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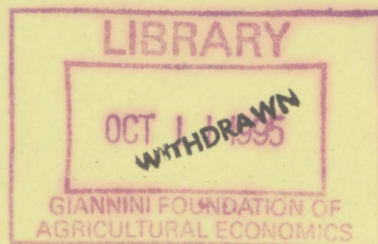
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INTERDEPARTMENTAL PROJECT
ON STRUCTURAL ADJUSTMENT

Occasional Paper 25

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P. Bennell

**Improving the performance of the public
sector in LDCs: New approaches to human
resource planning and management**



International Labour Office | Geneva

Interdepartmental Project on Structural Adjustment

The aim of the Interdepartmental Project on Structural Adjustment is to strengthen ILO policy advice in relation to structural adjustment policies in order to make those policies more consistent with ILO principles and objectives.

The project investigates various options to give a different focus to adjustment policies, emphasizing major objectives as equitable growth, improved human resource development and social acceptability and it tries to establish how various ILO policies and policy instruments can contribute to such a different focus of adjustment policies.

The range of policy instruments encompasses labour market regulation, social security, wages policies, training policies, industrial relations as well as the employment and income effects of monetary, fiscal and price policies. Greater involvement of the ILO in the area of structural adjustment needs therefore to reflect the interdisciplinary nature of the adjustment problem by combining activities from different departments in the ILO.

During the 1992-93 biennium, the project concentrates on developing policies for the following five main areas:

- the role of the public and private institutions in structural adjustment;
- the role of fiscal policy in generating employment and favouring equitable growth in a process of adjustment;
- the role and function of compensatory programmes and social safety nets during adjustment;
- public sector adjustment, including issues pertaining to privatization;
- the role and function of the social partners in the adjustment process.

Further information can be obtained from the Project Manager (Rolph van der Hoeven) or the Project Officer (Andrés Marinakis).

Improving the performance of the public sector in LDCs: New approaches to human resource planning and management

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1. Introduction¹

1.1 SAP, decaying states and administrative reform

It is increasingly recognized that successful economic reform in less developed countries (LDCs) based on comprehensive structural adjustment programmes (SAP) is dependent on major improvements in the capacities of central government and other public sector organizations to deliver essential goods and services to the population at large. While SAP in most LDCs has sought to reduce the overall size of the public sector and, more generally, reduce the role of the state in the economy (most notably through various privatization and liberalization measures), the fact remains that economic reform will founder unless a usually smaller public sector can produce services significantly more efficiently and effectively. As always, patterns of causality are complex but the administrative crisis in many LDCs, particularly in sub-Saharan Africa, has contributed in a major way to the deep-seated economic crises facing these countries.

Attempts to reform central government and other public sector organizations are, of course, not new. Even before the advent of political independence in colonized countries, commissions and committees of enquiry had been established to explore new forms of public sector organization and management appropriate to meeting the new challenges of post-colonial societies. Indeed, many of the recommendations of these commissions bear a striking resemblance to current pronouncements by management experts concerning the changes that are required in public sector planning and management policies and practices.

But what is different is the context in which reforms are currently being formulated and implemented. The depth of the economic and political crisis in many LDCs is such that politicians and policy-makers are being forced to do something rather than continue to engage in an essentially ritualistic discourse about the need for administrative reform. The omnipresence of the chief architects of SAP, the International Monetary Fund and the International Bank for Reconstruction and Development (the World Bank), is the other critical difference. Through its control of resources needed to implement SAP, the international community, through these powerful multilateral institutions, has the leverage (mainly via conditionality agreements) to force many LDC governments to take reform seriously.

This monograph examines public sector management reform in one key area, namely human resource planning and management (HRPM). More than anything else, it is the personnel crisis in public sector organizations in developing countries that has to be addressed if meaningful improvements in service delivery are to be realized. Decades of declining real incomes, deplorable working conditions, wholesale political interference, and poor management have created cadres of public sector employees in many LDCs who are chronically demoralized and demotivated. Wherever other employment opportunities exist, the public sector is increasingly unable to attract and retain the most able and most needed personnel. For those public servants who cannot leave, their skills are often poorly utilized.

¹ This Occasional Paper is part of the activities of Work Item 4(d) of the Interdepartmental Project on Structural Adjustment. It has been prepared on the basis of various country case studies which had been organized by Hedva Sarfati, Anke Freibert, Conchita Poncini and Jacques Gaude. The preparation of this paper was directed by Rashid Amjad in collaboration with those responsible for the country studies as well as with Rolph van der Hoeven and Andrés Marinakis.