4.0 Improving Partnerships with Organisations/Agencies Outside Government

4.1 Setting the Framework

4.1.1 Contestable policy advice

The strength of the public service can be judged by its ability to ensure the provision of achievable, realistic and timely policy advice to government. A government needs, although might not always welcome, sound guidance on how and to what extent its desired objectives might be best met. The public service is the primary provider of such policy advice. However, it is argued with increasing force that if the public service is the only source of such advice, then it will inevitably show some degree of bias in order to minimise disruption for itself in the future.

The context for change

Across the Commonwealth, clear moves can be seen towards the separation of policy advice from the operational or service delivery functions of the public service. There are two pressures for change. First, in combining policy and operational functions, it is argued that neither task is performed well. The daily pressures of service delivery militate against the long-term planning and programme evaluation implicit in the provision of policy advice. Equally, it is argued, the intellectual attractions of policy making draw scarce public servant time away from the more pragmatic and pressurised responsibilities of maintaining a service.

Second, and more profoundly, separating policy advice from operational responsibilities removes the temptation for the public service to bias its advice in favour of its own continued existence, even if alternative and more efficient service providers are available. The separation of these functions is intended to reduce this "capture" of policy advice by a particular, in-house, service provider.

In many situations, a complete split between policy advice and service delivery is both impractical and unhelpful. Policy making must be grounded in the reality of what is achievable and a relationship with the service-providing function helps to keep that pragmatic perspective. The degree of separation is a question of judgement in any functional area. Where policy advice can be separated from other responsibilities, to a greater or lesser extent, it opens up the possibility that, like service delivery, it need not necessarily be performed by the public service itself.

It is improbable that policy advice will ever become a fully purchasable product, outsourced completely to a range of competing suppliers. Defining the provision of policy advice as a specific and separate task does, however, both emphasise the centrality of this work for the public service, and open up the possibility of including organisations outside the public service in its provision.

The trend towards more contestable policy advice can be seen as consistent with a move away from a reliance on a centralised bureaucracy in which the public service plays the predominant role in many sectors, towards a series of partnerships in which the public service plays a leading regulatory role, but is only one provider amongst many.

Reasons for caution

There are several cautions to be considered in increasing the degree of contestability in the provision of policy advice.

First, where there are several players involved in policy discussion, the consultative process is more complex than it would be if the policy making was undertaken only in a particular Ministry or department. This is in principle a positive step towards open government, but, if not well managed, it can be an opportunity for political intrigue.

Second, there is little advantage in rescuing policy advice from the capture of a section of the public sector only to have it recaptured by an external interest group. Contestability implies that the merits of a particular policy-making body are considered objectively, not that the public service is regarded as intrinsically less competent.

Additionally, in defining policy advice as a key product to be provided to government, some attention must be given to the availability of appropriately skilled staff. In many situations, the expectation of a ready supply of competent and high-calibre policy analysts to staff policy units developed in the public service has proved overoptimistic.

Achieving change

Structural changes have been used to great effect across the Commonwealth in separating policy advice and service delivery functions within the public service. Most particularly, out-of-service delivery following market-testing has allowed the public service to focus on policy. Equally, the development of service delivery agencies within the public service has established businesslike units within the public service, with enhanced managerial flexibility and defined service responsibilities, providing a clear demarcation between the service providers and the policy makers.

These moves have led to significant improvements in the quality of services and of policy advice, but they raise complicated issues of accountability. It is far from clear whether it is the service provider or the policy maker who is at fault when major problems emerge.

The lesson for change which emerges most strongly from Commonwealth experience is that such structural changes are useful devices but are not ends in themselves, and may prove to be short-lived if accountability concerns dictate further changes.

Less dramatic organisational changes have included the strengthening of central policy-making units, and a reorientation of the central co-ordinating agencies in the public service. In many settings, financial and human resource management responsibilities have been delegated from the Ministries of Finance. the public service, and the service commissions to the line Ministries and departments. This is partly in order to empower local managers, but it is equally undertaken to free up capacity in the central agencies so that they can assume a stronger role in providing strategic policy advice.

Ultimately, achieving change requires that one question is repeatedly asked – will this development result in an improvement in the quality of policy advice provided to the government?

The quality features of good policy advice are that it is achievable, realistic and timely; and it is a pragmatic willingness to change structures and systems, conscious that further changes will be necessary, sooner rather than later, which will drive improvements.

Examples of change

In *New Zealand,* a key feature of State sector reform has been the desire to increase the contestability of advice. To achieve this, in some departmental restructuring, there has been an explicit separation of the policy advice function from the service and operations functions. As a result, there are many Ministries whose prime output is policy advice, e.g. the Ministries of Health, Education and Transport. As an illustration of this principle, the former Ministry of Defence was restructured in 1989 into two distinct organisations: the New Zealand Defence Force, responsible for providing the country's military forces, and a new, much smaller, Ministry of Defence responsible, primarily, for policy advice on strategic and military capability issues.

In the *UK*, there have been suggestions that the provision of policy advice should be put on the same customer/contractor basis that now applies to service delivery through Next Steps Agencies. The Treasury and Civil Service Committee of the House of Commons recently examined this topic and heard suggestions from some quarters that senior officials should be employed on fixed-term contracts, with a clear remit related to producing answers on policy issues. Under the present system, most policy proposals originate from Ministers and/or those Civil Servants who are specially designated to produce policy advice. Political advisers play a part in this process and the Prime Minister's Office has its own advisers in the form of the No. 10 Policy Unit.

Other useful material (current as of 1996)

Efficient and Effective Policy, Keith, K. J. 1993, Law Commission, Wellington (NZ)

New Zealand: Changing the Public Service Culture; A Radical Approach, 1990, State Services Commission, Wellington (NZ)

Government Management, Volume 1, Treasury, 1987, Government Printer, Wellington (NZ)

4.1.2 Deregulation

A useful working definition for the term regulation is: government instructions on how human, financial and other resources can be allocated and used. Regulation is intended to maintain order.

The term *deregulation* conveys the sense that the rules by which order is maintained in the private and NGO sectors have become too complex and too onerous and must be reduced. An alternative term, re-regulation, might convey more accurately that the regulatory load must be lightened but cannot be removed altogether.

The context for change

The task of the public service is to harness the energy and the enterprise of the public, private and NGO sectors towards national development, not to stifle them.

Regulations accumulate on a case-by-case basis in response to specific concerns. The difficulty is that while, individually, each regulatory requirement may service a valid purpose, collectively the impact can be to undermine enterprise and voluntary activity.

Most Commonwealth governments are now concerned to undertake periodic or continuing reviews of the combined impact of all regulations on the private and NGO sectors to consider whether the regulatory framework:

- represents the most appropriate form of government intervention;
- inhibits the effective allocation of resources; and
- serves sectional interests at the expense of broader national development.

Reasons for caution

In many Commonwealth settings, concerns are being expressed about the regulatory load in many sectors of the economy and national life, for example:

- public and private sector labour markets and employment bargaining;
- telecommunications, transport and the financial services sector;
- agricultural marketing; and
- wages and consumer prices.

Addressing concerns in such diverse areas makes two particular demands of the public service. First, it must have the policy analysis capacity to recommend a coherent deregulation/re-regulation strategy in any particular sector, learning from international experiences.

Second, and most fundamentally, the public service must be oriented towards national development goals and not merely fixed to specific technical approaches. Deregulation is not a goal in itself, it is a means towards an end – national development. Without such an orientation, public service strategies and policy recommendations risk trading one form of rigidity for another.

Achieving change

Deregulation programmes across the Commonwealth are focusing on:

- existing legislation, requiring a rejustification of all regulatory requirements;
- forthcoming legislation, ensuring that no additional burden is created without a compelling reason; and
- regulatory enforcement, examining procedures from the user's perspective and reorienting public servants towards assisting businesses and NGOs to comply with essential requirements.

Before implementing change to existing regulatory programmes or developing substantive new regulatory requirements, departments and agencies need to demonstrate that:

- a problem or risk exists, government intervention is justified, and regulation is the best alternative;
- the public has been consulted and has had an opportunity to participate in developing or modifying regulations and regulatory programmes;
- the benefits of the regulatory activity outweigh the costs;
- the regulatory activity impedes, as little as possible, national competitiveness; and
- the overall regulatory burden has been minimised by abolishing outdated requirements.

The key to successful regulatory review is to examine the current requirements from the user's point of view. The involvement of national and local government, the interests of Ministries, and overlapping responsibilities between agencies can create more difficulties than the regulations themselves. The challenge to the public service is to determine how it might best assist individuals and businesses in meeting essential requirements, rather than simply finding opportunities to prevent activities which fall below required standards.

Examples of change

In 1983, *Ghana* embarked on a Reform Programme against the background of a decade of unprecedented economic decline and crisis. Deregulation was done as part of the Reform Programme through a shift from direct controls to greater reliance on markets in order to enhance efficiency in the economy generally and, in particular, the efficiency of resource use. The Reform Programme entailed extensive deregulation in the macro-economic and the structural and institutional environment. This meant a redirection of the State's role away from direct intervention to monitoring and supervision in the framework of clearly defined rules and market-based policies. The implications of this shift for the Civil and Public Service and for management generally have been far-reaching. It has meant a fundamental reorientation of attitudes in the Civil Service through a well-designed programme of retraining and improved incentives.

In *Canada*, in the 1992 Budget, the Minister of Finance set the stage for regulatory review. The Government began a department-by-department review of existing regulations to ensure that they resulted in the greatest prosperity for Canadians. Part of this review required a public "rejustification" of existing regulations to ensure that those which stifled the creativity and efficiency of Canadian business or which served no public good, were removed. The Treasury Board Secretariat monitors departmental performance and the effectiveness of this policy.

Deregulation in *India* has been used to strengthen market forces to ensure greater competition, thus reducing the role of the State as a regulator, welfare provider and producer. It has resulted in the liberalisation of different regulations, such as industrial licensing, to encourage competition in the economy. As an element of broader economic policy, it has resulted in structural adjustment programmes for the Indian Economy as a whole.

In *Malaysia*, the deregulation process started as a Government directive. A central agency, the Malaysian Administrative and Management Planning Unit of the Prime Minister's Department, responsible for introducing administrative improvements in the public sector, undertook a major study on deregulating the licences and permits pertaining to the business sector. This study identified areas in which a national deregulation exercise could assist the initiatives of individual departments.

The close collaboration between the Government and the private sector under the Malaysia Incorporated Policy greatly assisted the deregulation initiative. Feedback and the identification of rules, regulations and administrative procedures which are cumbersome and dilatory in nature are done through the Consultative Panels established at federal, state and district levels.

Deregulation was a key feature of the general programme of economic liberalisation that occurred in *New Zealand* in the decade since the election of the Labour Government in 1984. As a result, New Zealand has now eliminated most forms of restriction on entry to markets, removed the price controls that were formerly applied to a large list of items, and abolished regulatory monopolies and licensing that applied to many professions and trades. The last major step of deregulation was the Employment Contracts Act which was passed in 1991.

Other useful material (current as of 1996)

Government in Transition. The Inaugural Conference of the Commonwealth Association for Public Administration and Management, Charlottetown, Prince Edward Island, Canada, 28–31 August 1994. Commonwealth Secretariat, 1995 (ComSec)

Regulatory Affairs Guide, Treasury Board of Canada Secretariat, October 1992 (CAN)
1994 Federal Regulatory Plan (CAN)

Competition Policy and Government Regulatory Intervention, Haarmeyer, D. Economic Development Commission, Wellington, 1988 (NZ)

Briefing Papers, The Treasury 1984 & 1987, Wellington (NZ)

4.2 Reorienting the Public Service

4.2.1 Intergovernmental restructuring

Intergovernmental restructuring is the re-balancing of the powers and responsibilities of national and local, federal and provincial, governments.

The goal of intergovernmental restructuring is an improved partnership between the levels of government, with each undertaking those tasks which it performs best.

The context for change

For many Commonwealth countries, the rationalisation of responsibilities at central and local levels has been driven by an urgent need to improve accountability and performance. In addition, there have been concerns with the extent of public access and involvement in local government processes and a desire to foster greater public participation.

Restructuring of federal/provincial or national/local intergovernmental boundaries has improved efficiency within government, where it has resulted in a stronger sense of ownership of development goals. Additionally, the clarification of mutual roles and responsibilities and, in particular, the rationalisation of mechanisms for financial transfer between levels of government has enhanced fiscal transparency.

Reasons for caution

Restructuring and changing responsibilities brings its own risks. Time and energy spent on reorganisation is taken away from policy analysis and service delivery. Institutions at national and local levels that face abolition will devote considerable ingenuity to protecting the interests of their stakeholders after reorganisation, which is not always consistent with the interests of their taxpayers or service users. Changes in local tax burdens consequent on reorganisation are unpopular and provide a destabilising influence on the new structures.

Achieving change

Intergovernmental relationships can be restructured or realigned through four primary means:

- formal constitutional change, to redefine the roles and responsibilities of the federal or national government and provincial or local government;
- non-statutory intergovernmental agreements which set out obligations and commitments for governments in specific policy areas, such as the environment;
- statutory agreements which establish specific obligations and objectives for each level of government, such as intergovernmental fiscal transfers; and
- informal agreements or commitment among political leaders to undertake a certain course of action.

Commonwealth experiences suggest that in any of these approaches:

- an intergovernmental affairs issue will only be treated as a high priority if there is a clear and durable consensus among federal/national and provincial/local government leaders to do so;
- effective working relationships between political leaders and public servants are required;
- progress is more likely when governments address a small number of related issues rather than a broad range of unconnected items;
- framework agreements and credible time frames are key instruments in the successful management of intergovernmental affairs;
- open, continuous communication with the stakeholders and clients affected by possible public policy changes is necessary;
- non-government experts can often be used as neutral intermediaries to manage differences between levels of government;
- working groups of officials can be used to prepare the necessary policy advice and follow-up; and
- incremental change is facilitated by the acceptance of "asymmetric relationships" between levels of government in which it is recognised that the exact balance of responsibilities between federal/national and provincial/local government need not be identical for all provinces/local governments.

Examples of change

In *Sri Lanka*, it is hoped that devolution of powers to eight provincial councils will be seen as a major landmark in the evolution of political and social institutions by providing an opportunity to restructure the administration to strengthen and enhance democratic policy making.

In *Australia*, at both the Special Premiers' Conferences in Brisbane in October 1990 and in Sydney in July 1991, the Premiers and Chief Ministers agreed to a significant correction of the Federation's vertical fiscal imbalance, as well as complementary reallocation of functional responsibilities and a significant reduction in tied grants. Furthermore, they considered that this must be followed by the establishment of more effective mechanisms for co-operation among the various levels of government within the Federation.

At the subsequent Premiers' and Chief Ministers' Meeting, major decisions were taken in the areas of regulatory reform, the establishment of the Financial Institutions Scheme for Australia, agreement on the uniform road rules and to an Intergovernmental Agreement on the Environment.

In *New Zealand*, in 1989, the structure of local government was reorganised and reformed. A pattern of small territorial councils was revised to create units of sufficient size to implement a programme of managerial reform. Those reforms applied the principles of accountability, transparency and contestability to generate an agenda of change. Significant in it were changes in the role of the Chief Executive to become the sole employee of the council and the employee of all other staff; an obligation to publish and consult over an annual plan with newly-established community boards; a requirement to separate the operational side of councils into trading enterprises, which win work competitively; and a requirement for councils to publish locally-selected performance indicators.

Other useful material (2nd edition)

The European Community: A Political Model for Canada? by Peter Leslie (Minister of Supply and Services, Canada, 1991) (CAN)

Distribution of Powers and Functions in Federal Systems by Dwight Herpenger (Minister of Supply and Services, Canada, 1991) (CAN)

Paintu, Martin "After Managerialism: Rediscoveries and Redirections: The Case of Intergovernmental Relations", Australian Journal of Public Administration, December 1998

4.2.2 Local empowerment

Local empowerment is the orientation of the public service towards providing local communities with the capacity to influence, organise and shape their own destiny.

This emphasis on capacity building reflects the importance of public service actions which leave behind a legacy of competent organisations, able to continue with the provision of training, enterprise development and other services, in the longer term. While the development of key organisations, and as a step towards that, key individuals, is important – the eventual objective is that of enhancing collective community confidence.

Local empowerment is, most fundamentally, a partnership between the public service and local communities.

The context for change

The pressures for efficiency and effectiveness in the public service reflect concerns that the public sector is over-charging and under-performing. Very particularly, it reflects a concern that the traditional structures and systems of the public service are remote from the concerns of many citizens and, consequently, without broad support and encouragement from the community, require a high and growing level of resources to sustain them.

Local empowerment, through partnerships between the public service and local communities, is an orientation within the public service which seeks to address these concerns and to build initiatives which, because of their local support, are both sustainable and cost-effective.

Local empowerment initiatives recognise that:

- communities have more commitment to their members than service delivery systems have to their clients;
- communities understand their problems better than external professionals;
- professionals and bureaucracies deliver services – communities solve problems;
- institutions and professionals offer "service" – communities offer "care";
- communities are more flexible and creative than large bureaucracies;
- communities are cheaper than service professionals;
- communities enforce standards of behaviour more effectively than bureaucracies or service professionals; and
- communities focus on capacities to get things done – public service systems focus on deficiencies.

Reasons for caution

Partnerships between the public service and local communities run the risk of romanticisation. The public service in Commonwealth countries has been established to ensure that public funds are spent equitably and transparently towards the achievement of democratically-determined national objectives. In considering innovative approaches for circumventing any public service shortcomings in delivering sustainable and cost-effective services, the underlying concerns for equity and transparency should not be overwhelmed by enthusiasm and expediency.

The difficulty for the public service is that in some sections of the community, its legitimacy has been so challenged that almost any alternative to traditional public service bureaucracies can appear attractive to policy makers. Where inner city poverty and alienation has rendered formal job training ineffective, where systematic discrimination has removed the rationale for paying taxes and licence fees, radical alternatives which build on the community structures existing within such hard-pressed communities must be found. However, while the public service has every reason to doubt its traditional approaches, many examples of ineffective financial management systems and ill-defined accountabilities point to the need for the public service to retain confidence and certainty in its underlying principles.

Achieving change

Public service organisations can create a spectrum of opportunities, which different communities can seize as they are ready. Governments can remove barriers to community control; encourage organised communities to take control of services; provide seed money, training, technical assistance; and move the resources necessary to deal with problems into the control of community organisations.

When governments put ownership and control into the community, their responsibilities do not end. They may no longer produce services, but they are still responsible for making sure needs are met.

The range of development issues which community-based organisations or projects are likely to confront, and consequently the skills they will need to acquire or have access to, are given below:

- Project development

  A key task for the public service is to assist community-based organisations in formulating viable proposals.

- Financial planning

  Community organisations invariably complain of underfunding, generating both concern and cynicism within government. As well as ensuring that bids represent value for money, funding agencies should also ensure that funds are sufficient to allow the organisation to achieve its objectives realistically.

  Adequate planning and the ability to recruit and retain competent staff require some financial stability which is severely compromised by the annual funding round. Commonwealth experiences suggest that approvals of up to three years be recommended – subject to rigorous annual review.

  Lead Ministries in the public service may propose that staff development costs are reflected in approvals. Funders can suggest, or on occasions insist, that direct overhead items, like training, be added to the bid for funds.

  If they wish to develop local groups, lead Ministries need to make available resources for institutional development (training, consultancy, etc.) which are not necessarily linked directly to project delivery.

- Staffing and recruitment

  To minimise the recruitment and staffing issues frequently found in community organisations, including high staff turnover, problems of burnout, and poor internal industrial relations in many settings, lead Ministries can:

  - encourage groups to adopt more realistic salary levels;
  - insist that organisations draw up proper job descriptions;

- sit on interview panels; and
- ensure that employment issues are included in training provision.

- Building local networks

  Lead Ministries can attempt to design jointly with local groups a strategic framework for development and support. A few of the key steps include:

  - **mapping the landscape**: a comprehensive picture is required of the group population and the availability and quality of support provision;
  - **promoting coalitions and networks**: area-based coalitions of organisations can be encouraged covering similar constituencies, thematically or geographically;
  - **shared services**: small centres capable of managing the routine administrative affairs of a number of organisations on the basis of incomes can be established;
  - **shared facilities**: coalitions of groups for the joint purchase or development of premises, thereby promoting closer co-operation and dispersing overhead costs, can be encouraged; and
  - **community consultancy resources**: pump-priming funds to establish a "community consultancy team", a pool of expertise to provide training, consultancy or hands-on support, can be provided.

Community groups receiving public funding are accountable for their use of those funds. Refer to the Portfolio section on Improving the Accountability of Funded Bodies.

Examples of change

In *Bangladesh*, the Grameen Bank was set up in 1976 as an alternative credit delivery system catering to very poor people. By mid-1994, it had disbursed more than a billion US dollars in credit amongst two million borrowers, 94 per cent of whom were women. A recent World Bank study showed that Grameen is a financially sound institution. It has a strong institutional identity because the Grameen members have bought the shares, and their elected representatives make up the majority of the Board of Directors that determines its policies. This initiative has shown that once access to credit is assured, the poor can quickly break through the vicious poverty cycle and meet their basic needs. They can accomplish much when they are organised properly and allowed to participate in taking investment and consumption decisions together in small groups of like-minded persons. There is a lot of peer support as well as peer pressure that helps to ensure the maintenance of credit discipline. However, such micro-level, non-government initiatives require substantive and well co-ordinated macro-level policy support from government to succeed.

In *Canada*, one particular initiative has been the Comprehensive Land Claim Agreements to guarantee Aboriginal people a role in the decision making that affects the management and conservation of resources. These Agreements have provided for the establishment of resource management boards referred to as Public Government Institutions. These institutions are typically comprised of equal numbers of Aboriginal and Government nominees and are empowered, usually through separate Acts of Parliament, to perform a variety of resource management functions in geographical regions which include both Crown lands and settlement lands. Although Government retains ultimate jurisdiction over the resources in question, the Boards are granted significant autonomy in their operations and direct their own administrative, technical and research staff. The Boards are expected to play a key role in tapping traditional knowledge within individual communities by holding public hearings and engaging in consultation at the local level.

A particular initiative in the *UK* in local empowerment is the Inner City Task Force Programme set up in 1988. This Programme aims to promote improved co-ordination at the local level between the activities of central Government departments, local authorities and other organisations. This activity is equivalent to the building of local partnerships. The Inner City Task Forces are small teams which operate in 16 of the most deprived urban areas. They come from a wide variety of backgrounds – central and local government, the private and voluntary sectors – and have a wide range of experience. They concentrate on the economic regeneration of designated inner city areas by improving local people's employment prospects, stimulating enterprise development and strengthening the capacity of communities to meet local needs. The Programme which has been in existence since 1988 has had time to develop a successful track record.

Other useful material (current as of 1996)

Government in Transition. The Inaugural Conference of the Commonwealth Association for Public Administration and Management, Charlottetown, Prince Edward Island, Canada, 28-31 August 1994. Commonwealth Secretariat, 1995 (ComSec)

Gwich'in Comprehensive Land Claims Agreement (CAN)

Nunavut Land Claims Agreement (CAN)

Information pamphlets on Small Business Development Company Limited and YTEPP Partnership in Training (TT)

PA Cambridge Economic Consultants. An Evaluation of the Government's Inner Cities Task Force Initiative. Vol. 1. Main Report. Department of the Environment. November 1992 (UK)

4.2.3 Decentralisation

Decentralisation is a shift of responsibility and accountability towards the public service at regional, provincial or local levels.

The major objectives of decentralisation are:

- more balanced development;
- more realistic projects and programmes;
- more effective co-ordination of development activities at local level;
- strengthening of local political institutions and increasing popular participation in development; and
- greater mobilisation of local resources.

The context for change

Since the mid-1970's, governments have been increasingly concerned to adapt and develop the structures and values of the public service to achieve greater efficiency and more responsive services. Improved quality at less cost has been the imperative. These changes have largely been driven by continuing economic crises in developing and developed countries, which have in turn arisen from deteriorating terms of trade, over-extended borrowing and a somewhat abrupt change of policy by the lending institutions during the 1980's.

Against that background, decentralisation has been seen in many settings as the response to one or more of nine concerns:

- *Local needs*: decentralisation can be a more flexible and therefore more effective way of meeting local needs than central planning.
- *Eradication of poverty*: in some settings, decentralisation is seen as particularly relevant to meet the needs of the poor.
- *Access*: decentralisation is used to improve access to public services.
- *Acceptance of change*: decentralisation and participation can encourage ownership of the profound social changes which development entails.
- *Decongestion*: decentralisation is often perceived by government as an opportunity to reduce congestion at the centre.
- *Unity and stability*: locally based institutions can meet distinctive local needs, particularly those of minority ethnic groups.
- *Participation*: participation following decentralisation may enhance civic consciousness and encourage political maturity.
- *Mobilisation of resources*: decentralisation can facilitate the necessary harnessing of popular energies and local resources of skills, labour, materials and cash necessary for the maintenance of development projects.
- *Co-ordination*: decentralisation can improve the co-ordination of development activities.

Reasons for caution

Decentralisation in one form or another has been pursued in many Commonwealth settings but in view of the breadth of civil, political, economic and cultural factors involved, it has proved particularly challenging in its implementation. Decentralisation requires strong political commitment and administrative support.

Decentralisation requires a consideration of regional boundaries. Delimiting sub-national areas is never straightforward, and the most appropriate area for a particular government function may not be ideal for another. Compromises between conflicting principles are necessary. For example:

- boundary-setting must address conflicting physical, economic, social, and human geographical factors;
- efficiency criteria may vary and be at odds with other aims – large areas presumed to provide economies of scale may not fulfil the requirements of minority sub-groups; and
- social and political objectives may be at odds with administrative feasibility, and will be limited by the methods used to finance decentralised activities or functions and the availability of administrative and financial management skills.

Achieving change

Decentralisation is a two-way process. It requires clarity on national and strategic issues which must be addressed centrally, and on operational and local policy decisions appropriate for decentralisation.

The basic requirements for successful decentralisation are:

- *Political will* – specifically, consensus that decentralisation constitutes an effective means of increasing local participation and making government more representative.
- *Regular consultation* with all major interested parties, both local and central, on the principles, methods and rhythm of the process.
- *Administrative commitment* of concerned institutions and their personnel to the success of what, in most Commonwealth settings, has proved to be a gradual decentralisation programme. Co-operation is required so that new responsibilities are successfully assumed.
- Realism and prudence on the part of the *local government* in analysing its capacities and abilities to handle the various tasks to be decentralised.
- Acceptance of *incrementalism*, applying decentralisation features as and when the right conditions are created. Incrementalism can include an asymmetric approach in which reforms are adopted differently in different parts of the country, accepting the need to coexist with different organisational models according to specific conditions, and relaxing the principle of administrative uniformity.
- *Collaboration with local associations and organisations* in the implementation of the decentralisation process.
- Sufficient *capacity of the central government* to manage the process, create the conditions for success, and reinforce weak local organisations.

Decentralisation programmes in Commonwealth countries are addressing the following issues:

- *Choice of geographical areas*: with defined purposes and objectives in view, and with a concern for equity.

- *Choice of functions*: there is a very wide variation in the range of functions available for decentralisation. The particular functions identified are determined significantly by the strength of local institutions.
- *Management of intergovernmental relations*: redefining the legal status of the decentralised institutions requires a rebalancing of the comparative powers of the decentralised and central authorities.
- *The degree of financial autonomy*: the source of finance, whether from local taxation/raised revenue or from a central government grant, and the method of allocation of any grant affect the degree of dependency of the decentralised authority on the central authority. The degree of autonomy enjoyed by the decentralised authority to determine the precise application of resources shapes the decentralisation programme.
- *The form or method of participation*: the manner of securing local participation in the decentralised authority, whether through consultation, representation on management bodies, or full local representative government, is at the heart of the decentralisation process.

Examples of change

Malta has recently established a system of local government in which some services have been decentralised to local councils, which contract all work out to the private sector under the management of a small central administration.

Zimbabwe is decentralising responsibility in the areas of health, education and social service welfare to local government.

In *Sri Lanka*, devolution of powers to eight provincial councils has been envisaged as a major historical landmark in the evolution of political and social institutions. It also provides a unique opportunity to restructure the administration in a manner that would strengthen and enhance democratic policy by the people.

In *New Zealand*, the reforms in the education sector illustrate the principles of decentralisation. The intent of the reforms was to abolish the Department of Education which had previously dominated both policy making and the delivery of education services. The new system was based on the following features:

- Schools would be the basic building block of education administration, with control over their educational resources, to be used as they determined, within overall guidelines set by the State.
- The running of the school would be a partnership between the professionals and the particular community in which it was located. The mechanism for such a partnership would be a Board of Trustees.
- Each school would set its own objectives within overall national guidelines set by the Government. These objectives would reflect the particular needs of the community in which the school was located.
- Schools would be accountable, through a nationally-established agency, for the public funds spent on education and for meeting the objectives set out in their charters.
- Schools would be entitled to purchase services from a range of suppliers.
- A Ministry of Education would be established to provide policy advice.

In *South Africa*, a precondition for the success of the transformation process is the devolution and decentralisation of authority to departments and provinces. This enables them to act creatively and flexibly in translating the broad goals of transformation and national policy guidelines into specific strategies that are capable of responding effectively to local needs and circumstances. This is in line with the priority of the Reconstruction and Development Programme to bring governance closer to the people.

An example of decentralisation in the *UK* is the option of relocation. Government departments are expected regularly to consider relocation to sites offering best value for money, easier labour markets and increased operational efficiency.

Originally, there was a centrally-directed Dispersal Programme, under which a number of departments decided to move staff away from London. However, the current focus, introduced in 1987, is on a delegated, value-for-money approach. This places the responsibility for taking relocation decisions with departmental Ministers who are best placed to take into account all the various factors involved. There is, therefore, no longer a centrally-directed programme, though the Treasury acts as a central source of experience and expertise. Departments report each year to the Treasury on their progress with, and plans for, relocation.

Other useful material (current as of 1996)

From Problem to Solution. Commonwealth Strategies for Reform. Managing the Public Service. Strategies for Improvement Series: No. 1. Commonwealth Secretariat, 1995 (ComSec)

Government in Transition. The Inaugural Conference of the Commonwealth Association for Public Administration and Management, Charlottetown, Prince Edward Island, Canada, 28-31 August 1994. Commonwealth Secretariat, 1995 (ComSec)

Smith, B. C. Choices in the Design of Decentralisation. An Overview and Curriculum for central government officials responsible for the reorganisation of administration at the local level. Commonwealth Secretariat, 1993 (ComSec)

New Zealand Public Sector Reform, State Services Commission, Wellington, 1993 (NZ)

4.2.4 Improving the accountability of funded bodies

Many bodies external to the public service are funded by government. These range from parastatals or state-owned enterprises, through companies in which government holds a significant proportion of the shares, to the vast range of boards and other statutory bodies which are subvented by government.

These bodies share two features – they receive, directly or indirectly, public funds and they operate outside of the regulations which determine the structures and systems of the public service.

The context for change

There is growing concern across the Commonwealth about the accountability of funded bodies as:

- a significant and, in many situations, a growing proportion of public expenditure is routed through them;
- their actions have a substantial impact on the society of which they form part;
- the electorate views the Government as being ultimately responsible for shortcomings in the delivery of services by all funded bodies; and
- in addition to their subvention through recurrent expenditure, they are responsible for assets which were acquired with public funds.

The challenge for the public service is to adopt a managerial orientation which addresses four significant issues:

- consistent with moves to put some distance between policy making and service delivery, a growing range of services are provided by arms-length funded bodies;
- the responsibility of the public service is to achieve value for money in all government expenditure, not only that which it directly administers;
- in improving the performance of funded bodies, the public service must recognise that their public funding requires them to be responsive to popular concerns as well as to market or other economic signals; and
- the population of funded bodies is subject to increasingly rapid turnover as more rigorous evaluations are leading to some closures, and strong privatisation policies are moving functions out of the public service into arms-length bodies as an intermediate step.

Reasons for caution

Funded bodies include:

- bodies owned by the state but legally distinct from the public service and established under specific enabling legislation;
- companies in which the state owns a significant proportion of the equity;
- enterprises fully owned by the state; and
- statutory boards and councils providing regulatory services.

This diversity of funded bodies brings with it an equal diversity of governance and organisational structures, from boards of directors nominated by government to management committees with authority to select replacement members themselves.

It is widely recognised that this context can provide a dense concentration of more or less attractive appointments, subject to relatively little public scrutiny, responsible for providing services which are not measured against any clear criteria of success. Where this applies, there are three preconditions for any successful improvements to accountability:

- building a constituency for change – developing some consensus on the need for action either by public debate or through discussions with key board members and chairpersons;
- a shared perception of the current situation between the central agencies in the public service, particularly the Ministry of Finance, the Auditor General and the Attorney General; and
- political interest in improving accountability and a willingness to nominate amenable chairpersons, where appropriate, and to consider legislative changes.

Enhanced accountability of funded bodies brings its own longer-term challenges. For example, it provides the public and interested parties with the information necessary to fuel robust political and social debates concerning the balance between bottom-line commercial performance and social responsibilities, and concerning salaries and benefits outside the public service. Such developments represent, in principle, a welcome move towards openness, but in practice may require a new level of media relations skills within the public service.

Achieving change

The principles of improving the accountability of funded bodies can be simply stated. For each body or agency outside the public service receiving funding, other than through a commercial contract for services rendered to government, the parent Ministry and the central Ministries responsible for finance and economic planning should be able to state succinctly:

- *The resources made available to the body including those directly provided by government:*
  - direct grants or subventions;
  - payments made under contract with government;
  - free or subsidised use of capital, buildings, equipment or other assets owned by government;
  - free or subsidised use of public servants' time; and
  - fees, charges and income from other sources.
- *The outputs expected from and produced by the body:*
  - the regulatory, advisory, commercial or other services which the body has been established to provide; and
  - the actual outputs set against that mandate.
- *The organisational and procedural principles by which the body is governed:*
  - the degree, if any, to which it must adhere to public service procedures and regulations;
  - systems for ensuring that merit and equity are paramount in staffing; and
  - the statutory or other basis for financial and asset management.

- *Current accountabilities within the public service, and within the funded body for:*
  - determining the level of public funding to be provided;
  - reconciling actual outputs with those expected; and
  - adherence to required organisational and procedural principles.

Improving accountability invariably requires procedural changes within the public service, generally requires a change of senior personnel in the funded bodies, and frequently requires legislative amendments. Such developments are intended to monitor funded bodies by ensuring clarity under these four headings. However, experience suggests that it is only by clarifying the present position – by producing baseline data through an initial survey or audit – that sufficient concern can be generated for the process to begin.

Examples of change

In *Malta*, parastatal accountability is linked with the Financial Delegation and Accountability initiative which envisages the decentralisation of financial administration throughout Government. Recommendations on financial delegation are the subject of a policy document that has been approved in principle and now awaits implementation.

In *India*, an instrument of accountability of public enterprises is termed the Vigilance Machinery. There is a Central Vigilance Commissioner and the Central Bureau of Investigations which examines allegations of improper conduct, corruption, deviations from procedure for improper considerations, etc. In order to prevent this instrument of accountability becoming an inhibitor of actions, the Government decided to remove the employees of public enterprises below Board level from the purview of the Central Vigilance Commission and to entrust the vigilance responsibility up to this level to the Board itself, with an internal machinery to assist it. The actions and decisions of the members of the Board, however, continue to be within the purview of the Central Vigilance Commission.

Other useful material (current as of 1996)

Public Enterprise Management: Strategies for Success, Report of Commonwealth Roundtables (Cyprus, India and Malaysia), Commonwealth Secretariat, London, 1989 (ComSec)

Performance Contracts. A Handbook for Managers. Commonwealth Secretariat, 1995 (ComSec)

Report of the Auditor General, Minister of Supply and Services, Ottawa, Canada, 1976 (CAN)

Royal Commission on Financial Management and Accountability, Final Report. Minister of Supply and Services, Hull, Canada (CAN)

4.3 Forming Alliances

4.3.1 Developing partnerships with the private sector

The public service is the disciplined core of the larger public sector. It is the responsibility of the public service to manage the economic and regulatory frameworks within which the public and private sectors can thrive. The public service increasingly recognises that it is in a strategic *partnership with the private sector* in achieving social and economic development, and that operational partnerships with the private sector provide particular opportunities for cost-effective initiatives.

The context for change

Trade liberalisation and increasingly rapid international movements of expertise and capital have changed the ingredients of national economic success. Previously, growth could be derived from strong primary production and industrial capacity, with managed markets providing a safe environment for national trade, all supported by a public service designed to manage and maintain stability through regulation.

Today's more open international markets are redefining national economic development as international competitive success. Strategic value-added production, dynamic enterprises and a skilled workforce are the new ingredients. The role of the public service has changed from that of a passive administrator, concerned with stability, to that of an active player, managing rapid regulatory change and cautiously encouraging public expectations in order to facilitate private sector initiatives.

In sum, the public sector has entered the equation of economic success. It must now take its full share of praise or blame for the economic circumstances in which the country finds itself. The public service is unavoidably in partnership with the private sector – the challenge is to make it a productive partnership.

Reasons for caution

Partnerships between the public service and the private sector take place on both strategic and operational levels. Strategic partnerships concern the construction of a broad national consensus for economic and social development. Operational partnerships concern the approaches by which the public service facilitates the growth of the private sector, and harnesses private sector strengths to achieve specific development objectives.

At either level there are many reasons for distrust, and Commonwealth experiences are pointing towards a checklist for ensuring that the partnership is productive:

- Shared risks and benefits

  All partners must accept that there is sufficient overlap in their goals to allow a common approach to problem-solving.

- Shared power and responsibilities

  Each partner must be prepared to bring their distinctive strengths to the negotiations – whether it is access to capital, public confidence, political support or expertise – and to be prepared to share some of these strengths with the others, and accept some responsibility for the results that ensue.

- Effective communications

  Mutual understanding regarding expectations and assumptions, and concerning tactical difficulties and conflicts of interest, is a prerequisite.

- Adaptability and mutual respect

  Goals will evolve over time, and without a recognition, even if occasionally grudging, of the good intentions of the other party, partnerships will falter.

Achieving change

Productive public service/private sector partnerships are built at two levels – strategic and operational. Strategic partnerships are at the highest level of policy making and require that the public and private sectors see the nation as one corporate entity in which both are working together in pursuit of shared corporate goals. Partnerships at this level are supported by high-level consultative panels and fora, involving senior mangers and leaders from both sectors, and politicians. Strategic partnerships lead to highly visible collaborations offering common development goals for all sections of society.

Operational partnerships take place at sectoral, Ministry or project levels. In assessing Commonwealth experiences, two types of operational partnership can be identified: those that encourage collaboration, and those that encourage competition – both are necessary.

The public service can foster collaboration with and within the private sector by:

- supporting the development of trade associations and other fora which provide networks for sharing best practices and for mutual benchmarking;
- reshaping the delivery of its own regulatory services so that companies experience a public service that is concerned to ensure their competitive success; and
- developing criteria within which non-competitive alliances can be formed between the public service and private sector companies to solve particular business problems facing government.

The public service can foster fair competition by:

- a comprehensive review of the regulatory environment (see the Portfolio section on Deregulation); and
- improved policies and practices for procurement (see the Portfolio section on Improving the procurement process).

Examples of change

Developing strategic partnerships with industry in the *Malaysian* context is through the Malaysian Incorporated Policy introduced in February 1983. This Policy, which is one of the major strategies for national economic growth, requires that the public and private sectors see the nation as a corporate or business entity, jointly owned by both sectors and working in tandem in pursuit of shared corporate goals. Policy implementation can take the form of consultative panels, fora, seminars, workshops, training programmes and even funding. This Policy was given further emphasis and importance with the introduction of the guidelines on how to implement Malaysia Incorporated.

In the *UK*, the Department of Trade and Industry (DTI) set up the Managing in the 90's Programme. Its purpose is to help companies address the challenges of worldwide economic uncertainty, changing markets, demographic change, saturation of demand, environmental concerns, increased competition from newcomers to the marketplace and a more discerning end-user. Activities include the production of high-quality, informative publications and seminars. The aim is to inform and enthuse businesses so that they become more aware of best practice and in this way become better able to share it with others. One of the DTI's most successful schemes is called "Inside UK Enterprise". This scheme enables representatives of UK businesses to visit leading companies employing management practices in a wide range of product areas. Key personnel can see successful methods and ideas in practice and are able to speak directly to those able to pass on their knowledge and expertise. It is a concept which is now being adopted in several other countries.

At operational levels, in *Canada*, Public Works and Government Services Canada (PWGSC) undertakes several activities which foster and strengthen relationships between clients and industries that market and sell their products to the Canadian Government. Common Purpose Procurement is an area where the Government can initiate activity to encourage a partnership approach committed to solving business problems within Government. This type of procurement is used for procuring integrated information technology systems for the Canadian Public Service. Suppliers are selected to help clients define and solve business problems through a continuing alliance between the client and the supplier. The supplier and the Crown share the responsibilities, risks, investments and results of the specific business endeavour. Through sharing the roles and responsibilities, innovations in defining timely solutions to problems result. Alliances such as this can potentially be extended beyond procurement into system implementation, system operation, and maintenance for a one-time stabilisation period.

Other useful material (current as of 1996)

Common Purpose Procurement Framework. Public Works and Government Services Canada, November 1993 (CAN)

ISO 9000: Improving Quality is the Bottom Line, Let's Talk Business. Public Works and Government Services Canada, October 1993 (CAN)

Improvements and Development in the Public Service, 1990 and 1991 (MAL) The Civil Service of Malaysia – A Paradigm Shift, Chapter 17 (MAL)

4.3.2 Developing partnerships with NGOs

Governments enter *partnerships with non-governmental organisations* (NGOs) for many reasons:

- an increasing number of NGOs have contractual relationships to deliver services on behalf of government departments;
- some NGOs mobilise resources in support of government policies and programmes, in such diverse fields as literacy, unemployment, adult education, and community development;
- some NGOs undertake research or establish innovative programmes and inform governments of their results in order to advocate particular responses; and
- governments' attention may be drawn by NGOs to the impact of public or private sector policies or actions.

NGOs operate at the interface between government and the public service, on the one hand, and civil society more broadly, on the other. As with the private sector, NGOs are inevitably in a partnership with the public service. The challenge for the public service is to make it a productive partnership.

The context for change

NGO/public service relationships are complex. They are also dynamic, changing as the nature and purposes of NGOs have evolved, and as the overall context of the work of both has been transformed.

New approaches by both NGOs and governments have resulted in the growing responsibilities of NGOs to provide service delivery and resource mobilisation under contract to government, while continuing to hold some responsibilities for bringing about broader social and economic change.

A major issue arises in the area of contracted service delivery and resource mobilisation. In some countries, NGOs devote a considerable part of their efforts and derive a considerable part of their finance from such contracts. However, if this contractual relationship is to be a positive partnership, there must be a commonality of framework and vision, not only between the public service and NGO, but also, in the case of international development projects, between the donors and the final recipients of funds.

The major issues which arise in the area of broader change and development activities are:

- NGOs have often pioneered and promoted innovative programmes and policies subsequently supported or adopted by governments, for example in the area of gender and environmental issues. This has an impact on public service activities in these areas.
- NGOs which have pioneered new forms of provision or service feel that in taking them over, governments tend to remove the innovative components and swallow them into the public service. Their sense of achievement is thus sometimes tempered by one of failure.
- Conversely, governments feel that it is unreasonable and may be undesirable for public policy to be shaped by unrepresentative innovations driven by NGOs.

- Some NGOs feel that there are too few lines and means of communication available which enable them to share the results of their research and innovation with public servants, or to make representations about policy changes. Reciprocally, some public servants feel that NGOs are often too secretive about their work and do not wish to share their findings, views and ideas. Some also feel that NGOs are too ready to share these in the public arena before attempting to communicate and discuss them with government.

Reasons for caution

Dialogue towards improving collaboration with NGOs is undermined by:

- *Tensions resulting from poor accountability.* In theory, both governments and NGOs are accountable to the public. But the more this is not evident in practice, the more each tends to be suspicious of the other.
- *Tensions from blurred boundaries.* The boundaries between the concerns and interests of the public service and of NGOs have never been sharply drawn, but at a time of rapid social change and increasingly formal contractual relationships, the boundaries are particularly blurred. This is a poor basis for a positive partnership.
- *Tensions inherent in financial dependence.* A strong concern expressed by NGOs and the public service in many Commonwealth countries relates to the growing level of financial dependence that many have on government. Governments are torn: they are eager for NGOs to do more, but want them to raise more from a public or international donors that may be unable or unwilling to contribute further. At the same time, many NGOs feel that they risk losing their independence if they take government funds. Some hold the view that contracted work for government will undermine the sustainability of NGOs in the long term.

Achieving change

Typically, partnerships between the public service and NGOs have been improved by:

- undertaking a critical analysis of the services provided by NGOs – key areas to be addressed include client group, service capability, quality of service and level of training of personnel;
- determining the services that can more effectively be provided by NGOs and, distinctly, by the public service;
- clarifying the distinctive contributions of NGOs and the public service to policy making; and
- the development of a public service/NGO policy forum at national level.

The Livingstone Roundtable organised by the Commonwealth Foundation in 1988 recommended that each country should aim to have a written policy on NGO/Government relations which would include:

- criteria for defining and recognising NGOs, e.g. local or indigenous and foreign;
- a distinction between welfare and development NGOs;
- a statement on the sectors of the society, the economy and the environment in which NGOs should operate;
- an explanation of the system for institutionalising dialogue between NGOs and government; and
- an explanation of the system for involving NGOs in government policy formulation and development planning.

The Roundtable concluded that this should be an official government document but the main responsibility for its preparation should rest with the NGOs themselves.

Commonwealth Foundation guidelines for good policy and practice regarding NGOs on the part of governments cover:

- creating the right environment for NGOs through clear definition and proper recognition, reflected in appropriate laws and regulatory processes, developed in consultation with NGOs;
- having frameworks to facilitate consultation and communication with NGOs; providing appropriate support for NGOs; and
- distinguishing NGOs from organisations established by governments.

Good understanding and respectful relationships between the public service and NGOs emerge largely from good, clear information. Mystery breeds suspicion and misunderstanding. Open and accessible information between the public service and NGOs fosters productive partnerships.

Examples of change

India has had successful experiences with NGO's in implementing education, national planning and rural development programmes. In 1986, India established the Council for Advancement of People's Action and Rural Technology (CAPART) to channel government finance to the voluntary sector for specified rural development activities. CAPART is a semi-autonomous body, registered under the Societies Act, which is accountable to Parliament. One of the reasons for CAPART'S success is the strength of the voluntary movement in India and the many NGOs capable of taking advantage of its project assistance. Nevertheless, CAPART had not disbursed as many funds to NGOs as it intended, possibly due to the undue emphasis by Civil Servants working for CAPART on documentation and financial accountability requirements; and the inadequate accounts and technical appraisals provided by NGO staff. To rectify this, CAPART has been providing training for both NGO and government officials in performance measurement, and for NGOs in book-keeping accounting. It has also financed external personnel to conduct project appraisals for NGOs on its behalf.

The CAPART model in India is the only example of a parastatal organisation being involved in NGO relations. Other institutional mechanisms are located either in the government or the NGO sector. For instance, the Ministry of Culture and Social Services in *Kenya* and the Ministry of Plan Implementation in *Sri Lanka* are examples of the former, where government departments deal directly with NGOs (foreign NGOs in the case of Sri Lanka). GAPVOD in *Ghana* and TANGO in *Tanzania* are examples of "umbrella" NGOs which have been established to negotiate with government on behalf of NGOs. However, these alternatives have not been tested in the same way as CAPART because government project funding to the NGO sector has been more restricted, both in absolute terms and in relation to external funds.

In *Bangladesh*, an illustration of a successful government/NGO partnership has been the establishment of the Grameen Bank which has effectively developed programmes and direct benefits for poor sectors of society.

In *Trinidad and Tobago*, government forms partnerships with NGOs for the purpose of providing services to the public in critical areas. This is done mainly through the provision of annual grants to organisations as a contribution to their operations. These organisations, by and large, either provide a service for a sub-set of the population for whom no service exists, or they provide specialised services which are supportive of government efforts in respect of an issue deemed to be of national importance. Serious consideration is now being given to broadening this partnership, particularly in respect of social service delivery.

The *UK* Government has established the Voluntary Services Unit in the Home Office which co-ordinates and acts as a signpost between NGOs and all government Ministries. However, attention has been taken to ensure that such a unit should foster rather than hinder effective communication.

In *Zimbabwe*, co-operation between NGOs and government has been particularly effective in cases of emergency relief. For example, during the emergency relief programme for Mozambican refugees, the government called upon the expertise of local NGOs, such as the Association of Women's Clubs, to give their services in pre-school activities and skills training. The planning of the programme was carried out jointly by a committee consisting of government departments and local NGO representatives.

A long-term example in Zimbabwe is the literacy programme. Before independence, a local NGO, ALOZ, was responsible for the whole literacy programme. With independence and the government's recognition that literacy was the key to development, the government worked together with ALOZ to develop a new programme. In this was a division of responsibilities, taking account of the experience and expertise of ALOZ.

Other useful material (current as of 1996)

From Problem to Solution. Commonwealth Strategies for Reform. Managing the Public Service. Strategies for Improvement Series: No. 1. Commonwealth Secretariat, 1995 (ComSec)

Smith, B. Choices in the Design of Decentralisation. An overview and curriculum for central government officials for the reorganisation of administration at the local level. Commonwealth Secretariat, 1993 (ComSec)

Strategic Issues in Development Management: Learning from Successful Experiences.

Report of Workshop/Study Tour on Co-operation between Government and Non-Government Organisations, India, 12-23 February 1990. Commonwealth Secretariat, 1990 (ComSec)

Strategic Issues in Development Management: Learning from Successful Experiences, April 1989 Commonwealth Secretariat (ComSec)

Non-Governmental Organisations: Guidelines for Good Policy and Practice. Commonwealth Foundation, 1995 (CF)

4.3.3 Developing partnerships with academic institutions

Commonwealth experiences indicate that enhancing the capacity of government for policy making is the key to improving economic management and fostering development. This capacity can be greatly strengthened if the policy analysis and co-ordination units in the public service draw on the national and regional expertise available in universities and research institutions.

The context for change

There is mutual advantage from a partnership between academic institutions and Ministries and departments. Academic institutions are an important source of advice in the development of policy and management practice. At best, they can provide:

- alternative policy proposals for delivering government objectives;
- experts for advisory committees;
- a sounding-board for emerging policy proposals;
- a research capacity;
- consultants to examine detailed aspects of policy, administration and management; and
- training in public management and in public policy analysis.

Reasons for caution

In many instances, the relationship between government and the universities and research institutions has often been one of mistrust and lack of co-operation. At worst, academic institutions see the public service as short-sighted and ideologically-driven, and the public service sees academic institutions as uninterested in developing practical solutions to real public policy problems. Such a starting point provides a flimsy basis for partnerships.

Achieving change

The experience of many Commonwealth countries indicates that developing partnerships between the public service and academic institutions requires that five key issues be addressed:

- Balancing supply-driven research with demand-driven consultancy

  This issue revolves around how much time academics in universities and research institutions should devote to research in their discipline, on the one hand, and to consultancy assignments from government or other organisations, on the other.

- Improving the standing of local experts

  Governments are frequently under pressure to recruit foreign-nominated consultants, and dialogues towards partnership must consider approaches by which this can be resisted where appropriate local expertise exists.

- The loss of experts within universities and other institutions

  Secondments and exposure to the public service management culture can result in high level staff being lost to academic institutions as they move to the public service, the private sector, or overseas. In some Commonwealth settings, close working relationships between the public service and universities has resulted in a shortage of academic staff.

- The early involvement of academic experts in policy difficulties

  Crisis requests compound the perception of academics that public management is intrinsically short-term and encourage an overly-cautious approach.

- The regular involvement of public service managers in curriculum development and academic teaching

  Programmes at all levels are strengthened by the involvement of senior staff able to bring practical experience to bear on complex issues.

Examples of change

In *Ghana*, the Civil Service Law mandates the establishment of Ministerial Advisory Boards that bring together the top management of each Ministry and carefully selected outside experts, mostly academics from the universities and research institutes. This process has enabled many university staff to participate in the Government policy-making process.

Links have been established between the Government of *Trinidad and Tobago* and the University of the West Indies for the training of administrative officers in Public Administration. Both organisations have provided technical assistance to each other, particularly in relation to training and education programmes.

In *Canada*, one particular initiative took place in January 1993 when the Government joined forces with three major universities to create The Institute of Government Informatics Professionals. The overall objective of the Institute is to provide advanced professional training for IT professionals employed by the Canadian Government. The Institute offers a selection of about 40 university-accredited courses, each equivalent to a one-semester undergraduate course. Students can accumulate credits towards a Bachelor's degree. Training is carried out at Government facilities by professors from the participating universities. The Institute's curriculum is under the guidance of an Advisory Board. Both the Advisory Board and the Curriculum Councils represent a partnership of government, industry and the university communities. Since the programme was launched response to it has been extremely positive.

In the *UK*, one particular initiative in developing partnerships with academic institutions has been set up by the Department of Trade and Industry as part of the Managing in the 90's Programme. This Programme is intended to improve management practice in British businesses rather than within the Civil Service itself. It is an awareness programme designed to help managers in British companies respond to change, to adapt, to innovate and to plan for continuous improvements. The Programme provides seminars, workshops, literature, videos, etc., and signposts managers to further sources of help. Academic institutions have provided much of the input to the Programme and have helped to prepare the content of the printed materials which the DTI issues to industry, as well as organising seminars and events for businessmen.

Other useful material (current as of 1996)

From Problem to Solution. Commonwealth Strategies for Reform. Managing the Public Service. Strategies for Improvement Series: No. 1. Commonwealth Secretariat, 1995 (ComSec)

Current Good Practices and New Developments in Public Service Management: A Profile of the Public Service of Canada. The Public Service Profile Series No. 1, pp.119-122. Commonwealth Secretariat, 1994 (ComSec)

Current Good Practices and New Developments in Public Service Management: A Profile of the Public Service of Trinidad and Tobago. The Public Service Profile Series No. 4, p59. Commonwealth Secretariat, 1995 (ComSec)

Current Good Practices and New Developments in Public Service Management: A Profile of the Public Service of the United Kingdom. The Public Service Profile Series No. 2, pp.123-125. Commonwealth Secretariat, 1995 (ComSec)

4.4 Improving Partnerships

The concept of partnership can be defined as a framework of policies, practices, procedures, processes and certain assumptions that can provide guidance for managing the economy and for improving the process of development, which, in turn, can ultimately benefit consumers and the nation as a whole. It can also be defined as "people and organisations from some combinations of public, business and civil constituencies who engage in voluntary mutually beneficial, innovative relationships to address common societal aims through combining their resources and competencies." (The Copenhagen Centre, 2000).

Partnership for development can also be defined as an agreement negotiated by the state and social partners, namely private sector institutions and civil society organisations. The common denominator of different forms of partnerships is the pooling of resources (financial, human, technical and intangibles such as information and political support) from public and private sources to achieve a commonly agreed social, economic or environmental goal.

Partnership therefore, constitutes:

- a symbiosis of public and private sector/civil society organisations;
- a framework of policies, practices and procedures for managing the economy;
- a negotiated agreement between stakeholders; and
- the social construction of bridges between the public/private sectors and civil society.

The context of change

Experience in Commonwealth countries shows that the concept of partnership is not new, as it has always aimed at finding the best possible ways and means of managing the economy and ultimately improving the delivery of service to the public and consumers alike. It has, therefore, been used as an instrument either for change, continuity and/or innovation in dealing with the issues, concerns and problems of development. The rationale for its use as an instrument is based on the assumption that the symbiosis of the public/private sectors and civil society, in the appropriate and right proportions might improve the management of the economy and consequently development as a whole.

Assumptions of the historical development paradigm:

- The private sector alone is incapable of the allocation of resources alone in society;
- The nationalisation of certain enterprises and creation of new state owned enterprises is not feasible or successful;
- Because of the poor performance of economies, the private sector has been recognised as an engine for development; and
- The state is regarded as a facilitator of development – therefore need for partnership.

The objectives of partnership include:

- The continued development of an efficient economy capable of economic growth and operation;
- Empowering citizens with the necessary resources and opportunities to make meaningful decisions regarding the uplifting of their lives;

- To make society more inclusive, reduce poverty and long-term unemployment; and
- To ensure that the benefits of growth and development are more equitably distributed.

Critical sectors in partnership

Three critical sectors play a key role not only in promoting good governance but also in sustaining human, economic and political development:

1. The state creates a stable and conducive, political and legal environment;
2. The private sector acts as an engine for development, generating jobs and income; and
3. Civil society facilitates political and social interaction by mobilising groups to participate in economic, social and political activities. In addition, civil society connects individuals with the public realm and the state through various interest groups and organisations. It can also provide checks and balances to government power and monitor social abuses.

Forms of partnership

Partnerships can be formal and informal. They can exist at local, national and international levels. There are some forms of partnership that are formed, particularly in developing countries of the Commonwealth, under pressure from social unrest, as conditionalities from donors, after a dialogue with critical stakeholders, and as part of regional integration.

In development terms, partnership can be used synonymously with technical co-operation. In development projects, for example, partnership can include NGOs, both national and local, government bodies, donors, multilateral and bilateral agencies, church organisations and community-based organisations. Partnership can also be forged in different sectors of the economy, such as health, education, rural development and infrastructure development as well as providing basic social services for the poor sections of the community or other socially disadvantaged groups.

Partnership between public/private sector/civil society has more recently emerged and is increasingly being considered as a result of many economic, political and social trends in the transformation process. Such transformation is also the result of globalisation and attempts to improve the delivery of public services, and at the same time improve the management of the economy.

The trends towards decentralisation, democratisation, economic liberalisation, the protection of human rights and the rule of law, reduction of bureaucracies and the delegation of functions to lower levels of government have all contributed to the rationale for exploring how partnerships expand the quantity and quality of public services delivered at the local level.

As a result of these transformations there emerges a broad range of arrangements that involve a combination of state and non-state actors for the fulfilment of traditional state functions.

Rationale for the shift in assumptions in support of partnership:

- Direct result of globalisation and national competitiveness agendas;
- Economic co-operation at regional level;
- Evidence of mismanagement of public enterprises;
- Quest to find better methods and practices of development and management;
- Access to broader skills/expertise;
- Improved quality of public service delivery;
- Cost savings;

- Access to technology; and
- Better accountability

Types of reforms

- Public sector reforms have created opportunities for more productive links between the State, NGOs and the beneficiaries themselves – citizens. Decentralisation is a demonstration of these changes of attitudes, policies and practices;
- Economic changes, characterised by structural adjustment programmes, have accompanied the political processes that have had a direct impact on the functional relationships between the public sector, private sector and civil society;
- Liberalisation of the economy and privatisation policies have allowed the emergence of a new autonomous private sector that is becoming a key protagonist in national development;
- Multipartism, where it did not exist, has seen the emergence of political parties representing interests that support partnership reforms; and
- The emerging and growing role of civil society organisations with their focus on civic rights.

All these reforms have immensely contributed to the need to formulate better structures for working together toward the solution of problems, resolution of conflicts and delivery of goods and services to society in a more efficient manner.

Reasons for caution

Impediments to Partnership Formation and Management:

- Lack of an effective decentralised system of government which enables local levels to share the potential benefits of partnership;
- Unfriendly rules and outdated procedures that govern budget processes and can become a deterrent to partnership development;
- Inadequate and inefficient formal mechanisms that promote the participation of citizens;
- Parallel operations that create duplication, overlapping and hence waste of already scarce resources;
- Lack of political support, guidance and direction;
- An environment which does not foster a partnership management culture and partnership initiatives;
- Lack of partnership credibility: factors influencing credibility include the competence and credibility of staff in the partnership unit, mutual trust between the partnership staff and partners, consultation and involvement of stakeholders and the process of evaluating and communicating the findings and conclusions; and
- Lack of legal and regulatory mechanisms to ensure compliance, consistency and continuity.

Guiding principles for successful tripartite partnership

- Partnership must be home grown;
- Leadership commitment to partnership;
- Balance between vision and social reality;
- Address issues of disparity between the poor and rich;
- Need for involvement of all stakeholders;
- Right combination of skills, knowledge and attitudes;

- Available and retrievable information;
- Trust, openness; and
- Clarity of objectives.

Ethics in partnership

- Ethical standards must be clear;
- Standards should be reflected in the legal environment;
- Employees should know their rights;
- Decision-making processes must be transformed;
- Political leadership must lead by example;
- Clear guidance on the interaction between public/private sectors and civil society;
- Ethical conduct of managers;
- Policies and procedures should demonstrate commitment to partnership; and
- Accountability mechanisms should be in place.

Lessons from experience

Lessons are drawn from those countries that, first have already established formal partnerships and accountability frameworks, secondly from those that are operating informally and thirdly those countries that are in the process of establishing a social dialogue between the three stakeholders

- Public/private sector and civil society partnerships represent a powerful way of addressing development challenges and resolving conflicts, confusion and duplication;
- For partnership development and management to be effective, it is necessary to focus on key critical development issues and craft solutions;
- For partnership to be meaningful, there is need to identify key players such as:
  - key leaders who provide vision, direction and motivation;
  - change agents who inspire people to participate in projects;
  - co-ordinators who undertake concrete organising tasks.
- Partnership formation and management require sufficient time and resources to make the project work;
- Political will and state support is critical;
- Financial, technical and human resources are critical to success;
- Informal networks are essential for the operation of formal arrangements;
- The provision of a legal and regulatory framework which establishes the authority of the partnership is key;
- Formal structures with functions, roles and responsibilities clearly stated, clear guidelines, and agreed approaches for problem solving should be considered. For example, objectives achieved through negotiation, consultation, information sharing, researched-based decision making and conflict resolution;
- Effective social dialogue can be maintained through regular newsletters, annual reports, seminars, workshops, study tours which constitute a powerful means of communication; and
- Stakeholders must see the benefits derived from such a partnership or dialogue.

Achieving change

The following are some of the comments that can be made for the countries that intend to form a social dialogue in order to adjust to the changes taking place in society. The comments and steps to partnership are based on the experiences of other countries thereby constituting best practices.

- An awareness campaign should be launched to popularise the programme once a decision has been made to establish a social dialogue;
- Preventive measures should be taken to ensure that potential impediments to partnership formation are minimised, e.g. simplifying management procedures through the reduction of red tape;
- The setting up of a committee of representatives of public/private sector, civil society organisations to oversee the implementation process of the partnership programme;
- Institutional strengthening of relevant agencies such as the Cabinet, commercialisation and privatisation offices, and other organisations involved in managing tripartite relations between the stakeholders;
- The widest possible consultation and co-ordination between stakeholders should be conducted before, during and after social dialogue is created;
- Mutual trust between and among stakeholders should be established in order to facilitate the formation and management of the social dialogue; and
- Ensure links with decision-making processes by planning the partnership unit in the Prime Minister's Office to strengthen linkages between policy makers and administration.

Examples of partnerships

In *Malaysia*, for example, developing partnership with industry is seen through the operationalisation of the Malaysian Incorporation Policy, introduced in 1983, as one of the major strategies for national economic growth. The policy requires that the public and private sectors see the nation as a corporate or business entity, jointly owned by both sectors and working in tandem in the pursuit of shared goals. Policy implementation can take the form of consultative panels, seminars, workshops, training programmes and even funding. This Malaysian model has been generally referred to as Smart partnership;

Many countries in the South East Asian Region, e.g. *Taiwan, Singapore, Malaysia, Thailand* and *South Korea* have been influenced by the rise of the business sector in the UK and USA. Public/private partnership arrangements were becoming more common and successful. The growth of the private sector was accompanied by similar growth in the civil society sector;

In *Botswana*, former President Sir Ketumile Masire, advocated the support of Smart partnership to policy makers. Botswana now has an established mechanism of a social dialogue with stakeholders;

South Africa launched the National Economic Development and Labour Council (NEDLAC) in order to bring together government, business, labour and community interests, through negotiation, reaching consensus on all labour legislation and all significant social and economic legislation;

Most of the Commonwealth developed countries have established mechanisms of collaborating with the private sector, civil society organisations and community-based groups e.g. in *the UK, Canada, Australia* and *New Zealand*;

The African Development Bank (ADB) and the Asian Development Bank (ADB) have advocated the formation of such forms of partnership in order to promote development;

In the Caribbean, *Barbados* has taken the lead initiating such dialogue;

The Commonwealth Partnership for Technology Management (CPTM), The Southern African Initiative for Development (SAID); and other examples

In the *UK*, the Social Compact was formed as a basis for a partnership between government and the voluntary sector, underpinned by a set of principles.

Other useful material (2nd edition)

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4.4.1 The New Partnership for Africa's Development (NEPAD)

A recent development in the area of global governance has been the establishment of the "New Partnership for Africa's Development" (NEPAD). Canada's Prime Minister on a tour of Africa in April, 2002 stated: "The 21st century will be a century when Africa will truly become part of the international community". What is required to put Africa back on the agenda of the world is: "Good Governance, respect of human rights, electoral discipline ... peace and security, openness and elimination of corruption".

NEPAD is an African initiative for African development and it is the result of joining together the Millennium Partnership for African Recovery Programme (MAP) and the OMEGA Plan at the request of the Organisation of African Unity (OAU). The partnership is a commitment by African leaders to get rid of poverty and place the continent on a path of growth and development. It is based on the practice of good governance, democracy and human rights. NEPAD will deal with the following items for action:

- the requirements for development;
  - peace, security, democracy and political governance;
  - economic and corporate governance;
  - regional co-operation and integration;
- the priority sectors;
  - infrastructure;
  - information and communication technology (ICT);
  - human development i.e. health, skills development;
  - agriculture;
  - promotion of production and exports;
- the mobilisation of resources.
  - increasing savings and capital inflows through further debt relief;

NEPAD is a pledge by African leaders that they have a pressing duty to eradicate poverty and place their respective countries on the route to sustainable growth and development. Concurrently, they need to actively participate in the world economy. The programme is based on the determination of Africans to extricate themselves and the continent from the malaise of underdevelopment and their exclusion in a globalising world. The continuing marginalisation of Africa constitutes a serious threat to global stability.

The need for change, in terms of development, is based on the following statistics from Africa:

- 340 million people live on less than US $1 per day;
- the mortality rate of children under 5 years of age is 140 per 1000;
- life expectancy at birth is only 54 years;
- only 58 % of the population have access to safe water;
- the rate of illiteracy for those over 15 years is 41%; and
- while there are 567 mainline telephones per 1000 people for high-income countries, in Africa there are only 18 per 1000 people.

The New Partnership calls for a reversal of this situation. What is needed is a bold and imaginative leadership that is committed to sustained human resource development and poverty eradication. There is a call for a new partnership between Africa and the international community to overcome the gap after years of unequal relations.

A critical dimension in setting the continent's destiny is the negotiation of a new relationship with the developing countries. The requirements of negotiating and accounting to a variety of donor agencies supporting development programmes is cumbersome and inefficient. The new relationship should set out mutually agreed performance standards and targets for both parties. There are many cases where the failure of projects is caused not only by poor performance but also by bad advice.

The four primary objectives in the implementation process include the following:

1. Establishing a governing structure with the mechanism to strengthen Africa's capacity to lead her own development and to improve co-ordination with other partners;
2. Ensuring that there is capacity to lead negotiations;
3. Ensuring that there is the capacity to accelerate the implementation of major regional development agreements;
4. Strengthening Africa's capacity to mobilise additional external resources for development.

In order to implement the New Partnership for Africa's Development there is a need to recognise the need to sequence and prioritise. The initiating Presidents proposed that programmes be accelerated in collaboration with development partners to address and improve the following:

- communicable diseases – HIV/AIDS, malaria and tuberculosis;
- information and communication technology (ICT);
- debt reduction; and
- market access.

Work has started on all of these initiatives by a variety of partnerships. Africa's participation and leadership needs to be enhanced for better service delivery.

Many initiatives in the past have been developed including the Lagos Plan of Action and the Abuja Treaty. They have failed for three major reasons:

1. timing (Cold War paradigm);
2. lack of capacity for implementation; and
3. lack of genuine will.

African leaders are making a commitment to the African people and the world to work together in rebuilding the continent. It is a promise to promote peace and stability, democracy, sound economic management and people-centred development. It is also a pledge to hold each other accountable in terms of the agreements of the programme – Africa holds the key to its own development. This development can only be attained through a genuine partnership between the world and Africa based on mutual trust, shared commitments and binding agreements.

Other useful material (2nd edition)

NEPAD Website: www.dfa.gov.za/events/nepad.htm

The Toronto Star, April 13, 2002, p. A14 (Canadian newspaper)