



## ESID Briefing No. 28

# Public sector reform in Africa: Understanding the paths and politics of change

### KEY POLICY IMPLICATIONS

- Purely institutionalist explanations cannot explain variations in African state-building in the 21st century.
- There are different paths to change, like Ghana's fragmented reform under competitive clientelism, Uganda's cosmetic reform under a decaying dominant party, and Rwanda's directed reform under a dominant political settlement.
- Understanding these paths requires a theoretical framework that highlights the contested nature of the PSR policy domain, the effect of political settlements on elite time horizons, and the ideational fit between transnational policy ideas and elite ideologies.
- Lessons for reformers and donors:
  - Reform spaces are fluid, but contested;
  - The 'black box' of political will is no longer enough;
  - Strategic framing of policy ideas is key;
  - Sustained change requires sustainable coalitions.

## THE PUZZLE

Why do some states in Africa seem to be stuck in a spiral of corruption and institutional weakness? Why do others somehow build effective bureaucracies that are able and willing to tackle the challenges of development? Despite international support, continued expressions of political commitment, and general agreement on the desirability of a strong public sector, the public sector reform (PSR) agenda in the region is better known for its many failures than for its limited successes.

The available cross-national data – however limited – paint a disparaging picture. According to the Worldwide Governance Indicators (WGI), Africa trails every other region of the world in Government Effectiveness and Control of Corruption. In a scale ranging between -2.5 and +2.5, the average Sub-Saharan African score actually went down for Government Effectiveness between 1996 and 2014 (-0.74 to -0.84), with only four countries scoring above 0. The trends for Control of Corruption are only slightly better, with seven countries scoring above 0, but the overall trend is also negative (-0.59 to -0.69). It is hard to find cases of countries whose public sectors have improved other time. According to the WGI, only Rwanda has made significant strides in terms of Government Effectiveness and Control of Corruption. Other countries, like Ethiopia and Mozambique, exhibit a mixed pattern of slight improvement in the former, with stagnation or even worsening of the latter. Cases like Liberia only look like success stories in the data because they started the period at a level of utter institutional collapse and simply could not fall any further.

In a general sense, the literature supplies two distinct but interconnected explanations for the failure of PSR, and state-building more generally, across Sub-Saharan Africa: historical legacies; and a mismatch between formal and informal institutions. From a historical standpoint, the African region did not see the creation and proliferation of endogenous bureaucracies like the ones seen in Western Europe or East Asia. With only a few exceptions, independent Africa saw the birth of juridical states afforded all the privileges and protections of the modern international relations system, but which did not have the kind of empirical statehood that was assumed to be a precondition for sovereignty. The historical evolution of post-colonial African states generated a broad pattern of institutional mismatch that came to be known as ‘neopatrimonialism’: formally adopting the trappings of impersonal, technocratic bureaucracy, while retaining a deep-seated patrimonialism that saw public office and resources as benefits derived from a clientelistic and prebendalist form of political authority.

“ a purely institutionalist account cannot possibly explain the richness of African state-building ”

However compelling historical and institutionalist explanations are, they run into two empirical puzzles: variations in levels of neopatrimonialism; and evolving processes of change. The stylised facts of African state-building remain today much the same as they were three decades ago: pervasive ethno-clientelism in recruitment and procurement; a patrimonial form of electoral politics that sees the state as a prize; and an environment of social norms in which people expect public servants to use their position to help their relatives and dependants. However, there is variation, both across countries and within public sectors. And a purely institutionalist account cannot possibly explain the richness of African state-building.

## THE CASES

ESID’s PSR project investigated processes of reform in Ghana, Uganda and Rwanda during the period 2000-15. The three countries exhibit different kinds of political settlement – ranging, respectively, from more to less competitive – while retaining a common experience of informal legacies, exposure to transnational discourses about PSR, and interactions with foreign aid partners. This makes for a useful comparison of how national-level politics filters the diffusion of transnational norms.

### Ghana: Competitive settlement, fragmented reform

“ Donors have been more influential when policy solutions were consistent with partisan goals ”

Ghana transitioned towards multiparty democracy in 1992, and has since witnessed three alternations of power between its two main parties: the National Democratic Congress (1992-2000, and again 2008-present) and the New Patriotic Party (2000-08, 2016-present). The competitive-clientelist nature of the Ghanaian political settlement has undermined sustained public sector reforms. Without autonomous state actors able to collectively drive the agenda, the role of foreign donors like Canada, the UK or the World Bank has been limited to supporting the reform flavour of the day. Donors have been more influential when policy solutions were consistent with partisan goals, but the lack of consistency over time and coherence across the public sector has limited the sustainability and ultimate impact of those reforms.

Starting with public sector coordination, successive ruling coalitions have adopted the basic reform model of the central planning unit, but short time horizons and suspicions of politicisation have undermined institutional continuity across administrations – instead of building on pre-existing bodies, presidents are more likely to create new units staffed with loyalists. The implementation of performance contracts has been repeatedly stalled by electoral turnovers, which has made policy advocates wary of potential witch-hunts based on evaluation reports.

In terms of public financial management, a number of initiatives have failed to remedy Ghana’s essentially ritualistic budget process, while public procurement reforms adopted after international pressure have been subverted by political elites as a way to channel public funds to party financiers and loyalists. Ghana has an auditor general with constitutionally mandated independence, but implementation of recommendations from audit reports falls upon audit report implementation committees in each ministry, agency and local assembly. These are headed by the very heads of the public agencies which they are supposed to watch.

While Ghana has a comprehensive legal framework and a constitutionally mandated Commission of Human Rights and Administrative Justice tasked with investigating public sector corruption, the decision to prosecute corrupt offences remains with the office of the attorney general. This virtually ensures that the enforcement of anti-corruption institutions is a combination of partisan strategy and damage control for the elites in power at any given time.

### Uganda: Weakening settlement, cosmetic reform

Poster child of the international development community in the 1990s, Uganda has experienced a marked deterioration of its reputation as a performer in the 2000s, with particularly damning scandals affecting the core public sector. The country has been ruled since 1986 by the National Resistance Movement (NRM), but the regime’s hold on power has steadily weakened since the early 2000s, with the dominant political regime of the 1990s gradually evolving into a weakly dominant settlement.

As long as the ruling coalition felt secure, it could toy with the idea of adopting foreign principles as a reputational investment; now that chinks are beginning to appear in its armour, however, regime elites have systematically curtailed the prospects of public sector reforms having a long-lasting impact. A closer look at reforms reveals that many of them responded to donor-sponsored diagnoses, were stimulated by donor-funded programmes, and ultimately responded to donor-originated concerns. Formal compliance with these demands was a logical response for a dominant regime starved of resources, but the incentives and long-held beliefs of the NRM directly contravened the objectives of most reforms.

“ a focus on actual practice reveals the limits of formal institutional reform ”

Institutional rivalry continually undermines the implementation of national policy coordination: although formally under the control of the Office of the Prime Minister, public sector coordination is shared with the President's Office and Ministry of Finance and National Planning Authority, an arrangement that creates ample opportunity for friction, but also enables the regime to keep its eye on different players. Assessed purely on a formal institutional level, the Ugandan system for budgeting, public expenditure and financial accountability is strong and consistent with international standards. However, a focus on actual practice reveals the limits of formal institutional reform: many public agencies simply do not comply with public procurement rules, and government budgets lack credibility, due to underestimation of expenditures.

Much like in public financial management, the legal framework for curbing public corruption is notably comprehensive and considered to be world-class by some external observers, with fully independent auditor general and Inspectorate of Government. And yet the anti-corruption chain has been characterised by lacklustre performance and constant politicisation. The implementation gap between written law and actual practice is the highest in East Africa. Most high-profile corruption scandals involve figures close to the regime, but their punishment takes the form of ‘publicly orchestrated rituals’ intended to appease public concerns.

### Rwanda: Dominant settlement, directed reform

If any one country stands out in cross-national datasets on public sector performance in Africa, it is Rwanda, with its dominant settlement led by the Rwandan Patriotic Front (RPF) overseeing a coordinated and capable bureaucracy. Rwandan public sector reforms seem to follow the same pattern: first, initiation by the regime – sometimes by the president himself – as a way to ensure the achievement of its vision and broader societal goals; second, technical and financial support from international donors, combined with a diffusion of policy ideas that were consistent with the RPF's overall developmental goals and desire for political stability.

This last point is crucial: reforms were initiated, adapted and enforced in compliance with a governing ideology that is missing in similarly dominant regimes such as Uganda's NRM. The RPF's own organisational and cultural history has had a significant effect on the regime's search for policy solutions and engagement with policy actors, aiming to strengthen donor trust, enable an eventual transition away from aid, and in the meantime further Rwanda's international reputation.

“ Rwanda exhibits a particularly coherent and impactful national planning system ”

Rwanda exhibits a particularly coherent and impactful national planning system: the Rwandan Vision 2020, for instance, has been characterised as ‘the only hymn sheet by which everyone needs to abide’, and references to it are ubiquitous in the country, from official speeches to shop names in Kigali. Together with performance contracts and the ‘Imihigo’ accountability system, a Leadership Retreat of senior public servants and a participatory National Dialogue put pressure on ministries to achieve their targets. The system is not without its contradictions, however: while this creates strong incentives for compliance, the fear of political reprisal leads to an unknown amount of fudging of reported results.

The regime's strong vision of an effective and impartial state applies across public sector management and compliance. Formal mechanisms ensuring transparent and meritocratic recruitment are generally applied, with a very limited role for contract-based employment. The Ministry of Finance has successfully established a budget formulation process that involves line ministries and is sensitive to sectoral priorities; if anything, the system is so technical that some international actors think it beyond the capacity of the public bureaucracy to manage. The World Bank's first PEFA evaluation of the country in 2007 shaped government perceptions about the methods and indicators for ensuring an efficient use of resources, resulting in an ‘ideology’ of public financial management. The number and quality of reports produced by the Office of the Auditor General has improved significantly over time with donor support, and the Public Accounts Committee that receives these reports is widely considered not just powerful, but also prestigious, enjoying frequent coverage in the media.

Animated by the perception that historically violence had resulted from nepotism and corruption, the RPF adopted a modified version of Sweden's ombudsman model. Available indicators point to a lower incidence of corruption now, and public servants report a ‘high level of fear’, given the government's norm of zero tolerance. Despite concerns about capacity and about willingness to prosecute key members of the elite, the fight against corruption has always been part of the organisational culture of the RPF, which regards the Ugandan NRM as a cautionary tale.

## THE ARGUMENT IN A NUTSHELL

The comparative case analysis supports a theoretical framework comprising policy relations, time horizons and ideational fit.

First, public sector reform is conceptualised as a **policy domain**, shaped by the interactions – whether contentious, collaborative or collusive – between regime or elite actors, on the one hand, and policy actors, on the other. As an ‘upstream’ policy domain, PSR tends to be highly dependent on the political regime, which puts an onus on understanding elite behaviour.

Second, the mechanisms of policy change are constrained by the stability or instability of a country's political settlement, understood as the informal distribution of power and elite interactions that underpins institutional configurations. In particular, whether the ruling coalition is subject to competitive alternation or is dominant has an effect on the **time horizons of regime actors**. Whereas competition breeds partisanship and a search for quick wins, dominance pushes away the shadow of the future and allows elites to pursue longer-term objectives.

Third, the regime's governing ideology – a mix of normative and cognitive programmatic ideas – shapes which reform objectives are seen as legitimate, whatever the time horizon. Sometimes these ideas are compatible with policy solutions that enhance public sector management and compliance; sometimes they are not. The **role of ideas** is crucial for understanding how ruling elites understand and process new institutional templates.

In combination, policy domain, elite time horizons and ideational fit allow us to move beyond blanket statements about isomorphic mimicry or neopatrimonialism, and towards a more nuanced understanding of the varieties of state-building in Africa.

## IMPLICATIONS FOR REFORMERS

### (1) Reform spaces are fluid, but contested.

The narratives of Ghana, Uganda and Rwanda all demonstrate a level of fluidity and ambiguity that is often absent from conventional institutional readings of failed PSR. Even in a relatively closed political settlement like Rwanda, where the RPF is so fiercely independent of external influence, there is still room for new policy ideas to capture elites' imaginations and galvanise institutional change processes. Reformers and donors would do well to shed old assumptions about PSR, and instead approach it with a policy domain logic that begins with a political-economy analysis of the space for change.

### (2) The 'black box' of political will is not enough.

Evaluation reports have a tendency to identify 'political will' (whether its presence or absence) as a key enabler of reform. While this is not wrong, strictly speaking, political will often serves as a black box for non-quantifiable and non-controllable factors. By looking at the political settlement and elite ideology before and during implementation, reformers will gain a much better understanding of the constraints and opportunities for institutional change. Learning, innovation and adaptation all require a safe space that can only be created by political elites: getting a better sense of elite time horizons and overarching policy paradigms is essential for launching any kind of reform effort.

### (3) Strategic framing of policy ideas is key.

Not all agendas or solutions travel equally well across countries and political settlements. The same initiative – e.g. setting up a central planning and delivery unit – can serve the search for 'quick wins' in Ghana, the purchase of donor goodwill in Uganda, and the pursuit of political legitimacy in Rwanda. Policy diffusion and advocacy needs to be approached as a strategic process, where the discourse and interactions between different actors matter as much as the merits of a particular idea. Reformers and donors should also be aware of the policy windows that may open up when particular initiatives are framed in more normative terms, grafting them onto developmental ideologies or dominant social norms.

### (4) Sustained change requires sustainable coalitions.

The Rwandan 'success story' of post-conflict state-building is based on a dominant political coalition that is able to build and control a number of PSR processes. But this unique experience cannot possibly form the basis of a 'model', as neither Uganda nor Ghana had that luxury of a regime combining developmental ideology and martial discipline. In Uganda, there is precious little space for political influence outside the NRM, which has left technocrats isolated and generally dependent on Museveni's regime survival agenda. In Ghana, the fear of political reprisal limits the sustainability of reform across NDC and NPP administrations. Both countries would benefit from dedicated efforts to build reform coalitions that are not directly tied to partisan priorities, and that link bureaucrats to international peers, global communities of practice, and civil society.

## ADDITIONAL READING

Abdulai, A.-G., and Appiah, D. (2017). 'Competitive clientelism and the politics of core public sector reform in Ghana'. ESID Working Paper 82. Manchester: Effective States and Inclusive Development Research Centre.

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Chemouni, B. (forthcoming). 'The politics of core public sector reform in Rwanda'. Manchester: Effective States and Inclusive Development Research Centre.

Yanguas, P. (forthcoming). 'Varieties of state-building in Africa: Elites, ideas and the politics of public sector reform'. Manchester: Effective States and Inclusive Development Research Centre.

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