Irrespective of whether development efforts aim at improving social services, transportation, agriculture or other specific areas, reforming the public sector is often key. A considerable part of Sida’s development assistance has therefore gone to public sector governance reform. Such reform is, however, an audacious task, as it is usually a long-term process rife with political-economic interests.

The evaluation assesses the effectiveness of public sector governance reform (PSGR) and donor support in developing and transitional countries between 2001 and 2010. A few successes in terms of improved technical skills and laying the foundations for further reform could be reported from the case studies. Problems derived largely from inadequate capacity and entrenched opposition to reform. The evaluation reconfirmed that political will to reform is critical. Political and economic interests are often a major obstacle to change. The development partners need to figure out how to go beyond merely providing technical improvements and how to achieve sustainable change to structures, cultures, incentives and leadership.

**Purpose was learning**

The primary objective was to enable donors and recipient countries to learn lessons about what to support in the implementation of Public Sector Governance reforms and how best to do so. The evaluators investigated reforms and their context from the perspectives of the country and the donor respectively. Evidence was drawn from a comprehensive literature review and the analysis of international statistics and governance indicators as well as country case studies in Bosnia-Herzegovina, Cambodia, Indonesia, Mozambique and Uganda. The evaluators were asked to assess whether governments in recipients partner countries had become more capable, accountable and responsive in delivering services and maintaining the rights of citizens; helped create an enabling environment for economic growth; and if they have built state capability to manage and implement reforms.

*Public Sector Governance refers to relationships involving the organisations and institutions of the state and the relations between the state and society; how the state interacts with society to provide services, makes itself accountable to society and guarantees the security and rights of its citizens.*
Changing the Role of the State: Supportive incentives needed at local and at central levels

The literature review indicated that donor support since the late 90s mostly has focused on engaging citizen and civil society organisations in the design, monitoring and in the sustaining of reforms in order to achieve an effective and inclusive state. Major obstacles to the success of this strategy have however arisen due to structural factors such as bureaucratic culture, the defence of bureaucratic fiefdoms, patronage relations and lack of capacity to run new models.

More lately though, support aimed at reforming the role of the state has mostly been directed towards the decentralisation and deconcentration of government responsibilities. In Indonesia, for example, these initiatives have emanated from the will of regional centres’ populations in combination with the weakening of the authoritarian central state in the late 90s. In this case, the decentralisation reform has been highly successful in improving service delivery and governance.

In the case of Cambodia, in contrast, even after ten years of considerable donor support to decentralisation, there has neither been any considerable transfer of authority nor of resources due to the lack of incentives to delegate responsibilities to sub-national authorities. The response of donors to this problem has also been absent as have political economy analyses.

Management at the Centre of Government: well-planned policy coordination crucial

The evaluators suggest that the impetus and support for improved policy coordination need to originate from the highest level of government and that the starting point for reforms should be a thorough review of existing structures and processes and not the imposition of an abstract policy model. Further, reforms should focus on building competencies and strengthening inter-governmental links rather than being concerned with size and structure issues.

In Cambodia, reform of the centre-government studied was mostly aimed at improving coordination among the ministries in regard to development policies and at harmonising donors’ activities. There are a range of outputs produced related to this orientation of support which can be attributed to the efforts of the donors. There are still however major obstacles to a truly programme based donor cooperation with the Cambodian government due to the prevalence of pervasive patronage, functional fiefdoms and integrity problems.

Indonesia could report a successful policy-coordination reform. The success was based on a reform programme aimed at coordinating the many poverty reduction programmes of several different government agencies under one umbrella ministry. The result has been the largest social protection programme in the world covering 35 million people.

Accountability and Oversight: The importance of reform champions, political support and organisational independence

The case studies indicate that efforts aimed at strengthening accountability have mostly been directed towards reform of audit institutions whereas representational bodies such as parliaments mostly have been overlooked for reform. The cases further suggest that both technical improvements and political capacity to use the findings of the auditing to put pressure on governments are needed in order to strengthen accountability.
In Indonesia, a successful reform aimed at the audit institution was possible due to a strong political will for reform, which resulted in an increased overall capacity. The legal framework was strengthened which in turn entailed a stronger legal authority, power and operational independence. Technical skills were enhanced through scholarship and internship programmes and by investments in technology. Now the audit reform of Indonesia serves as a model for at least three other Asian countries.

The reform of the audit institution in Mozambique, to which Sweden had been one of three supporters, was been very successful in delivering results at output level, increasing transaction audits from 29 to 451 in five years, as well as improving coverage and adherence to standards and quality. However, sustainability is under threat due to the high dependence on donor funding.

**Social Justice: Reform of state-civil society relations is critical**

In the Ugandan project for human rights and good governance and the Indonesian gender-mainstreaming project studied, the evaluation indicated three common characteristics. First, civil society has an important role in the public sector reform aimed at improving social justice. Second, there exists a challenge of developing mutual trust between civil society and government. There is a risk of Civil Society merely becoming service providers dependent on government and donors and thereby losing its distinguishing traits as watchdog and “voice”. Third, transforming performances of public sector reform, such as new legislation or training programmes, into a more long-term change of attitudes and behaviour requires longer time frames of development cooperation.

**Civil Service Systems Reform: Hardest of all**

PSGR of the civil service sector was found to be one of least successful sector reforms of the ones evaluated. This mostly due to the vested interests that often are able to derail or divert efforts aimed at achieving reform of the civil service. The evaluators further found that reform of the civil service sector as a minimum requires a whole-of-system approach, a long-term perspective and a well-coordinated donor support.

**Conclusions and main recommendations**

It is clear from the evaluation that political support is crucial; without it PSGRs are doomed to fail. Other difficulties include resource constraints, inadequate monitoring and evaluation, complexity of the reforms and questions around sustainability and timeframes.

And the evaluation shows that many reforms in fact fail. This should, however, not come as a surprise. The report makes reference to surveys dealing mostly with the private sector which consistently have claimed that 50-70 % of organisational change initiatives fail. Further, it is not all that obvious what is to be considered a “failure” and “success”. Causal relationships in PSGR, involving behavioural and attitudinal changes are difficult to measure precisely and preconditions for change vary considerably. The report suggests that possibly we should focus on assessing the degree of progress as related to the difficulty of the environment in which the change takes place.
Ten main recommendations for PSGR emerged from the evaluation:

1. Political economy analysis should be undertaken for any PSGR, to contextualize the proposed PSGR, identify the risks and assess the chances of success.

2. Theories of change should be developed for PSGRs linking actions to intended outcomes and making assumptions explicit so that they can be scrutinized. Key to building theories of change is gaining understanding of how governments actually work as distinct from assumptions about how they should work.

3. Working with both leading officials (top-down) and with clients (bottom-up) is desirable for PSGRs. Although bottom-up approaches have been in the ascendancy in recent years, evidence strongly suggests that working with politicians and other leading officials is essential.

4. Long-term time-frames should be adopted in designing, implementing and evaluating PSGRs. The required behavioural and attitudinal changes do not occur quickly and often encounter resistance.

5. PSGR should be concerned with changes that are sustainable. Development partners should encourage positive attitudes to the idea of continual incremental change.

6. Greater effort should be invested in Monitoring and Evaluation activities, to improve PSGR and not simply as an extension of donor data requirements for accountability.

7. Greater consideration should be given to the role of leadership in PSGR as it has proved to be a key element of successful reform.

8. It is desirable that development partners have a shared vision for PSGRs. PSGR must have a sense of direction so that strategies and plans can be developed and modified as appropriate to achieve the vision.

9. Improvements to service delivery should be a major focus of PSGR as it can generate support and thereby enhancing the chances of success.

10. There is no one-best way for development partnerships but the particular aid relationship for a specific PSGR will vary according to circumstances.

The evaluation was commissioned by Sida, DFID and Irish Aid and was overseen by a Management Group comprising Sida, DFID, Irish Aid and an International Reference Group with representatives of the World Bank, OECD, European Union, Asia Development Bank, UNDP, Inter-American Development Bank, Africa Development Bank, Danish Ministry of Foreign Affairs and evaluation consultants. The evaluation can be downloaded from www.sida.se/publications