PUBLIC SECTOR REFORM AND INSTITUTIONAL CAPACITY BUILDING

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By

Hon. William Ole Ntimama, M.P., E.G.H.,
MINISTER OF STATE FOR PUBLIC SERVICE
OFFICE OF THE PRESIDENT
The Chairman,
Hon. Ministers,
Your Excellencies,
Country Director, World Bank,
IMF Representative,
Distinguished Guests,
Ladies and Gentlemen,

Introduction
1. At the last (November 2003) Consultative Group (CG) meeting held here in Nairobi, Government underscored its strategic perspective that efficient and effective public service management was a crucial framework for achieving rapid and sustained economic growth and poverty reduction, which is the goal of our Economic Recovery Strategy (ERS) for Wealth and Employment Creation. I take this opportunity to reiterate this perspective.

Purpose
2. All Public Service Reform initiatives and programmes are to ensure that the objectives of the Economic Recovery Strategy for Wealth and Employment Creation (2003/07) are achieved and in the process, the country progressively achieves the Millennium Development Goals (MDGs). The Government is currently in the process of institutionalising the theme “Results for Kenyans” as a focused approach for the reform process. The Government will undertake the reform initiatives in a
comprehensive manner through the development of a Public Sector Reform Strategy validated by key stakeholders.

3. The Government is committed to:

- Transforming the Public Service from process oriented, process and entitlements, control, unnecessary bureaucratic practices, inward considerations and being risk averse to targeted results, delegation, enabling and empowering speedy delivery of services/service charters, citizen/client focussed service and risk management.
- To provide a mechanism that supports the achievement of the Economic Recovery Strategy (ERS) and the attainment of the Millennium Development Goals (MDGs)
- To deliver timely and effective services leading to ‘Results for Kenyans’
- To implement an institutional and leadership capacity building for results oriented management culture.
- To set performance standards and targets for Public Service operations.

**APPROACH**

4. The transformation of the Public Service will be undertaken through:
  - Validation and operationalisation of Public Sector values, ethics, core and managerial competencies.
o Mainstreaming the Public Management Accountability Framework (being developed) in all levels of the Public Service.

o Re-establishing a cohesive governance and leadership for transforming Public Service.

o Benchmarking Public Service delivery with best practices and in particular the Canadian Treasury Board’s Accountability Model

o Reviewing and strengthening organizational management systems and practices, such as:
  - Human Resource Management Systems;
  - Procurement Management Systems;
  - Management Information Systems;
  - Participatory Programme/Project formulation and implementation; and,
  - Crosscutting issues such as HIV/AIDS, Gender and Environment Management.

o Rebuilding an *esprit de corps* within the Presidency, the Cabinet, Permanent Secretaries/Accounting Officers and Chief Executives of Public Organizations/Authorities.

**CO-ORDINATION**

5. Following on the reform agenda the Government in September 2004 established the Public Sector Reform and Development Secretariat, Cabinet Office, Office of the President to spearhead the implementation of a comprehensive and
integrated Public Sector Reform Programme, as well as the introduction and operationalisation of Result Based Management Approach (RBM) in the Public Service. As you are aware, the RBM is a Management Approach that –

- Institutionalises Values, Good governance, Leadership Code and Competencies,
- It embeds a culture of continuous learning and performance improvement,
- In a framework of Management Accountability,
- For the achievement of targeted Results

The institutionalisation of RBM in the public Service will result in cost effective, efficient and timely service delivery.

To support this paradigm shift, a transformative Leadership Capacity Building is being finalised with the support of KIA, Swedish SIPU and the World Bank, as well as additional support form the UNDP led group of development partners, that is DFID, DANIDA, SIDA and CIDA.

DEVELOPMENT OF REFORM STRATEGY

In order to strengthen the co-ordination of Public Service reform and development, the government is in the process of:

- Developing a comprehensive Public Sector Reform Strategy, for validation with stakeholders and implementation with effect from July 2005.
- Developing Performance Management System for implementation with effect from July 2005.
- Reviewing the Human Resource Management Policy Framework and Structure with a view to clarifying the roles and responsibilities of Public Service Commission, Directorate of Personnel Management (DPM), and Permanent Secretaries/ Authorised Officers in a results oriented management culture.
- Reviewing the current Public Service staff appraisal system to align it to the RBM approach
- Developing for implementation Public Service values, leadership code and competencies.
- Improving Human Resource Strategic Planning for the Public Service
- Institutionalising Strategic Planning
- Transformative Leadership Capacity Building Programme.

**INSTITUTIONAL FRAMEWORK**

In order to operationalise the RBM approach and other reform interventions the government has put in place an institutional framework commensurate with the task of transforming the Public Service to a performance oriented organisation. The framework will provide, policy direction for the development, implementation and institutionalisation of the RBM approach in Ministries/departments, Judiciary, State Corporations, Local and Regional Authorities. The institutional framework includes;

- Cabinet Standing Committee on Public Sector Reform
- National Steering Committee
- Ministerial Steering Committee
- Ministerial Management Units
- Task Force on RBM / Performance Contract Committee
- Inter-Ministerial Committee on Public Sector Reforms
- Work Improvement Teams (WITs)

REFORM COMPONENTS

6.

a. Public Service Management Reforms

This component focuses on undertaking activities to rationalise and restructure government ministries/departments, Local/Regional Authorities, and all other public organisations to enable Permanent Secretaries to concentrate available resources (financial and human) on core functions and roles of government to enhance efficient and effective Public Service delivery.

The progress in this area include:

- Ministerial/departmental rationalisation and strategic plans,
- Public Financial Management Reforms
- Rationalisation of State Corporations Public Enterprises,
- A framework for the rationalisation of the centre of government including Cabinet Office is in the process of being developed for implementation,
- Development of Service Charters,
- Development and implementation of performance contracts for Permanent Secretaries / Authorised Officers and Chief Executives of State Corporations,
- Installation of integrated Payroll and Personnel Database (IPPD),
- Development and implementation of e-government strategy,
- Implementation Muda Free / Waste free programme (a lesson from the private sector)

b. Local Government Reforms

This focuses on rationalising and restructuring Local Authorities to enhance their capacities to deliver effective and efficient services at the local level. Local Authorities financial management has been strengthened through various reform initiatives including the Local Authorities Transfer Fund (LATF), the grants from the Road Maintenance Levy and enhanced revenue from the Single Business Permit System.

The rationalisation and restructuring of all Local Authorities is a reform measure that the government has resolved to undertake during 2005/2006 financial year. The government
would appreciate support from development partners in undertaking reforms in this crucial sector.

c. Legal Sector and Judicial Service Reforms
The government in collaboration with development partners has developed a framework for undertaking comprehensive Governance, Justice, Law and order sector (GJLOS) reforms in the medium term (3 – 5 years). During the discussions on governance, the government presented a detailed framework and action plan of undertaking these reforms. However, it is noted that significant progress has been achieved in enhancing the integrity and professionalism in the Judicial Service.

d. Enhancing Integrity and Accountability
As was discussed at length yesterday, the government is committed to enhance the integrity, transparency and accountability of the Public Service at all levels. To this end, the Public Service Integrity Programme has now been rolled out in all government Ministries/departments, Local/Regional Authorities, and State Corporations. The appointment of Integrity Assurance Officers in all these organisations has had appreciable impact in enhancing organisational and staff integrity. The establishment of Corruption Prevention Committees has also boosted both the integrity and accountability of the public Service. We are confident that
with time and concerted efforts in this area, the image of the Public Service will improve.

e. Enhancing Interaction with Civil Society
The government is committed to exploring ways of consulting and partnering with stakeholders. In this regard, various reform initiatives have been developed and implemented to enhance the efficiency and effectiveness of service delivery. Examples include the budget process in which stakeholders are consulted, community policing, and District/Constituency Development Committees where citizens are key part of the decision making process. The government is committed to facilitating and empowering of Civil Society to continually participate in the reform process.

CHALLENGES
7. The public Sector Reform initiatives has been done in cognisant of the various challenge which include:

a. The organisational structure of government
The structure of government has to be transformed from a controlling to an enabling and empowering structure

b. Policy Framework
A review of the policy framework is imperative to facilitate the efficient and effective service delivery. There is need to comply
with the policies issued to the service on reforms from time to time.

c. **Public Service Culture**
A radical transformation of the Public Service work culture and attitude is necessary to facilitate overall Public Service reform.

d. **The Wage Bill**
Despite the previous efforts to reduce the high wage bill, this continues to be a challenge in the reform process.

e. **Coordination and Alignment of Reform Programmes**
In the past, reform initiatives have been implemented piece meal. The established institutional framework as well as the development and implementation of a comprehensive and cohesive Public Sector reform strategy will enhance the coordination and alignment of reform programmes.

f. **Human Resource Management Strategy**
There is need for the development of a competency based human Resource Management Strategy to address post management remuneration, human resource planning, performance management, recruitment, placement, rotation, promotions and career development in the Public Service.
OPPORTUNITIES

8.

a. Political Will
The government has demonstrated commitment for a paradigm shift from process oriented to a results oriented management culture.

b. Deepening Ministerial Rationalisation
Deepening Ministerial Rationalisation will streamline the operations so ministries and departments, as well as introducing an integrated staff appraisal system will contribute to addressing the challenge of the high wage bill.

c. Strategic Partners
There has been good will and facilitative support from development partners and other stakeholders. For example the UNDP led group project on improving Public Sector Management Coordination and networking, which includes, DANIDA, CIDA, SIDA & DFID. Also, the World Bank’s Institutional reform and Capacity Building project and the Transformative Leadership Capacity Building.

d. Harmonisation of Programme Delivery
There has been a shift in the harmonisation of programme delivery and resource mobilisation at the sector level, for example, Local government, KEPSA.
CONCLUSION

9. In conclusion, I take this opportunity to thank the Union of Kenya Civil Servants and KEPSA for strategic role and partnerships they are rendering the reform agenda. Special thanks also to the Development Partners for the support you are rendering in the implementation of various reforms in the Public Service. I urge you to sustain and hopefully enhance the support. I assure you that Government is fully committed to the vigorous pursuit of the goals of the reform agenda. The Government will demonstrate this commitment through allocation of resources to the Public Service and in making the tough policy and administrative decisions needed for the effective implementation of the Public Service Reform Programme.

We also thank the Permanent Secretaries for the critical role they are playing in embracing and institutionalising the reform agenda.

Most importantly I sincerely wish to thank the President and Cabinet for championing the Kenyan Public Sector Reform Agenda for the delivery of Results for Kenyans.