

**The Good, the Bad, and the Unavoidable: Improving the Public Service in Poor Countries**  
**Merilee S. Grindle**

Visit the ministry of education in just about any poor country.<sup>1</sup> As you make your way down the narrow, ill-lit hallways, you glance into workspaces formed by flimsy and scarred partitions. Bursting with dusty file cabinets, these spaces overflow with equally dusty papers. Although you see many employees, you notice that desks are almost bereft of telephones, computers, in-boxes, paperclips, and other artifacts of the modern office. At the end of a twisting avenue of worn linoleum, you find the minister's office. Three secretaries gossip amiably with a number of messengers, a personal assistant, and a chauffeur, all awaiting the minister's pleasure. Several teachers sit patiently in expectation of a minute with the one person who can resolve their problems—missing back pay, a promotion that was never approved, permission for a transfer to an urban school. You sit down to wait your turn. Although it is 3:30, the minister is still at lunch.

Visit a government rural health clinic in just about any poor country. You may find it closed, the practical nurse or doctor-practitioner absent on some unknown business, not seen in days or even weeks. If the clinic is open, you find many there ahead of you—mothers with babies and small children, men and women burdened with ill-health. Flyspecked posters on the wall warn about mosquitoes and unboiled water. The district practical nurse, a middle-aged woman with little enthusiasm for the day's work ahead of her, shows you around, pointing out the empty medicine cupboard, the absence of basic supplies, the place where the examining table was before the last district health officer took it away to sell to a doctor in private practice. She blames the patients for the maladies they suffer—they are ignorant, she says, and superstitious; there is nothing to be done for them.

These images are caricatures, of course, but ones not too far from the truth in some countries. Bureaucracies in many poor countries suffer from low capacity, often don't deliver effective services, and are frequently staffed with poorly trained, poorly remunerated, and poorly motivated public servants. Yet there is another reality in most of these same countries—a reality of well-trained and committed public servants, well-functioning organizations, and efficient service.

Visit the central bank and ministry of finance in just about any poor country. You're met at the door by a receptionist who walks you through a tight security system. Behind a counter, energetic clerks respond to the questions and needs of those who stand in short lines before them. You are whisked to the fourth floor offices of the governor or the minister in a shiny and silent elevator. As you make your way down carpeted hallways, you are stunned by the modernist paintings on the walls; they represent the work of the country's most revered artists. You glance into well-lit offices where employees focus intently on computers alive with colored graphs that echo the modernism of the artwork. Telephones ring urgently; they are answered immediately. The secretary in the chief executive's quiet, mahogany-paneled waiting room offers you coffee. The chief is able to see you in just five minutes, she says, if you would be so kind as to wait; he is terribly sorry to inconvenience you.

Visit an agricultural extension station in a remote location in one of these countries. The office is worn and small, but bustling with energy. You begin to understand the routine—extension agents set out early in the morning to visit even more remote locations and return late at night to finish paperwork. The women who grow food crops are as actively sought by these

agents as the men who grow export crops. Back in the office, agronomists huddle over a table to design a training session for near-subsistence farmers concerned about pest control for their crops and better grazing for their goats. The station head is proud to show you the experimental fields where improved varieties of the locally grown subsistence crops are being tested. You're invited to join a team that is visiting a nearby village to investigate how an indigenous intercropping system works. The team members joke among themselves, but their commitment to their work and to the needs of the villagers is palpable.

Contrasting conditions of sloth and efficiency, indifference and responsiveness, stasis and reform characterize public sectors in many poor countries. Talented people can be drawn to public service in such countries and significant reforms can be introduced to set the bases for improved performance. Despite many good experiences, however, governments in most poor countries continue to perform poorly. Improving this bad situation is essential. Like their U.S. counterparts discussed elsewhere in this volume, public sector reformers in developing countries need to consider changes that directly address performance incentives and management practices. But even with such changes, the unavoidable reality of inefficient, ineffective, and unresponsive government is likely to persist for some time to come. Just as in the historical evolution of the public sector in the U.S. and other now developed countries, good public sector performance ultimately depends on the development of political societies that expect and demand efficiency, effectiveness, and responsiveness from their governments.

### **The Good: Executive Talent and Efforts to Restructure Government**

For the average citizen in many poor countries, encounters with government are fraught with risk—of lost time, lost opportunities, lost causes, lost money, and lost self-esteem.<sup>2</sup> And, the

poorer the country, the less well the public sector tends to perform. Yet these generalizations do not tell the whole story. During the 1980s and 1990s, many talented and committed individuals were recruited into government service. Moreover, during this same period, governments adopted numerous public sector reforms. This suggests that the problem of poor public sector performance is not a paucity of executive talent or of reformist initiatives.

***Attracting the best and the brightest.***

Throughout the past two decades, governments in poor countries attracted numerous skilled executives and managers to important public positions. Among the most noted examples of this were the reform “champions” who entered government to lead major initiatives to alter existing economic development policies.<sup>3</sup> Under the guidance of these professionals, governments made radical changes away from inward-oriented and statist development strategies toward export- and market-friendly ones.<sup>4</sup> Economic reformers helped generate new rules of the game about the relationship of the state to the economy, encouraged the creation of institutions to support markets, and promoted the privatization of a host of state-owned enterprises. Many of these “technopols” took over executive and managerial positions in government during times of major national crises.<sup>5</sup> Some of these same people were responsible for introducing a generation of well-trained young people to government service and encouraging them to commit their energies to grappling with some of the most difficult problems of development and change.<sup>6</sup>

In the 1990s, economic reformers were joined by energetic and skilled policy “entrepreneurs” in the social sectors. In some countries, these reformers exercised considerable power from their positions as leaders of ministries of health, education, or social welfare.<sup>7</sup>

Though less well known than the economic reformers, they were responsible not only for major

changes in social service delivery systems, but also for increasing government budget commitments to these services. Often their reformist initiatives were complicated by the vociferous opposition of service provider unions and bureaucrats in their own ministries.<sup>8</sup> Despite such obstacles, social sector reformers promoted the professionalization of services, decentralization of responsibilities, improved monitoring and evaluation, community involvement, and other important changes.

Similarly, officials in some countries made Herculean efforts to alter long-existing structures in the public sector—cutting public payrolls, restructuring pension systems, decentralizing the administration of services, improving conditions of work.<sup>9</sup> By providing organizational vision, engendering commitment to their missions, assigning employees meaningful work, and restructuring task management, some organizational managers were able to transform the workplace and the quality of service, even in the midst of poor pay and deficient infrastructure.<sup>10</sup> In organizations such as the agricultural extension unit profiled above, inspired managers resuscitated ailing organizations and increased incentives for providing effective service. Some organizations, such as Ghana's Volta River Authority, gained extensive international recognition for the quality of their managers.

Many talented individuals, it seems, were drawn to the public service during extraordinary times, when the difficulties of national development seemed to open opportunities making significant policy and institutional changes. In addition, of course, some countries boast long and stable traditions of attracting talented individuals to the public service. Certainly the Indian Administrative Service has long enjoyed extensive prestige within India and internationally, despite low salaries and an almost Gandhian ethos of self-sacrifice. While the

prestige of the service declined in the late twentieth century, and the structures within which it works can be rigid and unresponsive, there is no question that the IAS continued to attract many of the most promising people in the country, even in the context of a rapidly expanding private sector.<sup>11</sup> Just as impressively, highly trained elite cadres characterize the public service in Hong Kong, Malaysia, and Thailand.

It is difficult to explain why talented people would be drawn to the public sector in terms of the usual rewards assumed to influence career choices. Public sector executives were paid salaries well below what they might have earned in the private sector. Those who entered government during times of crisis did so with no assurance of job security or tenure. Their reputations were at risk because they faced extraordinarily difficult situations and heavy demands that they resolve major problems quickly. These officials certainly were not counting on short and relaxed hours in the office, given the challenges they were taking on, nor the promise of early retirement and secure pensions. Rather, many were responding to opportunities in which their talents were particularly needed. Career senior executives in India and elsewhere were often pursuing traditions of prestige and service. In addition, opportunities to be part of domestic and international policy networks, to appear in the limelight, and to put particular theories into action were further inducements take up positions in government.

### ***Searching for Structures that Work***

There is more good experience to relate about the public service in poor countries in the past two decades. During this period, reformers in government, development professionals, academics, and development assistance organizations focused great attention on improving government performance.<sup>12</sup> In addition, major infusions of funds were committed to capacity building in

public sectors. Technical cooperation directed to poor countries from international development agencies was significant throughout the 1990s, reaching \$20 billion in 1995, and totaling over \$170 billion by the end of the decade.<sup>13</sup>

Civil service reform was high on the list of actions undertaken to decrease the costs and improve the performance of public sectors. Among the 99 low- and middle-income countries included in a survey carried out by Elaine Kamarck, 24 had announced civil service reforms by late 1999 (see Table 1). Initiatives included establishing clear categories of personnel, linking them to pay scales and career systems, developing job descriptions, and introducing measures to link performance to pay and mobility reward structures. In addition, some countries sought to devolve personnel decision making—including standards for performance and hiring, promotion, and firing decisions—away from central civil service commissions or human resource units to operational organizations within the public sector.<sup>14</sup>

**Table 6-1 Public Sector Reforms in Poor Countries 1980-1999**

Type of Reform	Number of Countries
Civil Service Reform	24
Downsizing	31
Financial Management/Budgetary Reform	22
Privatization	63
Regulatory Reform	20
Decentralization	39
Countries undertaking 2 or more reforms	18

\* n = 99

Source: Kamarck (2000) database.

Major downsizing efforts were carried out in Bolivia, Cameroon, Chile, Ghana, Sri Lanka, Uganda, Venezuela, and many other countries.<sup>15</sup> Eliminating ghost workers was

important in Brazil, Costa Rica, Ghana, South Africa, South Korea, Tanzania, and Uganda, among other countries. Ghana and Laos instituted early retirement and other retrenchment efforts in the 1980s, while Brazil introduced measures to make it easier to hire and fire public servants. In the wake of such reforms, a number of countries were able to increase public sector pay and decompress salaries.<sup>16</sup>

Other public sector reforms helped governments manage development more effectively. In Botswana, for example, improvements in public expenditure management were recognized as an important element of the country's ability to invest its resource boom effectively. Financial management and budgetary reforms also figured as important initiatives in Bolivia, Chile, Hungary, Malawi, Mexico, Mozambique, Peru, South Africa, and South Korea, among other countries.<sup>17</sup>

Few initiatives were more noticed, or more politically contentious, than privatization. Sixty-three countries had adopted this approach by late 1999 to deal with large public sector deficits, reduce the public sector wage bill, and improve the performance of state enterprises and service delivery agencies. According to a World Bank study, countries in Africa, Asia, Latin America, and Eastern and Central Asia divested 2,735 enterprises between 1980 and 1993.<sup>18</sup> Pressures to privatize government functions also encouraged the development of important innovations such as performance contracts, contracting out of essential public services, and a variety of joint public sector-private sector ventures. Moreover, in the wake of privatization, many governments began to develop regulatory mechanisms to ensure that national goals and standards were respected by the new private owners.

Just as assiduously, many countries restructured the relationship between central, provincial, and local governments. As indicated in Table 1, decentralization was second only to privatization in the number of countries reported to have introduced this reform. Among those whose initiatives were particularly far reaching were Bolivia, Poland, and South Africa.<sup>19</sup> Some of these initiatives were taken at regional or local levels even when national governments did not pursue similar initiatives.<sup>20</sup> Fiscal decentralization gave new dynamism to budgetary management and local input into resource allocation in some countries. Administrative deconcentration of services such as education and public health was chosen by some to increase government responsiveness and accountability, and other countries took the more radical step of devolution to more local levels of government, or even to the community level with the same goals in mind. Further, political decentralization introduced the direct election of provincial and local officials in a number of countries, significantly altering political dynamics and the electoral calculations of politicians and parties.<sup>21</sup>

Overall, then, efforts to alter the structures within which public servants work, the conditions under which they work, and the capacities they bring to their work were significant in the late twentieth century. The sources of these changes varied from country to country and reform to reform, of course.<sup>22</sup> Countries differed in terms of the alacrity with which they took up such reforms and the extent to which they actually put them in place after committing themselves rhetorically to change. Similarly, countries differed in the extent to which they maintained their commitment to public sector reform over time. Of 31 countries reporting efforts to downsize the public service, for example, 11 actually employed more public workers at the end of the 1990s than they had in the 1980s.<sup>23</sup> Many countries introduced broad reform programs, but implemented them haltingly.<sup>24</sup> Nevertheless, general patterns were clear. Liberalization and

privatization encouraged governments to shed many functions, civil service reform and capacity building attempted to alter employment structures, pay, and performance standards, and decentralization altered the roles and power of different levels of government.

### **The Bad: Poor Performance and Perverse Incentives**

*People now place their hope in God, since the government is no longer involved in such matters.*<sup>25</sup>

*Teachers do not go to school except when it is time to receive salaries.*<sup>26</sup>

*We would rather treat ourselves than go to the hospital where an angry nurse might inject us with the wrong drug.*<sup>27</sup>

*The state steals from us all the time so deceiving the state is not a sin.*<sup>28</sup>

However many talented executives and managers entered the public sector and however extensive the restructuring of government, the truth remained that, overall, poorly performing public sectors persisted into the twenty-first century in a large number of poor countries.<sup>29</sup> Citizens continue to report that their governments are ill prepared to respond to their needs, are corrupt, and lack the capacity to ensure basic levels of human and public security. Investors continue to complain that governments are rife with controls and regulations and that public institutions either do not provide the services they should or act as obstacles to the efficient management of business. Indeed, a survey of expert opinion in 20 countries in 2000/2001 revealed that even while government performance was thought to have improved over a five-

year period, opinions remained critical of overall conditions (see Table 2).<sup>30</sup> Expert respondents found their countries seriously deficient on measures such as accountability, transparency, and equity in the provision of public services (see Table 3). After twenty years of public sector reformism, examples of effective leadership, inspired management, and efficient service delivery often remain restricted to “islands of excellence.”

**Table 6-2 Perceptions of Government Performance 2000/2001**

<b>Governance Principles</b>	<b>Rating of performance “five years ago”</b>	<b>Rating of current performance</b>	<b>Percentage Change</b>
Participation	2.82	3.12	10.06
Fairness	2.71	2.86	5.5
Decency	2.82	3.10	9.9
Accountability	2.52	2.70	7.1
Transparency	2.66	2.87	7.8
Efficiency	2.77	2.93	5.7

\* Respondents in 20 countries were asked to rate government performance along several dimensions of governance at the current time (2000/2001) and “five years ago.” Scores range from 1 (very low) to 5 (very high).

Source: Court, Julius, and Goran Hyden. 2001. *Towards a World Governance Assessment: Preliminary Findings from the Pilot Phase*. United Nations University, Working Paper, pg. 22.

**Table 6-3 Perceptions of Quality of Governance 2000/2001**

Country	Scope for expert policy advocate	Meritocracy in recruitment	Accountability of civil servants	Transparency in the civil service	Equal access to public services	Country average
Argentina	2.92	1.74	2.21	1.95	2.76	2.32
Barbados	3.73	3.32	3.23	3.71	4.36	3.67
Chile	3.00	2.50	2.84	2.94	3.30	2.92
China	2.53	2.69	2.38	2.06	2.36	2.41
India	4.03	4.08	2.29	2.97	2.86	3.37
Indonesia	2.57	2.17	1.97	2.03	2.46	2.22
Jordan	3.03	2.50	2.95	3.03	3.48	3.00
South Korea	3.29	2.68	2.61	2.44	2.66	2.74
Kyrgyz Rep	2.88	2.03	2.08	2.03	2.08	2.22
Mongolia	3.38	2.68	2.40	2.80	2.70	2.79
Nepal	2.97	2.89	1.97	2.20	2.35	2.48
Nigeria	3.08	2.49	2.97	3.00	2.46	2.80
Pakistan	3.86	2.92	2.41	2.31	1.95	2.49
Peru	3.00	2.16	2.50	2.17	2.65	2.49
Philippines	2.57	2.37	2.14	2.37	2.01	2.30
PNG	3.17	2.26	2.44	2.42	2.23	2.50
Russia	3.67	2.39	2.16	2.11	2.58	2.58
Samoa	3.08	2.49	2.97	3.00	2.46	2.80
Thailand	3.60	3.00	3.10	3.10	3.17	3.19
Togo	2.79	1.98	1.95	2.02	2.29	2.21
Questions Average	3.21	2.63	2.55	2.57	2.76	2.74
Bureaucracy average	2.74					

\* Respondents in 20 Countries were asked to rate government performance: Its recruitment on the basis of merit criteria, the transparency of the accountability and operations of civil service and equity in citizens access to public services. Scores range from 1 (very low) to 5 (very high).

Source: Court, Julius, and Goran Hyden. 2001. *Towards a World Governance Assessment: Preliminary Findings from the Pilot Phase*. United Nations University, Working Paper, Page 11.

According to World Bank governance data, only 7 countries in Latin America, Africa, Asia, the Middle East, and Eastern Europe ranked in the upper 25 percent of countries in the world in terms of government effectiveness at the turn of the millennium. Thirty-three had governments that were judged to be relatively effective (in the second quartile). About 80

countries, however, most of them in Africa, Eastern and Central Europe, and Central Asia, fell into the bottom two quartiles of countries in the world in terms of governance. Similarly, the record of government's ability to be responsive to citizen demand and accountable for its actions is also poor. In 2000/2001, only Costa Rica, the Czech Republic, Estonia, Hungary, and South Korea ranked in the upper 25 percent of governments in assessments of the extent to which they gave their citizens voice and had effective mechanisms for accountability. Most African countries and a significant number of Eastern and Central European and Central and Southeast Asian governments fell into the lowest two quartiles.

Civil servants at times have reason to be as unresponsive and unmotivated as these data suggest. Many are poorly remunerated and some experienced declining pay over the course of the 1980s and 1990s. In Latin America, for example, average public sector incomes were shown to be low in Bolivia, Ecuador, Honduras, Nicaragua, and Venezuela and in Costa Rica, Honduras, and Venezuela, public employees were, on average, relatively less well off at the end of the 1990s than they had been in the 1980s.<sup>31</sup> These conditions give added insight into the rueful adage that is a favorite among beleaguered bureaucrats almost everywhere. "They pretend to pay us and we pretend to work."

Moreover, conditions of employment often do not encourage public employees to be efficient, effective, or responsive in their activities. In most countries in Latin America, the security of public sector jobs is notoriously fragile for all except unionized workers; insecurity as well as low pay undermine professionalism. In countries with professional civil services, such as those in South Asia and much of Asia, employment is relatively secure but the rules regarding advancement and the bureaucratization of even minor aspects of jobs often stifle ambition and

energy; this same set of structures insulate most officials from public demands for responsiveness. In many African countries, political appointments and promotions have gradually undermined structured civil service systems and the commitment of public officials to traditions of service.

Of course, this does not mean that public sector employment is not attractive to many people. In contexts in which employment opportunities are almost always extremely limited, a job with government is often sought after, even at low pay.<sup>32</sup> In some countries, it offers a modicum of security; benefits such as housing, transportation, and pensions; hours that allow for second jobs; prestige; and, for some, opportunities for rent-seeking.<sup>33</sup> In countries that remain primarily rural, a government job often means a beachhead in the formal urban economy that can open up opportunities to send children to better schools, have access to health care, and invest in small business. Indeed, it is for such reasons that public sector employment is frequently used by political parties as a reward for political service or in the service of ethnic, family, or local ties.

As suggested in the vignettes at the beginning of this paper, poor administrative infrastructure characterize the governments of many countries in the early 2000s. Crumbling buildings without good plumbing and electricity service, offices lacking computers, telephones, and even light bulbs are not unusual in some countries. Dismal environments also meet citizens who came to public buildings to receive services, make inquiries, or pay bills. These are only the most visible signs of organizations without effective record-keeping systems, information, or monitoring capacity.

It should not be surprising, then, that governments and their workers are often accused of high levels of corruption. World Bank governance data indicates that while 11 countries ranked at the top of all countries in the world in terms of their ability to limit corruption in 2000/2001, the assessment for most countries is much less positive (see Table 4). According to Transparency International's corruption perception index of 91 countries in 2001, Azerbaijan, Bolivia, Cameroon, Kenya, Indonesia, Uganda, Nigeria, and Bangladesh all had scores of 2 or less on a 10-point scale.<sup>34</sup>

**Table 6- 4 Ability to Control Corruption 2000/2001**

Lowest 25%	Next 25%	Next 25%	Top 25%
Afghanistan	Albania	Bahrain	Botswana
Angola	Algeria	Belarus	Chile
Armenia	Argentina	Brazil	Costa Rica
Azerbaijan	Bangladesh	Bulgaria	Estonia
Burkina Faso	Bolivia	Cambodia	Hungary
Burundi	Bosnia-Herzegovina	Croatia	Namibia
Cameroon	China	Cuba	Taiwan
Dem. Rep. Congo	Colombia	Czech Republic	Tunisia
Ecuador	Congo	Dominican Republic	Uruguay
Haiti	Cote d'Ivoire	Egypt	
Indonesia	El Salvador	Gambia	
Iraq	Ethiopia	Guinea	
Kazakhstan	Gabon	Guinea-Bissau	
Kyrgyz Republic	Georgia	Jamaica	
Libya	Ghana	Jordan	
Madagascar	Guatemala	Kuwait	
Mauritania	Guyana	Latvia	
Moldova	Honduras	Lithuania	
Myanmar	India	Malawi	
Nicaragua	Iran	Malaysia	
Niger	Laos	Mongolia	
Nigeria	Lebanon	Morocco	
North Korea	Liberia	Mozambique	
Pakistan	Macedonia	Oman	
Papua New Guinea	Mali	Peru	
Paraguay	Mexico	Poland	
Russia	Nepal	Rwanda	
Somalia	Panama	Slovak Republic	
Sudan	Philippines	South Africa	
Syria	Romania	South Korea	
Tajikistan	Saudi Arabia	Sri Lanka	
Tanzania	Senegal	Taiwan	
Turkmenistan	Sierra Leone	United Arab Emirates	

Uganda	Thailand		
Ukraine	Togo		
Yugoslavia	Turkey		
Zambia	Uzbekistan		
Zimbabwe	Venezuela		
	Vietnam		
	Yemen		

\* Ratings of low and middle-income countries (GNI per capita up to \$9265.00 USD) with population over 1 million in Latin America, Africa, Asia, the Middle East, and Eastern and Central Europe.

Source: World Bank 2000/2001 Governance Database.

<http://www.worldbank.org/wbi/governance/>.

Clearly, many of the reforms instituted in the late twentieth century were less effective than their creators imagined and many middle and lower level public officials continue to face a series of perverse incentives. Often, employment and pay are unrelated to performance. Job responsibilities can be ambiguous or even nonexistent. Moreover, the introduction of job descriptions, performance reviews, and finely calibrated pay scales often mean little in contexts in which political affiliation, ethnic or regional identities, or simply seniority continue to be the basis upon which hiring, promotion, and firing decisions are based. Some of the reforms actually increase problems of public sector management. Downsizing, for example, routinely encouraged the more active and ambitious to abandon the public sector for other opportunities; they are the most likely to be able to make use of severance packages to begin small businesses, invest in land, or find other opportunities.<sup>35</sup> Those left behind are often the least likely to be efficient and responsive public servants.

### ***First and Second Generation Public Sector Reforms***

The first generation of public sector reforms focused on downsizing and putting in place measures for improved pay and conditions of work, career structures, rules and regulations to instill effective routines and regularized responses to public problems, and on-going efforts to

improve capacity among public servants. As we have seen, their impact was generally less than anticipated. The reasons for disappointing results are numerous, and certainly include political and bureaucratic environments that were unwelcoming of such changes. From another perspective, however, first generation reforms tackle only one side of a performance problem.

To generate responses to poor performance, public sector reformers in the past two decades asked an important set of questions: Why do public servants behave badly? Why do public organizations carry out their functions poorly? Why is there corruption and lack of efficiency? In asking such questions, they arrived at reasonable answers: Because public sector personnel are badly paid; because incentives are perverse; because clientelism rather than merit prevails; because structures, rules, and public pressure for accountability are inadequate. Given such responses, it is not surprising that the resulting reforms focused on bringing order to disordered structures, controlling the activities of public sector workers, keeping them from doing harm, and ensuring that organizations do what is expected of them. These are important considerations in efforts to improve the public sector, particularly in contexts in which most citizens are poor and vulnerable to the misbehavior of the people and organizations that represent the state.

But these first generation reforms largely ignored a second important set of questions: Why do public servants perform well? Why are they committed and energetic in pursuing the public interest, even when poorly remunerated? Why are public organizations efficient, effective, and responsive? Why do public servants resist opportunities for corruption?<sup>36</sup> By asking such questions, public sector reformers are directed to a different set of factors than emerge when asking why public officials act badly: Because they are committed to the missions

and norms of their organizations; because organizations have mystiques that motivate their workers; because public servants have meaningful jobs and believe they are involved in finding solutions to important problems; because they gain approval for what they do well; because public employees have opportunities to work in teams with others who share their commitments.<sup>37</sup>

Asking questions about why people sometimes perform well is as important as asking why they often perform poorly. Indeed, there are lessons to be derived from the capacity to draw good people into the public sector and from the evidence of organizations that perform well. Interest in responding to important public problems, a sense of commitment and mission, valuing the work done and the people who undertake it, interest in innovative solutions to long-existing problems, norms of professional expertise, aspirations to acquire prestige and recognition—these are among the lessons that such experiences suggest.<sup>38</sup> A second generation of public sector reformism in developing countries would do well to begin with a distinct set of questions and then to recommend that performance be improved through such reforms as building managerial capacities and developing positive organizational cultures.

Structures and systems—the focus of the first generation of public sector reforms—are important, of course, and little progress in improving performance can be sustained without some minimal level of structure, some basic sets of rules about proper behavior and procedures, and some routinized ways of dealing with recurrent problems and tasks. Indeed, while there are examples of islands of excellence in the midst of public sectors that do not have even the rudiments of good structures and systems, their long term sustainability cannot be assumed unless basic conditions are met. Certainly the spread of good organizational performance is

limited by the absence of structures, rules, routines, and systems. And yet, an overemphasis of these factors can also result in public sector organizations that are so cumbersome that they are unable to resolve problems easily and that dampen the commitment and energy of public servants.

Even wisely developed structures and systems can carry the public sector only so far in terms of good performance, however. Equally important are meaningful jobs, commitment to missions, positive responses to jobs well done, teamwork, participation in finding solutions to important problems, loyalty, respect, and managers who recognize and reward excellence. These second generation public sector reforms are difficult, require considerable investment in developing management skills, and can only be introduced unit by unit and organization by organization. Nevertheless, they may be the kinds of changes required to move additional steps toward more efficient, effective, and responsive governments.

Second generation reforms are implicit in many of the public sector reforms currently being discussed and attempted in the United States and other industrialized countries. As several chapters in this volume indicate, the experience of private sector and not-for-profit organizations, and the scholarly literature that explores this experience, is now being mined for insights into links between structures and missions, the motivational basis of performance, the relationship of organizational mission to authority structures, the development of team-based approaches to work, and many other aspects of organizational performance. Indeed, much of the emphasis of current approaches to public sector reform is on moving away from the strict rules and hierarchies of civil service structures, toward more flexible and accountable organizations, more

concern with relating tasks to skills, and more interest in developing managerial and leadership skills.

### **The Unavoidable: A Long Haul**

Public sectors in poor countries are not devoid of talented executives. In fact, there are numerous examples of well-trained and motivated individuals devoting portions of their careers to high-level positions in government, despite low pay, high risks, and sometimes Spartan surroundings. Neither are effective managers unknown in the public sector. Most poor countries can point to creative officials who work with few resources to invigorate and lead organizations that are mission-focused and innovative and that engage their employees in meaningful jobs from which they derive personal satisfaction and public recognition. Moreover, organizations that deliver good quality services and that are responsive to citizen needs also exist. These organizations often pursue their difficult goals under equally difficult conditions, yet set high standards for problem solving and service delivery.

As we have seen, the problem in many countries is not the absence of bright spots in the public sector, but rather a series of factors that limit such experiences to islands of excellence. The evidence presented suggests that public sector reforms in the 1980s and 1990s did not necessarily make large dents in an overall record of poor performance. Asking different questions may do much to inform a second generation of public sector reforms. These reforms would focus less on the need to control public servants and limit the harm they and their organizations might do and more on ways to motivate people and organizations to do good work and attack important tasks. A second generation of public sector reformism could address some of the limitations of focusing primarily on structures and rules.

Such reforms are likely to be most successful where levels of human development are high. Low levels of human development, a characteristic of most poor countries, significantly limit the overall quality of public sector workers and the range of skills they bring to their jobs. Indeed, countries that rank low on the UNDP's human development index also tend to rank low on the quality of their governments.<sup>39</sup> While this constraint is often much less binding at elite levels, where exceptional executive and managerial talent can be found, at middle and lower levels of government—where much routine work gets done and much of the direct interaction with the public is carried out—this is a serious impediment to more general progress in improved public performance.

For this and other reasons, transforming poorly performing public organizations into efficient, effective, and responsive ones is a tough job. It means finding ways to make structures, human resources, and cultures congruent with the responsibilities of each organization or organizational unit. It means widespread training of managers in skills that move employees toward good job performance. It means understanding how formal rules and informal norms shape the activities of organizations and individuals. And these changes will elicit resistance because they mean the loss of career protection from rigid civil service and seniority systems and more demanding expectations about performance. They unsettle long-existing political relationships between organizations, public service unions, and political parties.<sup>40</sup> Clientelism, having “a friend in city hall,” opportunities for rent seeking, and impunity for privileged individuals and groups are difficult to sustain in the face of such changes.

Because they are politically, as well as organizationally, difficult, second generation reforms need interested publics to support them. An important incentive for organizations and officials alike is the capacity of citizens and groups to demand fair treatment, to have information about their rights vis-à-vis government, and to be able to hold officials and governments accountable for their actions. Thus, while the supply of better public sector performance is important, so too is demand for it. Even when it is possible to move on to second generation public sector reforms, organizations that demonstrate the capacity to improve are likely to remain islands of excellence unless civil societies are also strengthened.<sup>41</sup>

The last twenty years have seen extraordinary growth of civil society organizations and often clear signs that they are increasing their capacity to interact effectively with government, to organize political pressure to gain attention for their demands, to abandon clientelistic relations in favor of negotiation with government, and to bring to light instances of public malfeasance, ineffective services, and lack of responsiveness.<sup>42</sup> Frequently aided by organizations representing international civil society as well as the media, they have at times been able to join in debates about policy and to raise important criticisms of them. Increasingly, civil society groups have organized to denounce corruption and demand basic honesty from government. Ultimately, this kind of counterpoint to government is the essential incentive that governments need to make them more accountable for their actions.

Of course, countries vary in the strength and vitality of their civil societies, and governments differ in the extent to which they encourage, control, or repress citizens and the groups that represent them. Nevertheless, over the longer term, the quality of government in

poor countries may well be a function of the quality of their civil societies. Reformers concerned about good government, then, need to look beyond government for remedies.

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<sup>1</sup> Throughout this paper, I use the term “poor countries” to refer to low- and middle-income countries as they are categorized by the World Bank in World Bank, *World Development Report* (New York: Oxford University Press, 2002), p. 241, based on data for 2000. Low-income countries are those with GNI per capita of \$755 or less, lower middle-income countries are those with per capita incomes between \$756 and \$2995, while upper middle-income countries have per capita incomes between \$2,996 and \$9,265. I have excluded countries with populations of less than 1 million.

<sup>2</sup> For examples, see Deepa Narayan, *Voices of the Poor: Can Anyone Hear Us?* (New York: Oxford University Press for the World Bank, 2000).

<sup>3</sup> Turgot Özal in Turkey, Domingo Cavallo in Argentina, Kwesi Botchwey in Ghana, Pedro Aspe in Mexico, Sheriff Sisay in The Gambia, Leszek Balcerowicz in Poland, Mart Laar in Estonia, Manmohan Singh in India, and Gonzalo Sánchez de Lozada in Bolivia were among a set of reformers widely esteemed for the technical skill and political savvy they brought to their positions. On policy champions more generally, see Albert O. Hirschman, “Policymaking and Policy Analysis in Latin America—A Return Journey,” in Albert O. Hirschman, ed., *Essays in Trespassing: Economics to Politics and Beyond* (Cambridge: Cambridge University Press, 1981); Arnold C. Harbarger, “Economic Policy and Economic Growth,” in

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Arnold C. Harberger, ed., *World Economic Growth* (San Francisco: Institute for Contemporary Studies, 1984); T. N. Srinivasan, "Neo-classical Political Economy: The State and Economic Development," *Asian Development Review*, vol. 2, no. 2 (1985), pp. 38-58; Alefandra González-Rosetti, *The Political Dimension of Health Reform: The Case of Mexico and Colombia*, (Ph.D. dissertation, Faculty of Science, University of London, 2001); Joe Wallis, "Understanding the Role of Leadership in Economic Policy Reform," *World Development*, vol. 27, no. 1 (1999); John Williamson, ed., *The Political Economy of Policy Reform* (Washington, D.C.: The Institute for International Economics, 1994).

<sup>4</sup>The economic challenges of the 1980s and 1990s heightened the interest of many political leaders in recruiting well-trained economists and planners to help deal with alarming levels of inflation, fiscal deficits, and international debt. These experts were often granted extraordinary scope for reform and at times were shielded from partisan politics by the same leaders. In some countries, international financial institutions and bilateral assistance agencies recognized the importance of their skills in government as well as the need to have counterparts in discussions of stabilization packages, structural adjustment lending, and sectoral reform programs. Such agencies at times provided funds for topping up the salaries of executives and important organizational managers, particularly in African countries where public sector salaries were very low.

<sup>5</sup> Jorge Domínguez, *Technopols: Freeing Politics and Markets in the 1990s* (University Park, PA: Pennsylvania State University Press, 1997) used the concept of "technopols" to refer to officials with expertise in particular fields who also exercise political skills in their roles as reformers. See also Williamson fn.3, Jeffrey M. Puryear, *Thinking Politics: Intellectuals and Democracy in Chile, 1973-1988* (Baltimore, MD: The Johns Hopkins University Press, 1994);

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and Miguel Angel Centeno, *Democracy within Reason: Technocratic Revolution in Mexico* (University Park, PA: Pennsylvania State University Press, Centeno, 1994).

<sup>6</sup> In Bolivia, for example, governments in the 1980s and 1990s drew private sector entrepreneurs and technocrats into government to head up major organizations or spearhead important reforms; equally, well-educated young people became actively engaged in the country's social adjustment experience and learned first hand how the majority of the country's population lived. Some stayed on in government with renewed commitment to address problems of poverty and exclusion in the country. In Uganda under President Museveni, well-trained people were drawn into government service to develop and promote a range of policy and institutional reforms. Many in South Africa were eager to join the post-apartheid government in order to begin the process of bringing growth and equity to its majority population. In Argentina in the early 1990s, and under the wings of economy minister Domingo Cavallo, many well-trained young people participated in far-reaching reforms. In the Philippines under President Ramos, cabinet officials were widely known for their intelligence and commitment to reform. Mexico, Chile, Vietnam, and Malaysia also became noted for the extensive infusion of young technocrats in the public service.

<sup>7</sup> For example, Paulo Renato in Brazil, Humberto Belli in Nicaragua, Amalia Anaya in Bolivia, Juan Carlos Lodoño in Colombia, and Cecilia Gallardo de Cano in El Salvador spearheaded major changes in health and education policies in those countries.

<sup>8</sup> See Merilee Grindle, *Despite the Odds: The Contentious Politics of Education Reform* (forthcoming).

<sup>9</sup> For example, Luiz Carlos Bresser Pereira was the reformer behind major changes in the public service in Brazil; in the Philippines, Laura Pascua promoted important innovations in

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public expenditure management. In Tanzania, Francis Nyalali committed his career to building independent judicial institutions. Joy Phumaphi provided able leadership in the ministry of health in Botswana.

<sup>10</sup> For example see, Merilee Grindle, “Divergent Cultures? When Public Organizations Perform Well in Developing Countries,” *World Development*. vol. 25, no. 4 (1997); Luiz Carlos Bresser Pereira, “From Bureaucratic to Managerial Public Administration in Brazil,” in Luiz Carlos Bresser Pereira and Peter Spink, eds., *Reforming the State: Managerial Public Administration in Latin America*, (Boulder, CO: Lynne Rienner, 1999); David K. Leonard, *African Successes: Four Public Managers of Kenyan Rural Development* (Berkeley: University of California Press, 1991).

<sup>11</sup> Currently, some 300,000 individuals take the initial IAS examination each year, from which about 7,000 are selected for a more detailed examination, from which 1,400 are selected for interviews, from which some 60 individuals are selected for a two year training course prior to a first posting in the country’s districts. LBS National Academy of Administration, [http://www.civilservices.gov.in/lbsnaa/info\\_registration/index.jsp](http://www.civilservices.gov.in/lbsnaa/info_registration/index.jsp). (accessed 10/8/02)

<sup>12</sup> See Merilee Grindle, ed., *Getting Good Government: Capacity Building in the Public Sectors of Developing Countries* (Cambridge, MA: Harvard University Press, 1997); David L. Lindauer and Barbara Nunberg, *Rehabilitating Government: Pay and Employment Reform in Africa* (Washington, D.C.: The World Bank, 1994); Barbara Nunberg (a), “Breaking Administrative Deadlock in Poland: Internal Obstacles and External Incentives,” in Barbara Nunberg, ed., *The State after Communism: Administrative Transitions in Central and Eastern Europe* (Washington, D.C.: The World Bank, 1999); Barbara Nunberg (b), “Hungary’s Head Start on Reform: The Advanced Transition Experience,” in Barbara Nunberg, ed., *The State after*

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*Communism: Administrative Transitions in Central and Eastern Europe* (Washington, D.C.: The World Bank, 1999); Barbara Nunberg (c), “Transforming the Prototype: A New Administrative Order for Post-Soviet Russia?” in Barbara Nunberg, ed., *The State after Communism: Administrative Transitions in Central and Eastern Europe* (Washington, D.C.: The World Bank, 1999); World Bank *Bureaucrats in Business: The Economics and Politics of Government Ownership* (New York: Oxford University Press, 1995); Ali Farazmand, ed., *Administrative Reform in Developing Nations* (Westport, CT: Praeger, 2002).

<sup>13</sup> World Bank. *Global Development Finance: Analysis and Summary Tables* (Washington, D.C.: The World Bank, 2001), p. 87).

<sup>14</sup> Elaine Kamarck, “Globalization and Public Administration Reform,” in Joseph Nye and John Donahue, eds., *Governance in a Globalizing World* (Washington, D.C.: The Brookings Institution Press, 2000), p. 244. For a case study, see Habib Zafarullah, “Administrative Reform in Bangladesh: An Unfinished Agenda” in Ali Farazmand, ed., *Administrative Reform in Developing Nations* (Westport, CT: Praeger, 2002).

<sup>15</sup> See, for example, Lindauer and Nunberg, fn. 12, p. 129); Kamarck fn 12. I am grateful to Elaine Kamarck for sharing the database from which many country examples are taken.

<sup>16</sup> For examples, see Lindauer and Nunberg fn. 12.

<sup>17</sup> Examples from Kamarck fn14. The data are for countries with populations of more than 3.4 million.

<sup>18</sup> World Bank fn. 12, p. 27.

<sup>19</sup> On Bolivia, see Merilee Grindle, *Audacious Reforms: Institutional Invention and Democracy in Latin America* (Baltimore, MD: The Johns Hopkins University Press 2000). On Poland, see Nunberg (a) fn 12.

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<sup>20</sup> This was the experience of El Salvador, Malawi, Morocco, Pakistan, Paraguay, and Slovakia, for example Kamark fn. 14,p. 236- 251 data.

<sup>21</sup> See Grindle fn. 19.

<sup>22</sup> In some cases, changes responded to deep economic crises. At times, they were imposed on reluctant countries through the conditionalities of international financial institutions. In some cases, reformist politicians and their technical teams wished to deepen the institutional bases for market economies or representative democracies. In some cases, they were put in place to shift burdens of service delivery or to increase accountability.

<sup>23</sup> Data from Kamark fn. 14.

<sup>24</sup> See, for examples, the cases of Poland and Hungary in Nunberg (a) and (B) fn 12.

<sup>25</sup> Narayan fn. 2, p. 100, quoting a citizen of Armenia, 1995

<sup>26</sup> Narayan fn. 2, p. 93, quoting a citizen of Nigeria, 1997.

<sup>27</sup> Narayan fn. 2, p. 97, quoting a citizen of Tanzania, 1997.

<sup>28</sup> Narayan fn. 2, p. 92, quoting a citizen of Ukraine, 1996.

<sup>29</sup> See Carol Graham and Moisés Naím, “The Political Economy of Institutional Reform in Latin America,” in Nancy Birdsall, Carol Graham, and Richard Sabot, eds., *Beyond Trade-offs: Market Reform and Equitable Growth in Latin America* (Washington, D.C.: Inter-American Development Bank and Brookings Institution Press, 1998), for a framework about public sector institutional weaknesses. See Farazmand, fn 12, for case studies.

<sup>30</sup> Julius Court and Goran Hyden, *Towards a World Governance Assessment: Preliminary Findings from the Pilot Phase* (United Nations University, Working Paper, 2001), p. 22. A cross section of 20-55 “well-informed people” from government, business, NGOs, academia, and international organizations was surveyed in each of the countries.

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<sup>31</sup> CEPAL, *Social Panorama of Latin America, 1999-2000 Statistical Appendix*. (Santiago, Chile: United Nations Publications, 2000), p. 243, using multiples of country poverty lines at various points in the 1980s and 1990s. Equally important, salary compression often meant that employees with major managerial or leadership responsibilities were remunerated only slightly more than workers with the most routine and menial responsibilities. For a vivid example of the impact of wage compression on the public service in Uganda, see David Chew, “Internal Adjustments to Falling Civil Service Salaries: Insights from Uganda,” *World Development*, vol. 18, no. 7 (1990). In Russia in the early 1990s, a minister earned 5.8 times the salary of a low level specialist in government Nunberg (c) fn. 12. See also Lindauer and Nunberg fn. 12.

<sup>32</sup> Data presented by Pippa Norris, “Still a Public Service Ethos?” See chapter XXXXX in this volume, indicates a strong preference for public sector employment in 9 transitional and developing countries included in a 1997 survey.

<sup>33</sup> See Chew fn. 31.

<sup>34</sup> Transparency International, *Global Corruption Report*, (Transparency International, 2001).

<sup>35</sup> See Lindauer and Nunberg fn. 12.

<sup>36</sup> See John DiIulio Jr., “Principled agents: The cultural bases of behavior in a federal government bureaucracy,” *Journal of Public Administration Research and Theory*, vol. 4 no. 3.(1994).

<sup>37</sup> DiIulio fn. 26; Judith Tandler, *Good Government in the Tropics* (Baltimore, MD: The Johns Hopkins University Press, 1997); Grindle fn. 10.

<sup>38</sup> See, for example, Tandler fn. 37.

<sup>39</sup> Court and Hyden fn. 30, p. 30).

<sup>40</sup> Grindle fn. 8.

<sup>41</sup> Robert Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton, N.J.: Princeton University Press, 1993).

<sup>42</sup> See, for example, Jonathan Fox and L. David Brown, *The Struggle for Accountability: NGOs, Social Movements, and the World Bank* (Cambridge, MA: MIT Press, 1998).

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