such as the possibility of recruiting staff locally; management of district funds and sectoral funds at the local level; strengthening strategic planning at the local level; and institutionalization of participatory mechanisms of accountability in financial management and human resource management. The introduction and approval of deconcentration regulations were undertaken by the government in a rather ad hoc manner without a decentralization policy and strategy as desired by donors. Also, there appeared to be weak linkage between deconcentration actions and the functional analysis and restructuring reforms.

- 2.24 Although the Global Strategy was formally regarded as a government strategy, donors appear to have had considerable influence. For government, the initial prominent use of the Technical Unit for Public Sector Reform (UTRESP) attached to the President emphasized the essentially technical nature of the PSGRs. The process was primarily being funded by donors using parallel planning and budgeting systems disconnected from the ordinary plans and budgets of the sectoral organizations. This led to a lack of 'buy-in' by these organizations and to the isolation of the reform actors. At the political level, initial high level support gradually lessened.
- 2.25 There have been evident changes in PSG but interviewees indicated that these changes did not necessarily happen as a result of the donor-funded activities and some reforms produced paradoxical results. For example, the number of ministries actually increased from 22 in 2004 to 30 in 2009 rather than being reduced as one might expect in a reform and rationalization process. Reports do indicate that the delivery of a variety of services improved but it is not clear as to the causes of such improvement; the evaluation found it difficult to attribute them to restructuring reforms. Notwithstanding the lack of explanation, the reforms did seem to have worked to clarify visions and missions of government organizations although their effectiveness in human resources restructuring and cost reduction is questionable.

Summary and conclusions

- 2.26 Efforts should be made to gain better understanding of cause-effect relations between policy actions and development outcomes.
- Donors should pay more attention to ensuring that their inputs are contributing to the fulfilment of the major aims of the reforms and the desired outcomes, and are not simply funding capacity building of dubious merit and value for money.
 - Decentralization experiences showed that even when donor and recipient objectives vary, it may be possible to accommodate them under one reform framework (e.g. political objectives related to stabilization v poverty alleviation and democratization).

Management at the Centre-of-Government

Literature review

- 2.27 The principal responsibility for whole-of-government public sector reform has been traditionally located in two clusters of organizations: (a) the central government offices such as the prime minister, presidency or federal chancellery; and (b) the central management bodies such as the ministries of finance, ministries of public administration, and human resource organizations such as public service commissions and departments of personnel management. Each of the central management bodies usually has responsibility for a particular type of reform.
- 2.28 One of the core functions of the centre-of-government organizations is policy coordination, the focus of this evaluation. For an effective system of policy coordination, the following conditions are deemed necessary:
- a government agenda that is clearly planned;
 - government decisions taken on the basis of adequate information;
 - decisions taken in line with the money to implement them;
 - each decision related to government's stated priorities;
 - a dispute resolution process for minor and even medium disagreements;
 - the process being regularly monitored (Ben-Gera 2009).
- 2.29 The study of centre-of-government functions in developing countries has attracted less research interest from scholars and donor-agencies than for other areas of development in general and PSG in particular. Review of documentation in donor project databases suggests that the main focus of centre-of-government reforms has been to enhance the policy-making capacity of the executive. Many of the findings in the literature on centre-of-government reforms in developing countries reiterate those from other areas of PSGR; for example, the importance of a long-term perspective, paying attention to the specific features of a country, and political context.
- 2.30 The evaluation's concern with this aspect of PSGR was focused on policy coordination problems. In this connection, some specific suggestions are given in the literature:
- The impetus and continuous support for centre-of-government reform must come from the highest levels of government (Ben-Gera 2004).
 - Centre-of-government reforms should start with a thorough review of the existing structure, rather than starting from an abstract model or ideal type of what is supposed to happen (Ben-Gera 2004).
 - Reforms should focus on building competencies and links with other central agencies rather than specifying size and structure as there is no best practice on specific size or structure of cabinet offices (Manning and Evans 2003).
 - External experts can be useful at the initial assessment stage, but after that their potential contribution is limited unless they have extremely close working relationships with the relevant management and staff (Ben-Gera 2004).

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- The capacity of cabinet offices and similar organizations should be developed to enable the monitoring of implementation of council of ministers' decisions by line ministries (Manning and Evans 2003).

Country studies

Table 2: Donor Interventions in Case Study Countries: Management at the Centre-of-Government

Bosnia and Herzegovina	Cambodia	Indonesia	Mozambique	Uganda
Strategic Planning and Aid Coordination in the Centre-of-Government	Strengthening Aid Coordination Management	Reform of Poverty Reduction Coordination	Restructuring the State	National Integrated Monitoring and Evaluation Strategy

2.31 Although all the projects clustered under the heading of centre-of-government reforms could be seen in some ways to be concerned with policy coordination, they varied in focus, content and scope. In two cases (Bosnia and Herzegovina and Cambodia) the projects were about improving aid coordination. However, the contrasting political economies of the two countries ensured that project content and implementation experience differed. The other projects concerning poverty reduction coordination, inter-ministerial commissions and monitoring and evaluation likewise highlighted the importance of the contexts in which reforms take place and how they influence the choice of project, its content and its chances of success.

2.32 In **Bosnia and Herzegovina**, the centre-of-government reform studied was concerned with improving the strategic planning and aid coordination capacities of the General Secretariat for the Council of Ministers (GSCM). This organization is responsible to the Chair of the Council of Ministers and is one of the five permanent units set up to support the Council of Ministers. The GSCM is concerned with preparing for the meetings of the Council of Ministers; keeping records of the latter; informing the public on Council of Ministers' activities and decisions; following up the implementation of Council of Ministers' decisions; protocol; performing financial, administrative and technical services for the Council of Ministers; and publication of decisions of the Council of Ministers in the Official Gazette.

2.33 The project addressed weaknesses that had been identified in the capacity of GSCM to coordinate policy and provide impact assessments on submissions from line ministries. Thus, the Strategic Planning and Aid Coordination in the Centres of Government (SPCoG) project was designed to develop the internal processes of the GSCM;

improve coordination through an annual work plan; develop GSCM impact assessment; and promote e-government and communication. The project made some improvements in the performance of the GSCM such as in aspects of work planning, managing workflow and providing logistical support to sessions of the Council of Ministers and its committees.

- 2.34 While SPCoG was an essentially technical project it still faced Bosnia and Herzegovina's pervasive political problems of lack of consultation, coordination or cooperation between different layers of government. Thus, to expect enhanced policy coordination by a central agency in the context of lack of positive interaction between the component parts of the fragmented state was overly ambitious. This meant that political support and leadership were weak. It was not a priority among politicians. This even meant limited progress in coordinating the bodies that comprise the centre-of-government. Technically the project was not ambitious but it still failed to fully achieve the goals. At the conclusion of SPCoG there was still no impact assessment on policy submissions and budget requests while there was still a lack of capacity to ensure the enforcement of various rules such as those for preparing documents. This was in part the result of inadequate skills among GCSM's staff.
- 2.35 The **Cambodia** case for centre-of-government reform involved the strengthening of the Cambodian government's mechanisms for development cooperation management. Following the Paris peace agreement in 1991, large volumes of aid began flowing into the country, but by the end of the 1990s the government was concerned about:
- fragmentation of aid with little communication between different blocks of donors;
 - proliferation of different donor procedures;
 - donor funds by-passing the budget leading to feelings of lack of ownership by the government;
 - separate project implementation units;
 - too much funding going to foreign and local consultants (33-50 per cent) rather than building the capacity of government organizations.
- 2.36 In 2001, the government produced its vision for aid management, the New Development Cooperation Partnership Paradigm. This focal point was the Cambodia Development and Rehabilitation Board under the Council for the Development of Cambodia (CRDB/CDC) as had been before. UNDP assisted realization of the Paradigm through its Support Program for Aid Coordination and Partnership. This was succeeded by a government-requested Multi-Donor Support Programme led and administered by UNDP. Over the life of the two programs, there were significant achievements:
- Nineteen government-donor thematic Technical Working Groups were established.

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- The high level Cambodia Development Cooperation Forum (CDCF) was established and meets every 18 months.
- Government-Donors Committee meets three times between CDCF meetings.
- Action Plan for Harmonization and Alignment produced in 2004.
- Strategic Framework for Development Cooperation Management produced by the government in 2005.

- 2.37 In addition to setting up and operating these bodies, there have been other gains. Capacity development activities have been undertaken leading to enhanced aid-related capabilities in CRDB/CDC and line ministries, the CRDB/CDC has produced major aid effectiveness reports, joint donor-government monitoring indicators have been agreed, and the attempted command-and-control approach of CRDB/CDC has given way to the organization playing a more responsive and facilitative role. Also, CRDB/CDC's linkages to the highest levels of government have meant that ODA issues can be brought to the attention of the country's leading strategists. The various steps in the reform have been marked by consultation and collaboration between government and donors.
- 2.38 Despite these gains, the evaluation found continuing fragmentation in aid delivery in part due to donor caution towards a public service characterized by weak performance, pervasive patronage, functional fiefdoms and integrity problems. Such issues have led to donor reluctance to use program-based approaches. There is the additional issue of how the sustainable capacity of Cambodian organizations would be maintained and/or developed if donor support was removed.
- 2.39 In **Indonesia** the centre-of-government PSGR concerned poverty reduction coordination. At the end of the 1990s following the Asian Financial Crisis, the poverty alleviation gains of the previous three New Order decades were wiped out. Forty-nine million persons, 24 per cent of the population were classified as living in poverty by Statistic Indonesia. Although macro-level economic stabilization and economic recovery led to substantial poverty reduction gains, poverty still remained a national problem. It was then given full exposure in the 2004 election campaign of President Yudhoyono who promised to reduce its incidence by half. This promise was popular and can perhaps be seen as acting on a perceived but until then poorly articulated demand and advocacy by the World Bank to adopt and extend a successful community funding initiative, the Kecamatan Development Program.
- 2.40 The Indonesian government had up to 114 poverty reduction programs run in a largely uncoordinated manner by individual agencies and with little evidence of their effectiveness. The reforms of the Yudhoyono government sought to end this fragmentation and focus official poverty alleviation efforts through two nationwide programs:

- The National Program for Community Empowerment (PNPM) providing cash transfers to communities and facilitating participatory community planning.
 - The Conditional Cash Transfer (CCT) program targeting poor communities and households linked to school and health centre attendance for particular target groups.
- 2.41 One of the main goals of the overall program has been to increase whole-of-government coherence and minimize transaction costs by coordinating the various poverty reduction programs of different government agencies under one centralized umbrella, the Coordinating Ministry for Social Welfare. At the time of the evaluation, at least 16 ministries and agencies were working under the PNPM umbrella and were represented on the program's Steering Committee.
- 2.42 The reform has been seen as successful in terms of its popularity with the public and donors. It can also boast nationwide coverage, operating in 80,000 villages and involving 35 million people. It is the largest social protection program in the world. Furthermore, knowledge transfer and lesson-learning were enabled through an Indonesian study of successful cash transfer models from Latin America. However, as yet there has been no evaluation of PNPM's impact on poverty partly because the government's initial prime goal was community empowerment and also there is no central standard for the measurement of poverty in Indonesia.
- 2.43 Success has been attributed to several factors including strong coordination and leadership by central government; the establishment and operation of the Steering Committee; and the efficacy of the CCT intervention that was especially targeted at specific MDGs on education and health. Donor support has also been effectively managed through a Multi-Donor Trust Fund that enables coordination of donor funds through the Steering Committee. However, some local governments resent the top-down nature of the program and the government has been slow to recruit potential local-level allies such as CSOs and the private sector. Sustainability is also an issue. It is assured in the medium term with a commitment of A\$215 million from the Australian Agency for International Development (AusAID) but there is no assurance that parliament will approve further priority funding from the national budget.
- 2.44 For **Mozambique**, the centre-of-government reforms merged with those classified as role of the state and have been dealt with in the previous section (see previous section).
- 2.45 In **Uganda**, the centre-of-government reform chosen for evaluation focused on support of the National Integrated Monitoring and Evaluation System (NIMES), in particular the support provided by DFID through the Strengthening Evidence Based Decision Making (SEBDM) scheme. The need for a national monitoring and evaluation (M&E) system was established by cabinet in 2003 as a way to ensure that

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government programs were properly conducted and evaluated. The framework was published in 2006 with strong backing from the prime minister and donors. It aimed to resolve a set of governance shortcomings relating to M&E:

- an inadequate performance-based culture;
- incentive structures that focused on inputs and activities rather than outcomes;
- inefficient M&E coordination arrangements;
- limited flow of relevant information;
- inadequate integration of data collection systems;
- gaps in information and underused information.

2.46 The implementation of all projects associated with NIMES proceeded slowly due to lack of staff in government, which also meant delayed usage of training funds. Consultants had to be used but the procurement process also took a long time. These factors led to delays in producing key publications and by 2006, there had been no great improvement in coordination between producers and users of policy. The question was whether or not the focal point of implementation, the Office of the Prime Minister, was fully committed to the project.

2.47 These problems led to rationalization of activities. Government saw the established system as too complex and cumbersome and moved to simplify it leading to the production of a new annual performance report of government. The new system is seen as more technically realistic. At the time of the evaluation it was too early to say whether the reforms would lead to improvements in service delivery through a performance assessment system that is enforced.⁴

Summary and conclusions

2.48 The centre-of-government reforms were concerned with policy coordination, a topic that has not attracted much attention in the literature on developing countries. The major advice from the sparse literature is that the impetus and support for such reforms must come from government and that building competencies and intergovernmental links should be the major concerns. In Bosnia and Herzegovina the reform of strategic planning and aid coordination had limited technical objectives and activities due to state fragmentation and its accompanying culture of exclusivity and non-cooperation between the country's territorial entities. By contrast, in Cambodia there was progress in strengthening the government's mechanisms for development cooperation management such as the establishment of thematic Technical Working Groups. However, some problems stubbornly remain, such as aid fragmentation, in part induced by donor concerns about patronage and corruption in government.

⁴ In 2012, some officials of the Office of the Prime Minister were suspended over a scandal involving the embezzlement of up to £10 million of aid destined for a peace recovery and development program. See http://www.oag.go.ug/index.php?option=com_phocadownload&view=category&id=26:2012&Itemid=18

- 2.49 The centre-of-government reform in Indonesia was the most successful of the policy coordination reforms and involved the coordination of poverty reduction initiatives. There were 114 separate initiatives across many government organizations. Strong government leadership and bold thinking contributed to whole-of-government coherence with most programs brought under two nationwide ones. All stakeholders judged the reforms successful but there is little hard data on the outcomes and its sustainability is unknown. In Uganda the project involved setting up a nationwide M&E system to ensure government programs were properly conducted and evaluated. Implementation delays and the creation of a system of too much complexity resulted in a government-led rethink. The revised system produced definite performance improvement but M&E activities are still dependent on donor funding.
- 2.50 Major recommendations to emerge from these centre-of-government reforms are:
- Donors should look to support centre-of-government reforms where there is strong host government leadership.
 - Donors can encourage development partners to experiment with centre-of-government reforms by demonstrating the advantages of such reforms.
 - Development partners must realise that policy coordination reforms are difficult to obtain where bureaucratic government organizations are strongly oriented to defending their functional territory. Coordination is generally viewed as threatening that territory.
 - Design complexity should be avoided as far as possible in policy coordination reforms as this can lead to unworkable systems; flexibility under a strategic plan with clear goals should be encouraged.

Accountability and Oversight

Literature review

- 2.51 The literature review identified a variety of reasons why donors, recipient governments, citizens and the private sector may favour accountability and oversight reforms as important PSGRs (Pretorious and Pretorious 2008, Stern 2005, Therkildsen 2001). These include:
- ensuring aid effectiveness and minimizing losses due to corruption;
 - promoting good governance;
 - enhancing service delivery;
 - aiding economic growth;
 - reducing poverty;
 - achieving the MDGs.
- 2.52 While much work has been undertaken in the field, such as on increased participation and more transparent government reporting, knowledge of the impact of these

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initiatives is often limited or too difficult to ascertain (Allen 2009, Peterson 2010). There is also variation between actions in different areas. For example, gains have been made in democratization but success has generally been much less in controlling corruption (Stern 2005). Some successes have been recorded for social accountability mechanisms such as citizens' charters, citizens' scorecards for service delivery and participatory budgeting (UNECA 2003). There are various reports of gains in external auditing in highly indebted poor countries (HIPC) but internal auditing and control has shown little improvement for reasons which are unclear (Pretorious and Pretorious 2008).

- 2.53 While public financial management reforms are outside of the PSGRs covered in this evaluation, some comment is necessary as such reforms are at the core of accountability and oversight. Data on HIPC countries that have undergone budget reforms since the mid-1990s show that budget formulation has generally improved, but budget execution and accountability are still weak in the majority of countries (Dorotinsky and Floyd 2004). It is often difficult to come to firm conclusions on PFM. For example, an IEG (2008) report counts PFM reforms as having the best success rate of World Bank projects in public sector management while Pretorious and Pretorious (2008) found that the World Bank's support for capacity building has encountered considerable difficulty in the area of PFM.
- 2.54 Finally, the literature review found that the role of parliaments in accountability and oversight has been overlooked although there are examples of success such as in Ghana and Liberia (Hudson and Wren 2007, Bonn 2010). There is considerable research on increasing the numbers of women in parliaments, especially through gender quotas, although there remains a question about the level of influence women have after achieving office (Galligan 2006).

Country studies

Table 3: Donor Interventions in Case Study Countries: Accountability and Oversight

Bosnia and Herzegovina	Cambodia	Indonesia	Mozambique	Uganda
	Strengthening the National Audit Authority	Reform of the External Audit Board	Strengthening the Supreme Audit Institution	Support to the Office of the Auditor General

- 2.55 Despite the potentially wide-ranging scope of this category of reforms, all the projects evaluated under the category of accountability and oversight were concerned with activities in the countries' major auditing bodies. These supreme audit institutions have

attracted much attention in recent years as they should play leading roles in enforcing integrity, combating corruption and encouraging efficiency in government organizations. However, in many developing countries the audit bodies have traditionally been weak and neglected. To remedy this situation development partners have engaged in a variety of initiatives to build the legal and operational capacities of audit organizations in many countries. Three examples are presented in this evaluation.

- 2.56 The **Cambodian** project selected for accountability and oversight was the strengthening and capacity development of the National Audit Authority (NAA). The NAA was established in 2000 to address the lack of transparency and reliability in the public finance system. This has meant that the initial activities of donors were concerned with creating an organization from scratch rather than reforming one.
- 2.57 Given the lack of auditing skills and systems in the NAA, the PSGR activities focused on capacity building and have been strong on technical functions. The combined inputs of the Asian Development Bank (ADB), the World Bank and various bilateral donors have raised the NAA to the position where its 160 auditors are now capable of undertaking 90–100 audits each year. Also, the process of reporting to the National Assembly is working and the reports are scrutinized and discussed in an organized process.
- 2.58 While undoubtedly advances have occurred in the technical operation of the NAA, it still has inadequate capacity. Coverage of the audit work in terms of numbers of organizations and regularity of audits is still limited as is the scope of audit activities. They are confined to financial regularity and compliance rather than performance issues. There is continuing reliance on donor support in order to maintain incremental advances in capacity. However, it will be the broader context of the NAA and accountability that will determine how successful the overall reform will be. For the NAA to be truly effective, the National Assembly will need to be more proactive in using NAA reports to enforce accountability on government organizations and ministers. The NAA would also enhance its effectiveness if there was more pressure from civil society, citizens and the private sector for government organizations to pay serious attention to the findings of the NAA.
- 2.59 In **Indonesia**, the accountability and oversight project studied involved strengthening the State Audit Board (BPK—*Badan Pemeriksa Keuangan*). Established in 1945, the BPK had a history of subservience to government and poor funding. With democratization, the president, parliament, the public and the private sector have acknowledged the importance of a credible external auditing body. Corruption has been a leading political issue. Some opposition to BPK reform came from government organizations worried about losing authority, resources and patronage opportunities. However, the political coalition for reform was too strong.

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- 2.60 The reforms were far-reaching and involved establishing BPK's legal authority, powers and operational independence. There was also considerable attention to building the organization's capacity in terms of staff numbers and skills, technology and work processes. It was intended to raise the performance of the BPK to international audit standards.
- 2.61 The reform has been judged to be successful with an external peer review confirming that the legal architecture had been put in place and that there has been good progress in capacity development. BPK was given the constitutional mandate as the sole external audit institution in 2001 and three laws were passed in 2003 to clearly establish its scope and powers. Organizational restructuring and the installation of a performance management system has progressed. Scholarships for training at home and abroad, and internships in foreign audit offices, have significantly raised the level of skills of the BPK. Considerable investment has also gone into new technology. The organization has expanded, especially because of its new responsibilities for local government, and now has 3000 auditors, 1000 of them having been recruited in the last few years. BPK is used as model for at least three other Asian countries.
- 2.62 Both multilateral and bilateral donors have been involved in supporting the reform of BPK, especially under the State Audit Reform Sector Development Program (STARSDP). This program ran from 2004 to 2007 and involved a loan of US\$225 million from the ADB and US\$10 million in Netherlands grants. The World Bank and other bilateral donors have also given assistance to the BPK. They, the Indonesian government and the public have been generally very satisfied with the achievements of the BPK reform.
- 2.63 **Mozambique's** reform that was evaluated for accountability and oversight was capacity building of the supreme audit institution, the Tribunal Administrativo (TAd). In 1993, the TAd was largely defunct but in the late 1990s, government and donors agreed that a strong external audit function was necessary especially as donors wanted to provide general budget support. This led to an influx of funds, approximately US\$12 million from 2001 until 2006, from triangular cooperation between Mozambique, Portugal and Sweden. In the current phase, the aid modality has changed to a harmonized multi-donor one involving contributions of about US\$5 million per year from four European countries.
- 2.64 The evaluation found the reform of TAd to be broadly successful. The number of transaction audits increased from 29 in 2004 to 451 in 2009 with coverage of between 30 and 40 per cent of expenditure. The total number of qualified auditing staff has grown from seven to 200 and total staff to 300. There has been improvement in audit coverage, adherence to standards and quality. Auditors now regularly visit provinces and districts as against the previous practice of simply examining the documentation. The TAd has demonstrated independence and rigour and was judged by all reports and

interviewees to have had a positive impact on accountability and financial responsibility.

- 2.65 There are some outstanding issues which need to be addressed in the next few years of the project. These include:
- a huge backlog of sector accounts for auditing;
 - the absence of sector audits from TAd's report on the consolidated financial statement;
 - TAd's rulings are not published;
 - TAd takes a long time to rule on audit findings.
- 2.66 Despite these problems, TAd has made good progress under capable leadership and with strong domestic and foreign support and partnership. The common fund modality is beneficial and TAd reforms have complemented others in PFM. Sustainability is assured in the medium term but only because of donor funding. If that were removed, the TAd would suffer from a much reduced budget.
- 2.67 In **Uganda** the accountability and oversight reform looked into was the support for the Office of the Auditor General (OAG) provided under the Institutional Support for Good Governance (ISPGG). This program was funded by the African Development Bank from 2005 to 2009. There has also been support from the World Bank, the EU and at least four bilateral donors.
- 2.68 In 2005, when ISPGG commenced, the OAG was extremely understaffed and had poorly trained officials. The ISPGG assisted in the creation of a Value for Money (VFM) audit unit with 50 trained officials. The unit produced 20 VFM reports in its first year; about 10 VFM reports are now being produced for each year. A backlog of 1432 audit reports was cleared and the 2007/2008 audit report was produced on time for the first time. Donors have been impressed by the scope of OAG audit activity and by the rising standard of OAG work. Stakeholders are unanimous that the reform has directly improved the accountability environment.
- 2.69 The reasons for the success of the reform have similarities with those in the audit agencies in the other study countries. First, the reforms have been guided by a good quality corporate plan owned by OAG. It has enabled donors to slot into reform components identified by OAG despite the somewhat piecemeal nature of their engagement. Second, there has been a reform champion in the form of the auditor general and strong political support from politicians, reform-minded bureaucratic leaders, the media and public at large. Third, OAG has enjoyed organizational independence allowing it to recruit and retain staff with terms and conditions that are competitive with the private sector. Fourth, it has been possible to build a strong corporate culture oriented to performance. Fifth, experienced and well-qualified

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consultants have worked with OAG staff in a collaborative manner to embed capacity gains and to orient staff to international standards.

- 2.70 There are ongoing needs for training to maintain and enhance staff capacity but continuing donor support means that OAG performance is sustainable in at least the medium term, especially as recurrent OAG costs are now being borne by the government. There is some discontent among internal auditors who do not enjoy the OAG staff's terms and conditions. Also, it is time for parliament to build on OAG's achievements by following up on OAG findings.

Summary and conclusions

- 2.71 This evaluation found considerable literature clustered around various aspects of accountability. There was much advocacy of its beneficial impacts although much less hard data detailing them. There were observations on the widespread popularity of accountability reforms from citizens through to donors while experiments in areas such as participation and transparency were well documented. Where impact assessment was recorded, there appears to be differential success both between countries and between particular types of accountability activities.
- 2.72 All the reforms covered in the evaluation focused on the countries' supreme audit institutions and all made significant improvements in capacity and performance. In Cambodia, the National Audit Authority (NAA) was established only in 2000, in a context where corruption was rife in government. With donor support, the NAA has built capacity and produced required outputs. It still requires additional capacity, but it is hampered in its effectiveness by operating in a political economy in which patronage and corruption are widespread. Its Indonesian counterpart, the State Audit Board (or BPK), has a history stretching back to 1945, but only since democratization in 1998 has it been able to fulfil its mandate. With strong political support and a leader-champion the BPK has: built a solid institutional base in the law; grown staff numbers; greatly enhanced the skills of personnel; introduced new technology; and become a model for at least three other Asian nations. Mozambique's supreme audit organization was largely defunct in the mid-1990s but government leadership and donor support have combined to produce considerable capacity and performance advances. There are still problems to address including sustainability dependent on continued donor support. In Uganda, the Office of the Auditor General similarly rose from being understaffed, low skilled and poorly performing, to having a much increased capacity, competence and output.
- 2.73 What the audit organization reforms suggest is that success in PSGR can be achieved when particular sets of conditions prevail. These are popular support, strong leadership, solid legal base providing clearly defined functions and powers, the ability to determine staff terms and conditions and benchmarking to international standards. Donor support can be managed by the organizations. Unfortunately these conditions are impossible to reproduce when dealing with whole-of-government reforms.

2.74 Major recommendations to emerge from these accountability and oversight reforms are:

- Reforms to audit institutions should be strongly supported where chances of success in capacity-building are high and where the reforms can be predicted to be reasonably effective in improving the behaviours and practices of other government organizations.
- Development partners must appreciate that the effectiveness of audit institution reform for improving government performance is in great part dependent on the political economy context of those reforms.
- It is essential to build technical competence in audit institutions but this is insufficient on its own to improve the performance of government organizations.
- Reform success is more assured in organizations like audit agencies that are discrete entities, have clearly defined mandates in law, have rigorous standardized processes, and can be run with reference to international benchmarks.
- Success in accountability and oversight reforms is highly dependent on political support from a range of stakeholders and the presence of a leader-champion at the helm.

Social Justice

Literature review

2.75 The idea of social justice has been increasingly influential in development theory and practice and PSG (Morvaridi 2008). It is intertwined with other frequently used concepts including freedom, human rights and equality that have become important conditions and objectives of development. Thus, Sen (1999) writes about citizens getting their full entitlements to enable them to lead better lives. They are able to participate in economic and political activities because they have gained the freedoms that enable them to achieve development. To attain such social justice requires governance systems that guarantee equality of opportunity, educate about and enforce human rights, and encourage people to voice their opinions and participate in public affairs. Such characteristics contribute to the creation of society as ‘a system of fair cooperation for mutual advantage’ (Rawls 1985: 227). But in developing countries, there are frequently deficits in the requirements for social justice. For example, patronage institutions are found in many countries where leaders personalize power and treat the state as an extension of their own property for themselves and their clients (Khan 2005, Blunt et al. 2012). Despite profound changes in the lives of women in developing countries, systemic gender biases and inequalities persist (World Bank 2012, Momsen 2010).

2.76 Efforts to overcome the social injustices in the modern world have often been led by organizations from civil society. In developing countries, non-governmental organizations (NGOs) have been the principal civil society players engaged in a variety of activities that bring them into relationships with the state: advocacy, direct action, service delivery, capacity building and research. These activities necessarily entail their

participation in PSG and its reform. Their growing importance was first acknowledged at the beginning of the 1990s (Edwards and Hulme 1992). The momentum of NGO growth and significance for development has been maintained so that they have become ubiquitous across developing countries, deeply engaged in PSG and often receiving considerable finance from governments and NGOs in rich countries (Lewis and Kanji 2009). NGO strengths are seen to be flexibility, efficiency, close ties with the poor and disadvantaged, participatory skills, integrity and commitment to social justice. However, there are sometimes conflicts between state organizations and NGOs, accusations of lack of accountability and fears that some NGOs have lost their roots and become co-opted by the state (Hulme and Edwards 1997). Nevertheless NGOs have clearly established their roles as major participants in governance and development in many developing countries.

Country studies

Table 4: Donor Interventions in Case Study Countries: Social Justice

Bosnia and Herzegovina Supporting Civil Society Engagement in Ministries Reform of Parliamentary Support	Cambodia	Indonesia Gender Mainstreaming	Mozambique	Uganda Human Rights and Good Governance Programme
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2.77 The broad scope of the term ‘social justice’ was matched by the variety of projects included in this category. They ranged from gender mainstreaming in Indonesia to a mixture of human rights activities in Uganda. In Bosnia and Herzegovina, there were two projects one in the law and order sector and one concerned with deepening democracy. Most projects involved cooperation between the state and NGOs from civil society.

2.78 **Bosnia and Herzegovina** accounted for two of the social justice projects. It is a country that came out of the disintegration of the Socialist Republic of Yugoslavia. The need to cater to different but spatially concentrated ethnic groups has led to a state structure of a highly decentralized nature, with each government independent of the others: one central government, two ethnically-based Entity governments, one district, ten cantons and 134 municipalities. Constant political deadlock and minimal cooperation between the component territories has led to donors concentrating on technical reforms in one level of government because reforming the role of the state or expecting inter-governmental cooperation are currently impossible. Any proposal that challenges the fundamental characteristics of the constitution is domestically unacceptable.

- 2.79 The first social justice project evaluated in **Bosnia and Herzegovina** was to support the greater participation of civil society in the development, delivery and accountability of justice and security services. It took place in the State-level Ministries of Justice and Security. The project was of limited scope involving development of an improved understanding of civil society engagement in the justice and security sectors; a capability building plan; and to implement pilot state-civil society engagements. In the first phase from January 2008 to February 2009, the sectors' CSOs were mapped; existing engagement activities were reviewed; barriers to and opportunities for engagement were identified; and awareness and capacity building activities for CSOs and ministries were undertaken. Phase two built on the first phase to support the implementation of pilot activities in specific justice and security areas.
- 2.80 The project was 'reasonably successful' in terms of its limited goals and in raising some awareness of the potential of government-civil society cooperation, but 'unimpressive' as far as outcomes were concerned. A capability framework was produced and other activities implemented, but the bodies identified in the Council of Ministers' plan for institutionalizing government relations with civil society did not eventuate. A department was set up in the Ministry of Justice but with such miniscule resources, it was incapable of providing support to CSOs. One overriding and recurrent problem of PSGRs in Bosnia and Herzegovina was the fragmentation of the country. The Council of Ministers is concerned with sectoral coordination, harmonization and international cooperation, whereas the interactions of CSOs with government occur at the levels of the autonomous territories.
- 2.81 What the project did show was that long-lasting partnerships between government agencies and CSOs in Bosnia and Herzegovina required:
- regular communication between government and CSOs;
 - building mutual trust and cooperation between government and CSOs;
 - institutionalization within ministries of a function tasked with building relationships and strengthening cooperation with CSOs;
 - incorporation of funds in ministry budgets for cooperation with CSOs;
 - a more proactive approach by CSOs in cooperating with government;
 - greater linkages between CSOs with similar focus.
- 2.82 The second reform area in **Bosnia and Herzegovina** included under social justice was concerned with strengthening parliamentary support. These activities do not make a good fit with any of the reform categories in this evaluation but can be loosely placed under social justice. This is because one of two main aims of the activities was to strengthen the capacity of citizens to influence the formal organs of power. This should facilitate progress in securing social justice.

- 2.83 The constitution of Bosnia provided for a State Parliament with limited responsibilities and powers, two Entity government and cantonal governments. The new State Parliament had little institutional capacity to develop or review legislation, minimal experience in mobilizing citizen participation and few skills for reviewing policy proposals from the executive branch. This led to seven parliamentary strengthening projects funded by different donors from 2001 to the present. This evaluation focused on the most important and longstanding project (2001–2012), the Parliamentary Support Project (PSP). The project's aims were to develop the capacities of Members of Parliament (MPs), and the parliamentary administration, and to develop parliament as an institution (e.g. through committees, procedures etc).
- 2.84 The evaluation found that the initiatives from PSP in combination with other projects helped improve efficiency, accountability and transparency of the parliament. The PSP itself was deemed to be 'reasonably successful' in that it managed the introduction of legislative procedures, supported the setting-up of parliamentary committees, built up the capacity of the secretariat, established a research centre and engaged in other small-scale activity-based initiatives. The project put in place some building blocks that can lead to greater social justice through parliament. However, these technical accomplishments could not overcome the fragmentation of the country's political system and the consequent impasse in political cooperation and decision-making for all citizens.
- 2.85 The social justice reform evaluated for **Indonesia** was gender mainstreaming. This was to address a range of gender inequity issues including:
- women suffering disproportionately from illiteracy, poor health and malnutrition;
 - a relatively high maternal mortality rate;
 - endemic domestic violence;
 - rape as a feature of communal violence;
 - women and children trafficking;
 - low representation of women in senior public service ranks (only 6 per cent);
 - lower wages for women than men in manufacturing.
- 2.86 Little available data and analysis were at hand at the beginning of the decade under study. Since the reform under the Presidential Instruction on Gender Mainstreaming in 2002 and laws on the Eradication of All Forms of Violence Against Women, Trafficking and Gender Equality, diagnostic work has increased, much of which has been funded by international donors and undertaken by CSOs. All sectoral ministries and agencies adopted the National Action Plan on Gender Mainstreaming for implementation while the Women Empowerment Ministry assumed control of Child Protection activities in 2004. These reforms have been externally driven, by international agencies and agreements, and domestically by CSOs.

- 2.87 The evaluation found that seven donors had invested in gender mainstreaming activities in 11 projects. Results from the projects have been mixed. On the positive side, donors have provided funds for technical support to the Women Empowerment and Child Protection Ministry (WECMP) and have given the impetus for reform in this area. The Indonesian government is highly satisfied in what it sees as a series of outputs: research, workshops, draft laws and regulations, and advocacy activities. However, CSOs are more circumspect as they see gender mainstreaming objectives to be longer-term changes in government and societal behaviour. CSOs have been more concerned with issues such as significant reductions in maternal mortality, trafficking and domestic violence. However, a start has been made and formal agreements and legal instruments are in place which can leverage future action.
- 2.88 In **Uganda**, the National Resistance Movement came to power in 1986 after 20 years misrule, massive human rights violations, and violence and killing on a large scale. The country was bankrupt and the economy was in a disastrous state. Under the leadership of President Museveni, the political situation was stabilized, a new constitution and elections held, and the economy put on track for recovery. There have now been approximately 20 years of relatively high economic growth and improvement in welfare indicators with the country set to achieve some of the MDG targets in 2015, such as poverty reduction and gender equity in education, but still failing to meet others. ODA is still significant but has been falling in absolute amounts and as a percentage of government expenditure.
- 2.89 The social justice reform for Uganda was the European Union (EU) funded Human Rights and Good Governance Project (HRGGP) in the country's Justice Law and Order Sector (JLOS). Funding in this sector has not prioritized human rights compared to funding for law enforcement agencies. The EU project aimed to fill some of this funding gap and to fit with JLOS sector policy objectives to foster a human rights culture across JLOS institutions, and to enhance access to justice for all, especially the poor and marginalized.
- 2.90 The HRGGP's objectives were to build the capacity of key government institutions; to improve access to justice and legal awareness of Ugandan citizens; to strengthen the democratic process through support to civic education and to parliamentary governance; and to improve the respect of human rights, access to justice and the rule of law in Uganda by strengthening the Justice, Law and Order institutions and legal aid. Funding amounted to US\$8.9 from 2007-2010.
- 2.91 The project aimed to address both the supply and demand sides of human rights and governance. On the supply side, it involved working with government organizations; on the demand side, there was a grants facility for local CSOs. To accomplish these aims, the project included a wide range of activities:

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- support to the Uganda Police Force and Uganda Prison Services for various initiatives;
- grants to NGOs to combat gender-based violence;
- support to the National Community Services Programme;
- support to the Uganda Association for Women Lawyers in connection with sexual and gender-based violence and child rights;
- civic and human rights education for citizens;
- paralegal training in human rights.

2.92 While the HRGGP was successful in terms of outputs, it is difficult to judge the outcomes in terms of sustainable behavioural changes. One issue was that the project activities were thinly spread across the sector whereas a more focused approach on key targets would have had more chances of success in producing lasting changes and would have been easier to manage. Delays in start-up due to government procurement difficulties and slow NGO grant processing meant that implementation was reduced from three years to one year, far too short a time to bring about significant changes to many people's attitudes and behaviours.

Summary and Conclusions

2.93 Evaluation of the two social justice projects in Bosnia and Herzegovina reaffirmed the difficulty of making substantial progress in PSG reform in the context of a fragmented post-conflict state. The political realities of Bosnia and Herzegovina led to project designs that necessarily focused on building technical capacities. In this respect, the two projects can be judged as 'reasonably successful'. However, in terms of generating desired outcomes such as cooperative decision-making, enhanced citizen voice and agency, and inter-governmental trust the gains were negligible. These findings do not necessarily apply to all post-conflict states but the particular political power-sharing arrangements put in place in Bosnia and Herzegovina seem destined to hinder making overall national progress in PSG.

2.94 Evaluation of the Indonesian project concerning gender-mainstreaming and the Ugandan project for human rights and good governance both revealed three important findings. First, while CSOs are by definition from society, they still have important roles to play in PSG reforms especially in the broad field of social justice. They have attributes that give them advantages for working in PSG reform such as flexibility, fast response time, technical accomplishment, independence of thought and commitment. Second, it can be challenging for CSOs and government to develop mutual trust and respect, qualities that are essential for the workings of true partnerships. There is the danger that the desirable distinguishing attributes of CSOs can be lost if they simply become service contractors dependent on government and donors. Third, PSG reforms in social justice require long periods to demonstrate effectiveness in terms of outcomes. Not only must the reforms change bureaucratic behaviour but there must also be complementary changes in the wider society.

2.95 Major recommendations to emerge from the evaluation of the social justice reforms are:

- In designing and implementing PSGRs for social justice, development partners should be fully aware of the political economy contexts in which the reforms are taking place and take steps to ensure that the reforms have reasonable chances of success in terms of changed behaviours, attitudes and values.
- Development partners must secure agreement on what are the social justice priorities and what actions should be taken to address them.
- PSGRs relating to social justice issues should involve partnerships (not simply cooperation) with CSOs.
- Development partners must appreciate that PSGRs aimed to improve social justice will face obstacles, often major ones, in bureaucracy and society and that any progress will be incremental and almost always over a long period of time.

Civil Service Systems

Literature review

2.96 There has been longstanding interest in civil service reform in developing countries, often involving the import of ideas and practices from rich countries. In the 1980s, emphasis was placed on retrenchment and restructuring to contain the cost of government while in the 1990s New Public Management (NPM) reforms were adopted in differing degrees by developing countries (Turner 2002). These included items such as performance assessment, monitoring, transparency, benchmarking and decentralization. Downsizing was still evident. The implementation of both these waves of reform has largely been regarded as failing to match expectations (Polidano 2001, Evans 2008, Crook 2010, Unsworth 2010). Crook (2010) and Olowu (2010) argue that the legacy of these reforms in Africa has been chronically understaffed and under-resourced public sectors, although such a generalization would not apply to much of Asia. NPM reforms of the 1990s have been criticized also for their negative impact on women (Rama 2002) and for introducing inappropriate western-style reforms to totally different developing country contexts (Schick 1998, McCourt 2002).

2.97 The current phase of civil service reforms, while retaining some of the earlier techniques (for example, transparency and restructuring), has been more concerned with quality, motivation, recruitment and promotion systems, and performance management. The overriding objective has been to improve service delivery through a civil service that is of the right size and skills mix, with the requisite motivation, professional ethos, client focus and accountability (UNDP 2009a). There has been attention given to increasing the numbers of women in middle and senior levels and to a results focus that is often tied to achieving MDG targets. Academic writing and donor experience have given a greater sense of political constraints and opportunities in civil service reform (PMR 2012).

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- 2.98 One neglected area of civil service reform in developing countries has been leadership. It has been argued forcefully that

‘The development studies literature.....has barely engaged with issues concerning leaders, elites and coalitions and that leadership as a concept and practice has neither been properly researched nor understood analytically as a key element in the politics of economic growth and social development’ (Lyne de Ver and Kennedy 2008).

Where leadership is considered, it is often simply in terms of the need for ‘strong leadership’ and framed in western-derived concepts and practice. Lyn de Ver and Kennedy (2008) observe that leadership development programs for women tend to have a better understanding of political contexts and are more collaborative than the usual offerings.

Country studies

- 2.99 All countries in the evaluation were engaged in macro reforms to their civil service systems. The government visions were generally ambitious and envisaged high-performing civil services at some future date. Only in Indonesia was this date specified. However, the case studies largely reflected the literature on large-scale civil service reform – that it frequently disappoints and that the vested interests in the political economies of reforming countries are often able to derail or divert the efforts of those who wish to see major changes in civil service systems.

Table 4: Donor Interventions in Case Study Countries: Civil Service Systems

Bosnia and Herzegovina	Cambodia	Indonesia	Mozambique	Uganda
Support to the FBiH Government and Civil Service Agency in the Effective Public Administration Reform Implementation	Public Administration Reform	Bureaucracy Reform Program	Professionalization of the Public Service	Public Sector Reform Programme

- 2.100 In **Bosnia and Herzegovina**, the project focused on the Entity government of the Federation of Bosnia and Herzegovina which employed about 123,000 officials, including the police, with most located in the ten cantons and 83 municipalities. These personnel constituted a significant proportion of public servants in Bosnia and Herzegovina. The civil service reform evaluated was the Support to the FBiH Government and Civil Service Agency in the Effective PAR Implementation, designed by the UNDP and funded by Japan for US\$399,000. The project was seen as

fulfilling the need to introduce modern human resource management (HRM) policies and practices into each level of government.

2.101 The project aimed to make a positive impact on the disorganization and wastefulness of public administration. The project had modest goals in line with appreciation of the difficult political situation for civil service reform. It succeeded in the following ways:

- raised awareness of HRM and the Civil Service Agency;
- introduced a modern HR function;
- conducted a job analysis and training exercise;
- installed human resources information software (HRIS).

Overall the project was seen as a success, albeit of very limited scope.

2.102 There were implementation problems including the delay in appointing national counterparts, lack of coordination among donors and the limited capacity of the State Public Administration Reform Office to steer the reform. More fundamental was the continuing absence of a merit appointment system because of political interference in the civil service and the role of ethnicity in HRM, especially appointments. Unfortunately the use of ethnicity as the legal cornerstone of the state conceals pervasive political patronage and nepotism in the appointment process.

2.103 In **Cambodia**, the study examined the National Public Administration Reform Program (NPAR) that has been in operation since 1999 under the direction of the Council for Administrative Reform (CAR). Up to that time, the priorities of government had been more concerned with political stability and control than with creating a modern public service. Even when PAR commenced, the emphasis was on consolidation and establishing the basic laws, rules and processes for public sector management. The successive NPARs have looked for incremental reforms. Recent outputs include:

- approval of the Public Service Delivery Policy and an associated handbook;
- drafting of policies for HRM and HRD;
- establishment of performance management mechanisms and their deployment in priority reform areas;
- strengthening of the personnel management system (e.g. recruitment, promotion, retirement);
- harmonization of donor salary supplementation processes.

However, there is little information on the implementation and effects of such measures on public service performance.

2.104 Donors have generally followed a sectoral approach in Cambodia. Thus, PAR has not been prioritized and has received only piecemeal donor support. This has also resulted

from government–donor tensions over approaches and results of PAR that even resulted in the temporary dissolution of the government–donor working group for PAR in 2006–2007. Donors have preferred a modernizing approach using appropriate structures and techniques drawn from contemporary public management as compared to CAR’s declared concern with public administration fundamentals. Also, they are aware of CAR’s limited influence over ministries and agencies and the low level of CAR resources and technical skills. This has been reflected in donors responding to sectoral demands for PAR-type reforms rather than through the NPAR. They are also reluctant to commit substantial resources where there is no clear commitment or implementation plan for reforms to be applied across the public service. The situation is exacerbated by the lack of a competitive salary structure, continuing weak capacity, absence of a performance culture, the pervasive influence of patronage structures across all public sector organizations and lack of community trust. Thoroughgoing reform of civil service systems is yet to be achieved but CAR would argue that incremental progress is undoubtedly occurring.

2.105 **Indonesia’s** civil service reform is known as Bureaucracy Reform which is an ambitious attempt to transform the bureaucracy into a world-class civil service by 2015, extending to the sub-national governments by 2025. It is ambitious because of the problems afflicting the public sector and because of its size — 4.7 million employees. These problems include:

- complex regulatory arrangements shared between three central HR agencies;
- a remuneration system comprising many allowances and few performance incentives;
- lack of a performance-oriented culture;
- supply-driven training;
- weak discipline and management accountability rent-seeking behaviours;
- weak whole-of-government performance management;
- strong patronage networks leading to corruption and valuing loyalty over performance.

2.106 The drivers of reform have been the president and vice-president along with staff of the Ministry for Administrative Reform (MENPAN). Support has also come from civil society, the private sector and citizens more generally. Following the prioritization of PSGR by President Yudhoyono, three pilot organizations were targeted for major changes — the Ministry of Finance, the Supreme Court and the BPK (the external audit institution). Success in these pilot projects encouraged the country’s political leaders to extend civil service reform across the whole of government. After a slow start, the president and vice-president reinvigorated the process and in 2010 a National Steering Committee for Bureaucratic Reform (NSCBR) was formed. In the following year, a Grand Design and Roadmap for Bureaucracy Reform was drafted by government and has now been released. It aims to:

- right-size organizations;
- introduce clear, efficient and effective work processes incorporating good governance principles;

- ensure non-overlapping and effective laws and regulations;
- reform the HRM system to create an honest, competent, capable and high-performing civil service;
- greatly reduce, corruption, collusion and nepotism;
- improve bureaucratic accountability;
- create a bureaucratic culture of honesty and performance;
- provide excellent services to the public and private sector.

2.107 The chosen strategy involves a centrally supervised agency-by-agency process rather than aiming for simultaneous changes across all government organizations. While donors have welcomed this major initiative and have provided some small-scale technical assistance, the reform program has not had major injection of funds like those given to the earlier reforms in the three pilot agencies. Whether or not the momentum for civil service reform will stay after the departure of the current president is unknown, while opposition may arise from entrenched interests in government organizations who prefer the status quo.

2.108 In **Mozambique**, the study examined two components of the civil service system reform — pay and performance management. Under Mozambique's Global Strategy for Public Sector Reform 2001-2011, 'professionalization of the public service' was one of the five components. This was a response to the poor condition of the public service and its inability to respond to citizens' needs. At the start of the Global Strategy, salary levels were low compared to international organizations and the private sector; less than 4 per cent of public servants had higher education; 52 per cent were considered to be lacking in skills; and only 13 per cent of appointments were made through a competitive process. There was no formal HRM policy and promotion was decoupled from performance. Information flow in organizations was poor, organizational learning was minimal, and process was greatly favoured over results. Both performance assessment and accountability were lacking.

2.109 Despite the government's commitment to pay reform, little progress was made in the years 2001-2007. Several reports on pay were undertaken but no action resulted. This reflected disagreement between the World Bank-IMF and the Mozambique government about the content of pay reform. The government saw it as an opportunity to increase salaries up to the level then enjoyed by the Ministry of Finance while the World Bank-IMF saw this strategy as being divorced from strategic questions on improving the public service. The World Bank-IMF advocated downsizing, but the Mozambique government believed that the ratio of public servants to population was already low. The government also thought that downsizing would threaten its political popularity.

2.110 The breakthrough for the reform came in 2007 from cooperation with the Tanzanian government and the creation of a working group. In 2008, a policy emerged, and

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implementation commenced in 2009. It focused on pay decompression in order to give adequate compensation for skills, responsibilities and experience. This satisfied the overall objective of professionalization to retain and motivate skilled personnel. Salary supplementation, in the form of a local allowance, was introduced to encourage public servants to work in districts. However, implementation was frozen in 2010 due to the impact of the Global Financial Crisis.

2.111 As with pay reform, action was delayed on performance management. It was not until 2005 that the first action, a study tour, took effect. A few more visits, seminars and a report eventually paved the way for issuing a decree on a performance management system in 2009, with implementation to begin in 2010.

2.112 It is too early to evaluate the results of the pay and performance initiatives in Mozambique. However, early signs are not encouraging:

- The local allowance is frozen.
- There is no coordination between the two projects and none with other PSG reforms.
- Implementation of performance management has been slow in some ministries and non-existent in others.
- There have been complaints about onerous documentation unsuited to the specific requirements of ministries.
- Poor communication has accompanied the reforms.
- The training strategy is insufficiently developed, focusing on process while overlooking reform rationale.

2.113 Donors have been unwilling to provide funds to cover the extra budget although government contends it wishes to fund the pay reform out of its own budget. It is unclear whether the government has the resources to sustain the pay rises, especially as it has already suspended the local allowance. The history of salary supplementation in projects in Mozambique has shown such projects to be unsustainable.

2.114 In **Uganda**, public service reform has been an element of PSGR since the 1990s. At first it focused on downsizing while the second phase involved the introduction of results-oriented management, continued restructuring and salary enhancement. Despite early successes, reform stalled in the mid-1990s; in some areas it reversed. The number of civil servants increased significantly; there were declining levels of performance and service delivery; and no progress was made on pay reform.

2.115 To address these challenges, a third phase of the Public Sector Reform Program (PSRP) was launched with an emphasis on results and outcomes ‘to create and maintain human resource policies, an institutional environment and public management systems that facilitate national development, improved service delivery and poverty eradication.’ To achieve these ambitious aims, the PSRP is organized into six program areas:

- performance and accountability;
- human resource capacity;
- efficiency and restructuring;
- work environment;
- pay and pensions;
- leadership and management.

2.116 Implementation has been slower than planned partly due to unrealistic targets and a variety of program management issues such as procurement delays. For example, the results-oriented management component of the ‘accountability and performance’ program area has been ‘partially implemented’ but not fully internalized. While performance agreements have been rolled out to permanent secretaries and chief accountants, their impact remains unknown. Client charters have been introduced more slowly than expected but no formal feedback methods are evident. Under ‘efficiency and restructuring’, some organizations have had restructuring; guidelines on restructuring have been produced; and ‘ghost workers’ have been removed from the payroll. But time has been wasted in gaining agreement with donors. Finally, pay and pension reforms were deemed vital for retaining motivated staff in government service. Pay reform was approved in 2002 but is yet to be fully implemented. Similarly, pension reform has been on the agenda since 2001 but the reform process stalled. The recent successful passing of a legal framework must be tempered by the identification of implementation problems.

2.117 These examples give the flavour of what is involved in a large and complex program of public administration reform. In general, there has been significant achievement in terms of outputs but it is difficult to translate these into positive outcomes. There have been challenges, including:

- delays in getting budgets approved and in procurement;
- little analysis of how different program components might interact;
- insufficient attention to the big picture in terms of overall program objectives;
- failure to properly articulate the roles of the government organizations that must embed the systems introduced by the Ministry of Public Service;
- the expansion in the number of districts leading to growing numbers of public servants;
- lack of consistent political support.

2.118 Donors (World Bank, UK, Denmark, Ireland) provided a funding basket of US\$30 million to support a sector-wide approach to reform, and the World Bank funded a separate project (US\$8 million). At the time of the evaluation, outstanding grant funds remained in the basket, reflecting donor concerns about absorptive capacity. Donors can see no evidence of results and wonder what reform has actually taken place. This may result from early faith in public administration reform as a technical exercise

relying on good design and ample funding for success. This faith has been challenged and donors now appreciate that public administration reform has major political aspects that only the government of Uganda can resolve.

Summary and conclusions

- 2.119 The longstanding literature on civil service reform in developing countries has passed through different phases, with different foci of investigation, but with a persistent theme of failure or disappointing results. There are a few dissenting voices, however. We have now moved on from the phase of export of New Public Management (NPM) from rich countries and entered a new phase where quality, motivation, and pay and promotion are leading themes, although elements of NPM remain, especially concerning performance management. A range of obstacles facing reformers can be found in the literature. These can be such things as politics and resistance through to complexity and capacity shortfalls. Attention recently turned to leadership as potentially a key reform variable.
- 2.120 The case studies of reform mirrored the literature that highlighted disappointing results as being universally evident. In Bosnia and Herzegovina, the reform was about introducing modern HRM policies and practices to the entity government employing the most public servants. It was ‘reasonably successful’ in terms of its limited technical scope, but did little to address the fundamental problems of an effective public service. In Cambodia, the government believed its National Public Administration Reform Program had been successful in building a solid foundation for further reform. Donors and some academics are less generous in their evaluations and criticize the program’s scope, orientation, resources and achievements. They believe Cambodia still awaits significant civil service reform.
- 2.121 Indonesia’s civil service reform made a bright start in three pilot organizations but the momentum has slowed as the government has tried to extend early success across the whole public service. There has been strong political support from the highest levels of government but this has yet to be transformed into solid gains. A set of persistent problems continues to thwart reform although the presidentially backed initiatives for civil service reform are still being sustained. By contrast to Indonesia, Mozambique’s civil service reform had a slow start. It focused on pay and performance management to address a situation of low salaries and qualifications coupled with low skill levels and no formal HRM policy. The pace of reform has now picked up but the achievements are still limited. Uganda’s Public Sector Reform Programme has also made slow progress and has been declared as ‘partially implemented’ but the problems, which have made progress difficult, still remain.
- 2.122 With the exception of Bosnia and Herzegovina, the civil service reform programs examined in this study have all been ambitious, especially as they start from low bases, and are perhaps unrealistic. Much is expected of them by governments in the official

documentation but there has been a tendency to underestimate the problems faced in such whole-of-government reforms.

2.123 Major recommendations to emerge from the evaluation of civil service reforms are:

- Development partners should be extremely cautious about entering into major civil service reforms as the record of success is poor.
- Development partners engaging in civil service reform should pay particular attention to establishing plausible theories of change that link actions planned to desired development outcomes.
- Development partners engaged in civil service reform should be very wary of transferring policies, practices and organizations from rich countries and even other developing countries that do not share similar experiences.
- Development partners must appreciate that civil service reforms will always produce resistance and that there must be evaluation of what this resistance will be and how it can be overcome or at least lessened before reform even commences.

3 POLICY LESSONS

Strategy

- 3.1 The case studies reveal that a wide variety of strategies have been employed in PSGR, from ‘big bang’ decentralization in Indonesia to cautious incrementalism for decentralization in Cambodia; from an individual institutional focus in the Office of the Auditor General in Uganda to whole-of-government reforms of the civil service in Mozambique; and from an exclusively technical focus such as most reforms in Bosnia and Herzegovina, to attempts at culture change and incentives reorientation in bureaucracy reform in Indonesia. All are valid types of strategy depending on the instigators’ aims and the circumstances of the reform. However, all the country studies show that there should be an emphasis on projects and programs that lead to sustained change, defined as ‘the process through which new working methods, performance enhancements and continuous improvements are maintained for a period appropriate to a given context’ (Buchanan et al: xxii). Without this emphasis, the effects of change initiatives can be minimal or fleeting, as for example, shown by results from the Economic and Public Sector Capacity Building Project 2003–2007 in Cambodia, or from attempts to redesign the role of the state in Bosnia and Herzegovina.
- 3.2 The dilemma for development partners is how to sustain change in behaviour. This question has occupied organizational studies for decades and many authors have theorized or demonstrated the need for organizational development in the broadest sense (Buchanan et al: 2005). Technical fixes have very limited effects as the literature review and case studies repeatedly demonstrate, for example, in human resources information systems. They need to be embedded in changes to structure, culture, incentives and leadership. New attitudes need to be internalized along with new skills and routines. As the case studies show, this wide-ranging organizational development requires time. Medium- and long-term time horizons are essential for changes in values, culture, structure, work processes and behaviour to become the new way ‘we do things round here’.
- 3.3 The findings revealed that PSGR strategies need greater consideration of causal logic delineating the likely effects of particular actions, through what donor agencies refer to as ‘theories of change’. These are frequently absent in planning PSGR as the case studies clearly show. Meticulous care is needed in building the theories of change to avoid mechanistic representations of rational models in which everything is precisely defined for implementation.
- 3.4 A more ‘bounded rationality’ is required, one which appreciates that information is likely to be less than required, cognitive limitations are evident and there are time constraints. Appreciation of the political economy realities, especially the incentives and disincentives for reform and the changing environment in which reforms take place is also necessary as this may well point to the need to reconsider the theories and

the actions that have been derived from them. In the evaluation, the most robust theories of change were found in the audit agency reforms where there was greater control of the variables in clearly bounded and functionally specific organizations.

- 3.5 A final finding largely drawn from the case studies is the need for a shared vision among partners. It has been evident in some cases – for example, public administration reform in Cambodia and Uganda – that donors and recipients do not have the same visions about what should happen. In other cases, there has been little consultation with stakeholders such as the staff involved with the change or user groups. Giving them voice can add value to the vision and ensure that it is shared and supported. Such shared commitment to visions is seen as essential in much writing on organizational change.

Political Economy Analysis

- 3.6 In many of the case studies, political economy analysis (PEA) has been a missing element or at least an underutilized one. Yet literature on PSGR, especially public administration reform, has stressed the importance of PEA for many years. It is PEA that sees how politics affects policies and the entire policy process, how economic interests in society influence decision-making in the state, how informal networks of patronage hinder reforms. One of the leading purposes of such analysis is to understand and evaluate the risk factors involved in any PSGR and the likelihood of reforms being implemented.
- 3.7 The evaluation identified four risks associated with PSGR that can be revealed and assessed through PEA. First, the partner organizations(s) may lack the capacity to carry out the reform. This might be in terms of available personnel and their skills or how the organization(s) relate to others who have an interest in the reform and whose cooperation or tolerance is necessary.
- 3.8 Second, PEA can identify situations where government is unwilling or unable to enforce collective discipline necessary for reform success. This may derive from such phenomena as the relative autonomy of government organizations, such as that demonstrated in all case studies of civil service reform, or from the independence of different levels of government as seen in the Bosnia and Herzegovina reforms. Informal institutions, such as those of patronage, can make what seems technically possible, politically impossible.
- 3.9 Third, government leadership will cease supporting a reform when it becomes politically controversial. PEA will help to reach an informed judgment about whether political leadership has the commitment and support to drive a reform through to completion. A particular PSGR may seem not worthy of the required expenditure of political capital, or other policy priorities may emerge.

- 3.10 Fourth, a PSGR requires constitutional preconditions as a condition for success. For example, the case studies of audit institutions all demonstrated the need for constitutional guarantees about separation of powers and audit organization independence. The general message is that PSGR success has a close relationship with nation and state building. Where the latter are more firmly established such as in Indonesia success is more likely.

Civil Service Reform

- 3.11 The evaluation found that successful civil service reform required a whole-of-system approach, a long-term perspective and well-coordinated donor support as the minimum foundation on which to build. But other factors will exert additional influences on whether success is actually achieved. There can be good achievements in individual organizations, such as in the three pilot projects in Indonesia or the audit institutions reforms in Mozambique and Uganda, without movement towards similar levels of achievement in whole-of-system efforts. The individual successes may remain as islands of excellence, in some cases dependent on continuing donor support.
- 3.12 The case studies have confirmed the general, but by no means universal, findings of the literature review that civil service reforms are the least successful of PSGRs. This derives from several factors. They are the most reliant on interdependencies and collaboration across government yet, as the cases showed, organizational silos, functional territorialism, unfamiliarity with working together and the capacity to resist perceived threats to authority and resources hamstrung civil service reform initiatives. This creates a dilemma for government supporters of reform and donors. Do they narrow the reform and aim for what is feasible or do they continue to tilt at windmills?
- 3.13 Neither of these extremes is acceptable as both promise low levels of achievement, the maintenance of poor levels of service delivery and inefficiency in government performance. From the evaluation, it is possible to draw several policy lessons that could form the basis of a modified approach:
- Make more use of PFM reform as a stimulus and incentive for civil service reform.
 - Enhance internal government demand for civil service reform by progressive delegation of resource management accompanied by increased accountability.
 - Dismantle the civil service regulatory monopoly in a piecemeal manner allowing some plurality of systems in the new arrangements.
 - Support comprehensive organizational development taking a long-term perspective.
 - Explore ways of improving transparency on the cost and quality of public services (e.g. social accountability techniques).

Monitoring and Evaluation

- 3.14 The literature review and case studies revealed that monitoring and evaluation (M&E) investment and activities for PSGR are at low levels; where they do occur, there is a

narrow focus on outputs. It is acknowledged that services are often difficult to measure accurately but it is also the case that government organizations often resent and resist efforts to measure what they are doing, how they are doing it and what they are producing. The policy lessons emerging from the evaluation are that PSGR effectiveness could be enhanced by a proactive M&E strategy focusing on service delivery outcomes, the development of organizational capacity in M&E and increasing the transparency of M&E operations and findings. Such a strategy would comprise the following elements:

- agreement on an evaluation framework with all stakeholders at the start of PSG reform;
- conducting independent assessments of the capacity of organizations undergoing PSGR to provide baseline data to enable tracking of development progress;
- placing greater emphasis on increasing domestic demand for M&E information from government civil society and other stakeholders to ensure transparency and accountability in decision-making;
- encouraging the development of sustainable local M&E capacity and stimulate demand for PSG data – upward, downward and horizontally;
- integrating PSG M&E into wider systems for monitoring development performance;
- standardized monitoring of external assistance for PSG reform support by donor and recipient adoption of the OECD-DAC CRS conventions.⁵

Decentralization

- 3.15 Decentralization has been among the most popular of PSGRs. While it comes in all different shapes and sizes – in this study, the ‘big bang’ radical decentralization in Indonesia compared to small incremental changes in Cambodia – a common feature is lack of attention to the role of central government organizations. Donors and governments have focused attention on developing the structures and systems at the subnational level. Largely omitted from consideration have been the important parts central government agencies should play in a decentralized state – monitoring, compliance, and facilitation.
- 3.16 Central government takes a national perspective but must ensure that the lower levels of government are providing the services that citizens expect and are being served by accountable officials. This is achieved through such methods as establishing minimum service standards and checking they are achieved, making regular financial audits and checking that locally made rules conform to national legal instruments. If standards are not being met or financial regularities are discovered, then it is the central government that must take action to prosecute, force compliance or to assist. In relation to the

⁵ Organisation for Economic Co-operation and Development, Development Assistance Committee, Creditor Reporting System provides a set of basic data that enables analysis on where aid goes, what purpose it serves and what policies it aims to implement, on a comparable basis for all DAC members. See <http://stats.oecd.org/index.aspx?DatasetCode=CRSNEW>

latter, central government has an obligation to help sub-national governments where special help is needed, perhaps because of remoteness, too few skilled personnel or inadequate infrastructure. The literature review and the case studies revealed that not enough attention has been given to the role of the central state in decentralization both in terms of donor funding and academic enquiry.

- 3.17 A second aspect of decentralization is its long-term nature. Formally installing a new system of sub-national governance may be complex but governments are generally able to manage this. Councils are set up, procedures established, electoral systems put in place, personnel transferred and local government organizations restructured. This is only the starting point as decentralization is expected to enhance service delivery, contribute to poverty alleviation, deepen democracy and promote greater accountability. Such achievements do not happen automatically but require long-term commitment from donors and recipient governments and coherence in policies and actions. In some cases, donors place too much faith in the efficacy of decentralization or oversimplify the needs of decentralization programs. There may also be divergent priorities between donors and recipients – political stability versus poverty alleviation.

Human Rights, Diversity and Gender

- 3.18 The principal finding on gender equality and human rights is that they were not routinely considered in many of the PSGR case studies. The civil service reforms, audit institution-building and decentralization programs paid little or no attention to these issues. They were addressed when they were part of the reform focus, such as in Indonesia's gender mainstreaming or Bosnia and Herzegovina's efforts to improve civil society cooperation with government. However, they involved relatively small donor investment and while they produced some or most planned outputs, there was little evidence of positive outcomes such as changed attitudes. It was also difficult to judge the degree of government commitment and the priority ascribed to these initiatives. The lesson learned from the evaluation is that for PSGRs to support human rights and gender equality, they should include:

- design processes that are conscious of gender equality, diversity and human rights;
- disaggregated data on gender, diversity and human rights in design and evaluation;
- understanding of the importance of rights protection and promotion in PSG processes;
- mainstreaming policies supported by robust compliance mechanisms;
- accountability between ministries and citizens on human rights issues;
- sufficient resources strategically applied to gender, diversity and human rights.

3.19 Service Delivery

Improved service delivery has been gathering support as a leading goal of PSGRs especially given the importance attached to achieving the MDGs. This was reflected in the leading goals of many of the large-scale reforms – in Mozambique's Global Strategy for Public Sector Reform, Uganda's phase 3 of the Public Service Reform Programme, Indonesia's bureaucracy reform and Cambodia's decentralization strategy.

- 3.20 However, the evaluation found that in most countries PSGRs were, in their implementation, at best loosely linked to improved service delivery. There were no explanations of how reform activities would lead to improved services for citizens. It was essentially assumed that improved services would be forthcoming from the PSGRs without any theory of change supporting why this should happen. It is, however, a challenging task to make clear causal linkages between reform of pay, human resource procedures and audit arrangements and changes in the quality, quantity, availability and responsiveness of services. Many factors can influence these changes and assigning particular changes or outcomes to specific PSGRs is a task that is fraught with difficulty. For example, improvements in the rural economy through rising agricultural process can contribute to better health and education outcomes just as decentralization may also play its part. How are the effects of the two phenomena disaggregated?
- 3.21 An alternative approach to hoping that PSGRs such as civil service reform somehow trickle down to produce improved service delivery and welfare outcomes, is to focus on the services themselves. The evaluation found discrete service delivery innovations such as one-stop-shops in Mozambique and Cambodia and initiatives in specific local governments in Indonesia. While evaluation of their efficacy is in its infancy, it does suggest that there could be a process of building upwards on the demand side to identify how services can be best delivered according to citizen needs and preferences. Major PSGRs such as civil service reforms could then be tailored to best fit with such developments.

Partnership and Coordination

- 3.22 The donor–recipient relationship is meant to be one of partnership characterized by equality, trust, respect and agreement. PSG reforms put strain on this ideal relationship because of their typically slow progress and the difficulties inherent in demonstrating what progress has taken place. The strain can undermine the commitment of both parties, a highly undesirable state of affairs when long-term engagement is essential for complex civil service reforms or decentralization programs. In such cases, the evaluation showed that the chances of reform success will be enhanced if:
- Engagement by government involves more than one central organization.
 - Reform is conceived and designed on the basis of a theory of change that indicates how the reforms will lead to more effective government management and improved service delivery.
 - Donors cooperate in producing and publicizing M&E findings on progress towards outcome goals.
 - Civil service reform, especially, tries to get synergy and leverage from PFM and organizational accountability reforms.

- 3.23 For reforms involving discrete organizations with clear constitutional and/or specialised mandates, the partnership task has been shown to be easier. The aims, outputs, outcomes and operational arrangements are more clearly defined and donors can work individually or together with the recipient organization. The case studies demonstrate how much can be achieved in such reforms.
- 3.24 The ways in which donors attempted to harmonize their efforts varied between countries and activities. For example, in Cambodia there are Technical Working Groups based on sectors; in Mozambique, there is a common fund mechanism; while in Indonesia, coordination has been on an ad hoc basis around specific modalities and programs. However, separate bilateral arrangements have caused overlaps between donor-funded activities and given rise to conflicting approaches and administrative procedures.
- 3.25 The evaluation found that large-scale public sector reforms with multiple donor and government stakeholders are difficult to manage without proper coordination mechanisms. Even with such mechanisms, progress can still be slow due to the politics of reform and absorptive capacity in the recipient country. Where there is one beneficiary with strong ownership of reform management, there is no strong requirement for a formal government–donor coordination mechanism. This was illustrated in the support given to the parliament in Bosnia and Herzegovina and to the Office of the Auditor General in Uganda. In some countries, such as Indonesia, donor–government coordination is governed by agreed principles and involving regular dialogue. The evaluation found that such mechanisms for joint oversight and coordination are still some way from being achieved. A final cooperation and coordination mechanism studied was the establishment of joint monitoring indicators in Cambodia. This produced greater recipient ownership but has been less successful in terms of harmonization and alignment of capacity development support.

4 CONCLUSION AND RECOMMENDATIONS

- 4.1 About 500 years ago, Niccolo Machiavelli made the observation that there was ‘nothing more difficult to take in hand, more perilous to conduct or more uncertain in its success than to take the lead in the introduction of a new order of things’. This has been evident in this study of PSGR in the 21st century. Both the literature review and the case studies have revealed disappointing rates of success. This could have been anticipated. Organization studies surveys dealing mostly with the private sector have consistently claimed that between 50-70 per cent of organizational change initiatives fail. Indeed, failure according to Chris Grey, Professor of Management at Cambridge University, is ‘the most striking thing about change management’ (Grey 2005: 97). This observed failure has spurred considerable research and the ensuing production of multiple remedies for organizational ailments. While some of the literature from organization studies is of dubious merit, there are many lessons that could be learned by PSG reform designers and implementers in developing countries. Unfortunately this literature is hardly known and even less applied as the occupants of different professional niches remain largely isolated from each other.
- 4.2 While the incidence of failure in PSGR might be anticipated, it is not to be passively accepted. There are strategies and techniques that can be adopted to reduce the risk of failure. Some of these have emerged from this evaluation while others can be drawn from the vast literature of organization studies. Furthermore, we must consider how we determine whether a PSGR is a failure or a success. No single set of agreed, objective PSG measures can be applied while different stakeholders may bring different values to the assessment of a reform. Behavioural and attitudinal changes anyway are difficult to measure precisely, yet these are core objectives in PSGR. As we have also seen, causal relationships in PSGR are difficult to determine especially where outcomes are concerned. Perhaps we should focus on assessing progress and the degree of it as related to the difficulty of the environment in which the change is taking place. This would get us away from the crude and unhelpful distinctions between the extremes of ‘success’ and ‘failure’.
- 4.3 What is evident from this evaluation is that country-specific features should be of great importance in determining what is feasible and how to go about designing and implementing reforms. Politics is of crucial importance both in relations within public service organizations, between them and among these organizations, politicians and societal actors. It is clear from the evaluation that lacking political support, PSGRs are doomed to failure. Even with strong support they may still face difficulties. These include M&E issues, resource constraints, complexity of the reforms, questions around sustainability and timeframes. Regarding the latter, one clear message is that PSGRs must be viewed and supported as long-term ventures. The hope is that eventually organizations develop into entities that are able to continuously adapt through

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embedding core competencies and HRM practices that are geared to dealing with the demands of changing environments.

- 4.4 With these broad considerations in mind and the findings of the literature review and the lessons of the PSGR project evaluations from five countries, the following recommendations can be made to development partners.
- 4.5 **Recommendation 1:** Political economy analysis should be undertaken for any PSGR. Its purpose should be to contextualize the proposed PSGR, identify the risks and assess the chances of success. In most circumstances, political economy analysis should be clearly linked to a proposed PSGR and not simply a discrete academic exercise.
- 4.6 **Recommendation 2:** Theories of change should be developed for PSGRs. A weakness of many PSGRs has been the lack of attention to the relationship between actions and outcomes. Often, assumptions have been made about cause and effect relationships which simply do not stand up to scrutiny. While such theories of change are extremely challenging to construct for any organizational reform involving complex relations in shifting environments, their consideration at least makes stakeholders aware of the problems involved and can lessen the chances of failure. Key to building theories of change is gaining understanding of how governments actually work as distinct from assumptions about how they should work.
- 4.7 **Recommendation 3:** Working with both leading officials (top-down) and clients (bottom-up) is desirable for PSGRs. In recent years, bottom-up approaches to PSGR have been in the ascendancy but evidence strongly suggests that ‘working with the grain’, that is with politicians and other leading officials, is essential for success. Ideally, both top-down and bottom-up pressure should be encouraged and nurtured for successful PSGRs.
- 4.8 **Recommendation 4:** Long-term time-frames should be adopted in designing, implementing and evaluating PSGRs. Results in terms of outcomes are generally obtained after a long period in PSGR because they require behavioural and attitudinal changes that do not occur quickly and they encounter resistance.
- 4.9 **Recommendation 5:** PSGR should be concerned with changes that are sustainable. That is, changes should be maintained for an appropriate period. However, shifting environments mean that organizations must be prepared to engage in more change to fit to the new conditions. Development partners should encourage positive attitudes to the idea of continual incremental change among government officials and other stakeholders.
- 4.10 **Recommendation 6:** Greater effort should be invested in M&E activities. This should be done to improve PSGR and not simply as an extension of donor data requirements for accountability. Relevant information delivered in a usable form in a timely manner

can make a major contribution to PSGR. Development partners must weigh up the costs of data gathering and processing and the benefits obtained in the design of M&E systems.

- 4.11 **Recommendation 7:** Greater consideration should be given to the role of leadership in PSGR. Leadership has been demonstrated to be a key element of successful organizational and institutional reform. Literature on the subject confirms this while some of the case studies in this evaluation provide additional evidence of the importance of leadership in PSGR success. However, PSG reformers should tread carefully in the field of leadership as there are many purveyors of remedies of doubtful utility.
- 4.12 **Recommendation 8:** It is desirable that development partners have a shared vision for PSGRs. It is important that PSGR has a sense of direction and a set of desired outcomes so that strategies and plans can be developed and modified as appropriate to achieve the vision. Where development partners' visions diverge there will be difficulty in agreeing on the best steps to take in a particular reform as the contrasting end goals may demand different actions.
- 4.13 **Recommendation 9:** Development partners should make improvements to service delivery a leading goal of PSGR. The evaluation has demonstrated the disappointments associated with whole-of-government reforms and how these reforms are, at best, loosely linked to service delivery. Yet, it is improved service delivery that citizens most want and which can make politicians popular. It can be done for particular services and in an incremental manner thus enhancing the chances of success.
- 4.14 **Recommendation 10:** There is no one-best way for development partnerships. The evaluation revealed a wide range of donor-recipient relationships and showed that even within a field (e.g. decentralization or audit institutions) there are various ways of organizing. While generic qualities including trust, equality and respect are desirable in donor-recipient relationships, it must be acknowledged that differences of opinion and disputes will emerge. Regular interaction and communication between development partners are essential but the particular aid relationship for a specific PSGR will vary according to circumstances.

Appendix A

Countries and Projects in the Evaluation

Country	Role of the State	Management at the Centre of Government	Accountability and Oversight	Social Justice	Civil Service Systems
Bosnia and Herzegovina		Strategic Planning and Aid Coordination in the Centres-of-Government		Supporting Civil Society Engagement in Ministries Reform of Parliamentary Support	Support to the FBiH Government and Civil Service Agency in the Effective Public Administration Reform Implementation
Cambodia	Decentralization and Deconcentration	Strengthening Aid Coordination Management	Strengthening the National Audit Authority		Public Administration Reform
Indonesia	Decentralization	Reform of Poverty Reduction Coordination	Reform of the External Audit Board	Gender Mainstreaming	Bureaucracy Reform Program
Mozambique	Restructuring the State	Restructuring the State	Strengthening the Supreme Audit Institution		Professionalization of the Public Service
Uganda		National Integrated Monitoring and Evaluation Strategy	Support to the Office of the Auditor General	Human Rights and Good Governance Programme	Public Administration Reform

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