Public Sector Reform Revisited
in the Context of Globalisation

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Executive Summary

While only recently, some argued for the roll-back of the State to leave the field to the market and non-governmental organisations, it has now become clear that the public administration has a key role to play to preserve democratic values and promote equity for all. Rebuilding, strengthening or modernising the institutions of the State is a common strategy for all countries to be integrated in the global economy. At this point in the evolution of public sector reform, it appears now that “there are tensions between, on the one hand, concerns for efficiency, market-soundness, deregulation, competition and stabilisation and issues of accountability, representation, participation and equity, on the other.”

The current globalisation movement reveals unprecedented levels of exchange (international trade and unparalleled technological innovations), fuelled by levels of consumer demand never previously known, carrying a potential for growth and prosperity transcending any that the world had ever recorded. True globalisation means the ability to study, understand and incorporate different and alternative cultural traditions into a common matrix, with respect for diversity and with an open mind. Such a perspective requires holistic and innovative strategies as well as increased sensitivity in many areas but in particular to look afresh at traditional approaches to public sector reforms which have proved more often than not either limiting in results or a lack of genuine commitment.

This paper is divided into three parts.

The first part takes stock of the present situation in the various cultural environments where public sector reforms have taken place. The New Public Management in developed English-speaking countries has tried to introduce efficiency, transparency and accountability in a traditional bureaucratic environment. At the same time, measures to monitor budget performance have provided ways to measure results and deliver better services to citizens.

At the same time, the European Union has had success with an integration model which still leaves space for central and lower levels of Governments to function effectively. In Eastern and Central Europe, the transition to a market economy has been implemented in stages. Although institutions have gone through dramatic changes, it is already clear that social objectives have suffered in the process. The evolution in Africa has shown that the macro-economic adjustment reforms of the mid-80s have not produced the expected results. In recent years, the focus has now shifted from retrenchment to capacity building for good governance. One of the most disturbing factors is the relative weakness of Sub-Saharan Africa in relation to the rest of the world. Latin America has gone through important changes in the direction of the new Public management but in addition to democratisation, decentralisation and de-bureaucratisation, the striking element is the increasing participation of civil society in the public sector. In Asia, the general observation, which can be made despite the wide diversity of cultures, is the strong tradition of State administration. Progress has been made but they are however uneven. It is then clear that Asian countries craft their own solutions based on their tradition of respect for authority and deep notion of duty.
The second part of the paper highlights the challenges and opportunities, which global pressures put on the public sector. While it is true that Governments are challenged to redefine the role of the State in the light of globalisation, they also have to grapple with the fact that it might involve a loss of sovereignty. In trying to cope with the pressures of globalisation, public service as an institution is currently under strain. The acquisition, development and retention of critical leadership talents are central to performance. Thus while institutional reinforcement entails modernisation, empowerment, readjustment and often “reengineering” of organisations, human resource development, in turn, implies empowerment, equipping civil servants with skills, competencies, knowledge, values and attitude, commensurate to their tasks. To re-design and modernise the State institutions to face the new challenges of globalisation, a government must first consider and analyse how globalisation is affecting the role and functioning of the State. After careful evaluation of the country’s needs and priorities, institutions should try to adapt to the dynamism of change and be geared towards their “public” with organizational patterns and procedures catered to specific client groups so as to promote effective service delivery. This shift connotes a conceptual change that emphasises flexibility, responsiveness, pro-activity and multi-sectoral partnerships that encourage transparency and accountability. The emphasis is therefore not on stronger or weaker governments but on SMART governments, which have strategic institutions that deal with globalisation and flexible partnerships between the private and public sectors, as well as national, international, local and central levels of government. The recent trends are exerting an impact on the character and operations of the public service and they demand new human resource capacities, professional behaviours and values. Human resources management and development in the public sector is about people’s development and employment opportunities. It is therefore critical to provide meaningful careers and clear career paths to individuals choosing to serve the public interest. However the public sector should also keep in mind that there is competition within a single global market for skills and competencies. The impact of this new shift on human resources in the public sector will have consequences for various personnel management processes such as recruitment, personnel administration, career development, performance assessment, succession planning, job security, work patterns and the use of technology. Sound human resources management and development in the public sector is the key to success and optimisation of the State response to globalisation. New information-management technologies are revolutionising the work of organisations and methods of delivery of public sector services.

In the third part of the paper, a vision for public administration in the 21st century is presented, including the role the UN can play in this process based on recent recommendations made at the UN Group of Experts on Public Administration and Finance. The challenges of the 21st century demand that governance in East and South Asia must be ethical, service driven, accountable and responsive. This will require a basic understanding of global dynamics, consensus among key stakeholders in policy-making (which may require painful policy choices), transparency, accountability, strict rule of law, and expansion of popular participation in policy dialogues bringing various stakeholders into the policy consensus.

This paper has demonstrated that deep changes are currently happening in government and State institutions. And although in the past, some reforms have had limited success and appeared more as fads rather than genuine sustainable process, some lessons have been learned. In particular, the concept of governance has introduced the critical importance of linkages between the
executive, legislative and judiciary systems as well as with the private and business sector. The approach, which is advocated, is more holistic and more pragmatic, taking into account the diversity of culture and institutional environment. There is hope that by using the positive aspects of the New Public management, countries will make the necessary changes adapted to their particular national situation. There is still a balance to be found between efficiency and equity, between democratic and market goals. New models are certainly emerging. China is certainly a case to follow as it has its very distinctive character.
Table of Content

Introduction: What has changed with Globalisation?

Part I: Regional Trends in Public Sector Reform

1. Overview of Developments in Public Sector Reform
   A. The New Public Management Model: Australia, Canada, New Zealand, UK and USA
   B. A Successful Model of Regional Integration: The European Union
   C. A Transition Model: Eastern and Central Europe
   D. A Model of Mixed Results: Africa
   E. An Opening to Civil Society: Latin America

2. The Diversity of Asia experiences
   A. General Trends
   B. Some Specific Cases: China, South Asia, Cambodia

Part II: Public Sector Reform: Challenges and Opportunities of Globalisation

1. The Impact of Globalisation on the State
2. Structure of Government and Institution-building
3. Civil Service Reform and Human Resources Development
4. The Knowledge-based Administration – A Revolution in Management

Part III: The United Nations Role and Public Sector Reform

- The 15th Meeting of the Group of Experts on the UN Programme in Public Administration and Finance
- A Vision of Public Administration for the 21st Century

Conclusion
Introduction: What has changed with Globalisation?

Increasingly in today’s world, groups and individuals interact directly across frontiers, without involving the State. This has its dangers: crime, narcotics, terrorism, pollution, disease, refugees and migrants, and all move back and forth faster and in greater numbers than in the past. People expect States to do something about it. To this effect, States need to be strengthened. While only recently, some argued for the roll-back of the State to leave the field to the market and non-governmental organizations, it has now become clear that the public administration has a key role to play to preserve democratic values and promote equity for all. Rebuilding, strengthening or modernising the institutions of the State is a common strategy for all countries to be integrated in the global economy.

Public sector reform has been ongoing for the last fifty years with widely diverse forms related to various cultural environments but also with a number of common aspects. In particular, in most countries, the public sectors expanded a great deal between 1945 and 1980. As economies grew and societies became more differentiated, the State’s conventional tasks of regulation, allocation and redistribution became more complex. Public sector growth was also a function of the type of societies various government sought to promote: welfare state, communist countries... In East Asia, economic development was anchored on strong, interventionist and pro-market public sectors. This vision of the State came under attack during the 80s and 90s in practically every region of the world. The alternative vision, which has been promoted more recently, seeks to create a market-friendly, liberalised, lean, decentralised, customer-oriented, managerial and democratic state. At this point in the evolution of public sector reform, it appears now that “there are tensions between, on the one hand, concerns for efficiency, market-soundness, deregulation, competition and stabilisation and issues of accountability, representation, participation and equity, on the other 1

The current globalisation movement reveals unprecedented levels of exchange (international trade and unparalleled technological innovations), fuelled by levels of consumer demand never previously known, carrying a potential for growth and prosperity transcending any that the world had ever recorded. However, one cannot ignore the obvious disparity amongst nations and much more needs to be done to close the widening gap between the world’s rich and poor. For developing countries in particular, there is an increasing strain on already limited resources as they seek ways to attract and retain capital and technology. These same nations more often than not are also handicapped by the involvement in civil wars, natural disasters, inadequate physical facilities and limited trained human resources. True globalisation means the ability to study, understand and incorporate different and alternative cultural traditions into a common matrix, with respect for diversity and with an open mind. Such a perspective requires holistic and innovative strategies as well as increased sensitivity in many areas but in particular to look afresh at traditional approaches to public sector reforms which have proved more often than not either limiting in results or a lack of genuine commitment.

This paper is divided into three parts. The first part will to take stock of the present situation in the various cultural environments where public sector reforms have taken place. The second will highlight the challenges and opportunities, which global pressures put on the public sector. Finally, based on recent recommendations made at the UN Group of Experts on Public
Administration and Finance, a vision for public administration in the 21st century will be presented, including the role the UN can play in this process.

**Part I: Regional Trends in Public Sector Reform**

The revolution in public administration during the last twenty years, both in theory and practice, has transformed the geo-political configuration and socio-economic environment of the world.

The State and central government, which in the early post war decade had been widely perceived as the necessary engines of growth, were now, quite on the contrary, portrayed in essentially negative terms. In both highly industrialised and developing countries, the recession of the 70's and 80's triggered pressures for containment and retrenchment of the size and scope of the public sector. What started as a policy to cope with budget deficits and cure inflation, developed into a campaign to "roll back the State" designed to restore citizens’ control over their lives.

This approach,

- Has reaffirmed the rights of individual citizens, groups or associations against a paternalistic bureaucratic State;
- Tried to reduce tax burdens while raising the quality of public service;
- Pushed for decentralisation and devolution of power
- Attempted to redefine the nature, scope and processes of governance in broader, more inclusive and participative terms;
- Pressed for modernisation, initiative and effective use of information technologies.

The shortcomings of a highly centralized structure became most visible in the former USSR. It added momentum to a campaign against the State, which began with Thatcher and Reagan, some twenty years ago and made a profound impression on almost every sphere of statecraft, public policy and administration.

Concurrently on the international plane, the nature and role of ODA was being reconsidered. With the demise of the Cold War flows of official assistance, once used to further strategic objectives, have declined. This gap was soon filled by flows of private capital but many of the poorest countries, particularly those in Africa, were left out.

In most countries, the retreat of the State greatly accentuated disparities in wealth and opportunities. The downsides of this trend, as highlighted by the Economic and Social Council are:

- Dramatic rise in poverty;
- A widening gap between the rich and poor, the powerful and the weak, the skilled and the unskilled, the networked and the isolated;
- A rise in organised crime and corruption;
- A deteriorating global environment
This part of the paper reviews developments in public sector reforms in different regions based on observations by specialists selected from these regions, which have been presented in May 2000 at the 15th Group of Experts of the UN Programme of Public Administration and Finance.

1. Overview of Developments in Public Sector Reform

Countries are grouped according to regions based on their common language, values, traditions and also socio-economic status.

A. The New Public Management Model: Australia, Canada, New Zealand, UK and U.S.A.

These five highly developed, democratic, stable and prosperous countries have been hosts to major reform movements, which transformed their administration in several critical areas. They may rightly be considered as the principal exponents of the New Public Management (NPM) movement.

A common feature of these countries is their experience of erosion of confidence in government during the 1980's and early 90's. Rising costs of government and of the public service has been a major factor in this regard. Initiated by New Zealand and later replicated by several others, substantial cuts in benefits were attempted, means tests were introduced and steps initiated to privatise delivery of public welfare services. These changes added impetus to the new public management movement, which contributed significantly to charting a new course for public administration broadly in the direction of de-bureaucratisation. In all the countries concerned, transparency, accountability and public service integrity made a powerful comeback partly due to pressures from the public to put an end to a tradition of secretiveness and lack of transparency.

These developments, however, were not without their dangers:

- There is reason to fear that merging of the two spheres- public and private- might help create a world where the public good might no longer remain the paramount consideration;
- Allied to this concern was the concern over what New Public Management with its emphasis on reduction of centralised procedures might bring in their wake: greater emphasis on outputs, separation of purchaser and provider roles, the development of contractual mechanisms of accountability and departure from lifetime career employment.
- Redefining the ethical dimension of the public service profession has been a major aspect of public service reforms that have been taking place in these countries. "Putting the people first" became the theme of New Public Management systems; bringing the government closer to the public, treating people as valued customers, and also making government officials less remote and more responsive, but also less bureaucratic and more entrepreneurial and results-oriented. To achieve these goals, the UK for example identified five commitments:
  - Policymaking: promoting a forward-looking perspective in developing government policies with a focus on delivering results, not simply reacting to short-term pressures.
  - Responsive public services: delivering public services to meet the needs of citizens, not the convenience of service providers.
• Quality public service: delivering high quality public services and not tolerating mediocrity.
• Information age government: using new technology to improve service delivery to citizens and businesses.
• Public service ethics: reviving the values of public service, not denigrating them.

Consonant with this approach was the stress on measuring and monitoring performances in the public service. The adoption of the Government Performance and Results Act of 1993 (GPRA) by the United States Congress was a leading step in this direction. In it, Congress prescribed consultation and planning to identify agency and programme goals and annual reporting on performance. The major reform of the nineties, namely performance budgeting, emerged from the process but not without its challenges.

B. A Successful Model of Regional Integration: the European Union

The fifteen Member States of the EU, the most successful example of regional cooperation, have changed the shape and configuration of their institutions of governance. Significantly this super-structure does not negate the importance or otherwise reduce the state: on the contrary, the role of the State acquires the new dimension of an integral part of an innovative institution-building process and contributes to its smooth mechanism of work.

These Member States have also been engaged in the task of reform and reengineering at the national and sub-national levels. The degree of convergence apparent in the national reforms is the outcome of an ongoing process of consultation between Member States on several levels (central, local, municipal) and also a reflection of the shared traditions, practices and institutions that go back many centuries.

Strategies of reform tried to avoid the errors of the past, leading governments to take a segmented approach to reform. Excessive reliance on form, the letter of the law, and failure to address the substance in order to produce effective change in practice, may represent another tendency which EU countries share and which they now endeavour to correct.

This is related to the influence of managerial thinking on policy development and administrative practice in most European countries. There is more emphasis on "output over process", "lean government", “value for money”, but equally on “professionalism and customer orientation”. With increasing stress on openness has also come reliance on networks, national and international, and partnerships with non-state actors, with private enterprises and other civil society organisations.

C. A Transition Model: Eastern and Central Europe

In barely a decade, the countries of this region have attempted a triple transition from a single party State to a pluralistic democracy; from a centrally-planned economy to a free market regime and from subordination to independent statehood. Though the pace and modalities of this transition process have differed from country to country, some shared characteristics suggest a common pattern of political and social change. In spite of the complexity of the process and the
distinctive patterns in particular countries, four major phases in the transition process can be distinguished:

- Transformation: the overhaul of the old structure
- Consolidation: the design of long-term, capacity-building policies
- Modernisation: the quest for and need to adopt 'best practices"
- Adaptation: the reference to the standards and practices of the world community.

In the initial period, the overall conditions were marked by volatility and rapid change, the end of the decade brought with it indications of growing consolidation in most of the countries concerned. This was true of both the political and the economic spheres. But the overall social predicament continued to be problematic compared to the political and social context. Continued unemployment, increase of absolute poverty and widening income disparities were some of the indicators. On the credit side, however, one can emphasise the emergence of a new triangular relationship between State, the private and business sector and the individual, together with the rise of an active civil society and the expansion of the private sector.

The sum of transformations is redefining the nature, the structures and the tasks of public administration in Eastern and Central Europe. The retreat of the State from the economy i.e. from direct production of goods and services and the demise of the one party rule and democratic centralism are drastically altering the structures, methods, processes and operations of the public administration, making new demands on public servants. To meet these needs, public servants, at all levels, are challenged to develop a new configuration of competencies, skills, of attitudes and values.

The "supply led" approaches of the IMF and other organisations, which focussed on the economy, but tended to neglect the social, institutional and legal dimensions of change, have proved to be of limited success. One of the limitations of such foreign assistance was that it overlooked the problems and complexities of implementation. Without ruling out the importance of foreign assistance, but putting them in a new perspective, these countries have now recognized the importance and priority of building domestic capacity and are beginning to rely more on "internally-induced reforms".

Despite expected differences among the countries of Eastern and Central Europe, some lessons from the experience of a decade of transition is possible:

- There is still a mismatch of intention and outcomes due to excessive reliance on form, legal texts or statements of intention and a "top down approach".
- Better processes of coordination and cooperation among multilateral and bilateral donors are urgently needed, as well as understanding of government operations at the national level
- Capacity building: emphasis should be on personnel and training programmes should be designed on the basis of genuine need assessment for each country.
D. A Model of Mixed Results: Africa

The severity of repeated crises in Africa, served both to highlight the pressing need for action in public service reform and to illustrate the perils of hastily conceived and poorly executed blanket solutions to problems that were often responsible for aggravating the situation.

After generally promising attempts following their Independence, the reforms initiated in the African countries in the mid 80's sought to reduce the role of the state in production, as well as in service delivery and the regulation of private enterprise. The stress was on maintaining macro-economic stability, avoiding deficit spending, and drastically reducing the size and scope of government. But soon it became apparent that the macro-economic adjustment and stabilisation policies were not sufficient to address the fundamental problems of governance and public management, which were political and institutional in nature.

In recent years, the evolution has been reversed. The focus has now shifted from retrenchment and downsizing to capacity building for effective resource management and quality service delivery, financial accountability and smart government. According to Kiggundu, the key components of "smart government" include:

- Adopting a broader and long term approach to reform relating it to the role of the State and good governance;
- Linking civil service reforms to components such as, financial management, decentralization, sector wide approaches etc.;
- Rejecting the project approach to civil service and public sector reforms and moving to a long term, systemic programme approach;
- Focussing on strategic mobilisation and utilisation of resources (financial, human, institutional, technological, informational, political etc.);
- Introducing some of the useful New Public Management ideas and practices to Sub-Saharan African development administration such as performance management and result budgeting;
- Persuading the donors to avoid a "one size fits all" approach to reform and instead to embrace a home grown creative mix of approaches.

Few countries, so far such as Botswana and the Gambia, have taken initial steps and moved towards the concept of "smart government" by beginning the consultative process, articulating the national long-term vision and strategic framework for development. Yet, in most Sub-Saharan Africa, the promise of public sector reform remains largely unfulfilled.

Retrenchment and downsizing the government was not an easy task in Africa where government is the single largest employer for most of the countries. A UN study of civil service in ten African countries revealed that cost and size are only labels for deeper concern, which barely address the issue of public sector effectiveness. The study also found that most governments were unable to compete on the market for high level skills even though there was no shortage of relevant skills. Governments were confronted with the difficult challenge of a public service that was understaffed on the top management and policy-advisory levels and overstaffed on the lower level.
Capacity reinforcement is the common thread that runs through current programmes of public service reforms in countries like Ethiopia, Mali, Rwanda and Mozambique. Democratisation, decentralisation, devolution of responsibility, service delivery improvement and local government reform are the major components of the reform drive. Available evidence indicates that the results are yet mixed.

Though economy and efficiency have been in the forefront of public service reform, broader considerations such as human rights, rule of law, and citizen participation have made headway on the agendas of reform in recent years.

Looking to the future, it is apparent that there are no short cuts to reform. In most Sub-Saharan countries, current prevailing conditions are not conducive to effective reform. One of the most disturbing factors militating against progress in the right direction is the relative weakness of Sub-Saharan Africa in relation to the rest of the world.

E. An Opening to Civil Society: Latin America

In Latin America, the 1990's have been marked by extensive reforms of the State in the following directions:

- Democratisation
- De-bureaucratisation
- Reduction of the scope of State intervention
- Privatisation and opening to the global market

Throughout Latin America, the prolonged economic recession, in the 80's especially, highlighted the necessity for structural adjustments. It also brought to the forefront new economic doctrines, which substantially transformed the hitherto generally accepted objectives and modalities of State intervention.

Deregulation and de-bureaucratisation went hand in hand with a process of decentralisation, delegation of authority and devolution of power to lower levels of government and actors in civil society. This paradigmatic shift is gradually transforming a closed, inward-looking, rule-bound and formalistic administration into a more open system. The new system is more responsive to citizen's demands, accepts the current challenges of globalisation and technological progress, actively looks for partnerships to accomplish objectives in close collaboration with private sector groups and aims at value for money.

A major declared objective of reform in most of Latin America was the redefinition of the functions of the state and therefore, its relation with civil society. What has been sought was to circumscribe the functions of the state in the economic sector, to reinforce the technical administrative and organizational capacities of the public sector and to enhance the effectiveness of the institutional framework of government for the establishment of norms and their enforcement in partnership with civil society.
The transformation process has made substantial headway and continues at a fast pace. On the other hand, the disparity between two worlds: one of the super-rich and the other of precariously, poverty, exclusion and ignorance is seen by critics as essentially the product of a reductionist vision which is destructive of culture, social capital and democracy itself.

It can be noted that lack of public trust in democratic politics throughout Latin America goes hand in hand with the view that poverty is on the rise and that governments should do something about it. It can be concluded that the retreat of the State and government passivity in the economic and social spheres do not enhance commitment to democratic values nor improve perceptions of the quality and relevance of the political system and the institutions of government.

2. The Diversity of Asia Experiences

Asia is the largest, most populous and most diverse of all the regions of the world. It combines a group of nations with enormous racial, ethnic, cultural, linguistic, economic, political and religious diversity. One commonality that singles them out is a long and strong tradition of State administration.

A. General Trends

Such a diverse group of nations defies generalisations, however, some common observations are useful. East, South and Southeast Asia, in spite of all their problems further complicated by differences in language, caste, religion and creed, experienced in the 50's, 60's, and 70's a veritable transformation on a monumental scale affecting the lives of close to a half of humankind. Varying models were used in the process of reconstruction. In India and Pakistan, a federal structure of government and parliamentary democracy with commitment to the welfare state were preferred. In China and Vietnam, by contrast, communist victories took them to the path of socialist construction. Still, in almost every case, the state and central government were called upon to play a very major part in the development effort.

Overall, the results of this drive were impressive, but the benefits to people in the countries concerned are uneven. South Asia, on the whole, performed less well than East and South East Asia. According to Mr. Dwivedi, one of the main reasons for this disappointing performance was nationalisation, which under Prime Minister Nehru, brought substantial sectors of the economy under direct control of the state. Other South Asian countries, which followed this example, instead of achieving economic prosperity, experienced increase in poverty. Such poverty triggered a veritable crisis in governance because for destitute people, the struggle for survival was more immediate and pressing than models of development or administrative reform.

In the region as a whole, progress has been made on some fronts but in the case of public administration, the latest attempts at "externally-induced modernisation" have not produced the hoped for results. The New Public Management which has been introduced has some sound aspects: accent on results; service to the public; delegation of authority; greater attention to cost and the quest for efficiency, through the adoption of private sector practices, such as, "contracting out", and merit pay. But the market-driven rhetoric and "reductionist approach" of
the New Public Management system has been questioned. This particular administrative culture tends to neglect important political, social and legal dimensions. It offers no practical solution to the critical concerns, which continue to bedevil many developing countries. In Asia, these concerns include the following:

- Corruption as a way of life
- Political factor in the management of public sector
- Growing influence of religion and traditional values in politics and administration
- Human deprivation in South Asia, and
- The global impact of the public management movement.

Asian countries must craft their own solutions in dealing with these concerns. Indeed there are indications that the Asian countries are now inclined to follow paths more consonant with their particular traditions. Specifically:

- In Asia there is less mental resistance to state intervention compared to the west because it has a long positive experience with the States’s administration. Whether in South Asia or in East Asia, the State is popularly viewed as having a major responsibility for socio-economic development.
- Many Asians do not subscribe to the Western notion of extreme forms of individualism; and thus various attempts by the West to impose its values are seen as a neo-colonial attempt to "modernise" Asians. By contrast, the notion of duty and community/collective rights, supporting family needs, respect for authority, and consensual decision-making is rooted in Asian culture.
- The style of doing things is going to remain at variance with the western models of governance. The notion of “one size fits all” will remain unsuited to their special needs.

Despite some economic and political problems, East and South Asian nations have been able to achieve a relatively strong industrial base. There is growth in literacy, and scientific and technical knowledge and there is a relative prosperity. The bureaucracy has in general responded well in time of crisis. All this gives hope for further improvements in the style of governance, administration and management. People holding public office will have a special responsibility in behaving in a manner that enhances their capability to protect and defend humanity in an ethical way, without allowing the land, its natural resources, and social capital to be impoverished.

B. Some Specific Examples

*China:*

China is the country with the oldest administrative heritage in the world. The traditional Chinese bureaucracy consisted of an educated and highly motivated elite of scholar-administrators. Governance was conducted with provinces responsible to the central authority, while within provinces administration was stratified into prefectures, districts, and numerous functional areas. Power descended downwards from central authority to the remote village with centralized control being maintained from the capital.
In 1949, when China emerged from years of foreign aggression and civil war, the country was devastated and poor. Soon the feudalistic system was replaced by socialism, which abolished private ownership, nationalised industry and the agriculture tradition and placed all other commercial operations under state control. But in 1989, the situation changed when the market system was reintroduced; limited form of ownership was permitted and greater individual initiatives in production were allowed.

China launched its government downsizing campaign in 1998. The goal is to streamline government staff nationwide by 50 percent over three years. Reform in localities is more than streamlining; it also aims at changing the functions of the government in the context of the new market-oriented economy.

As a significant outcome of the administrative reform, the state council promulgated the Provisional Regulations on Civil Servants, which came into force in 1993. This regulation promoted categorisation of posts, recruiting through open exams, annual performance appraisals, exchange of posts, and dismissal of incompetent officials.

The reform of local government institutions, which has been in full swing since 1999, is designed to create a clean, diligent, down-to-earth and efficient government that can promote local economic development and safeguard social stability. The challenge is to deal with the consequences of lack of supportive measures (property rights, medical care, and unemployment insurance) during the period of streamlining.

In terms of perfecting the civil service system, new approaches like, transparency, publicity of promotion prior to appointment, admonishment, commitment, responsibility of first consultation, responsibility of recruiting incompetent persons, maximum tenure at one post, post adjustment due to poor performance, are explored in provincial governments.

The state council attaches great importance to the training of civil servants, which includes: new employee training, qualification training, knowledge refreshment training and specialised training.

The accountability mechanism for civil servants was set up in 1998 through the "Rules on Implementing Accountability on Ethics and Conduct". As part of the institutional reform, local governments are encouraged to use administrative cost control approach.

Intermediary organizations or the NGOs are playing an important role in promoting the market economy in China. NGOs and private sectors are getting increasingly involved in some traditional public services like education and other community services.

Though significant progress have been made in public administrative reform in China, bureaucracy and overlapping government functions still exist. More attention needs to be paid to restructuring towards decentralisation. The central government intends to enhance legislative effort to ensure the structural change.
South Asia:

The concept of "bureaucratic elite", born in the Chinese bureaucratic culture, exerted a strong catalytic influence in the neighbouring region and beyond.

British India exemplified the successful application of this "elite" idea in administrative reform, which, in the 19th century, produced the Indian Civil Service. In spite of the transformation after the Second World War, some of these traits and institutional legacies survive.

At the time of independence, the divided British India faced some perennial problems of poverty, economic and natural disasters, inflation, and food shortage. These problems put the inherited and emergent administrative structure and governing process to a severe test. Over the years there have been changes in administrative institutions, structures, styles, and cultures in post independence India and Pakistan. However, administrative development has been an uneven process, which can best be understood only in the context of the totality of this region’s economic development, socio-political and administrative environment.

A number of revolutions were tried: First, a political revolution, resulting in transition from a colonial system of government to a full-fledged parliamentary democracy with a federal structure of government; Second, an economic revolution with a commitment towards a welfare state; Third, a social revolution changing the caste ridden stratified society into a progressive community oriented towards social justice; and Finally a technological revolution, to introduce modern science and technology into the traditional ways of people. To usher in these revolutions, the South Asian leadership adopted various strategies and development models, such as:

- political integration
- the framing of new constitutions
- creation of the welfare state and an independent judiciary
- state intervention in the economy through five year plans, with emphasis on agro-industrial growth
- the policy of equal opportunity and protective discrimination for providing social justice to backward groups, and
- a number of administrative reforms

In order to fulfill the objectives of a welfare state and promote economic growth, various administrative institutions and agencies were expanded vastly, accompanied by proliferation of rules and regulations. This inevitably enlarged the size of bureaucracy. The British-devised administrative system could not carry on for long and within a few years, the administrative system adopted an "ad hoc attitude" both in governing and the administrative sectors. This resulted in low levels of efficiency, integrity, and public trust. Governments became more intensively involved in regulating, planning, stimulating, placing under direct government control, many economic, commercial and banking activities. Market forces, which became dependent on government control and licensing were stifled. Over time, citizens also became overly dependent on the initiative and the bestowal of governmental largesse in all spheres of their lives.
There have been a number of visible changes in the administrative system since the British rule. The importance of the district, the unit of administration, and the district officer was reduced due to the fragmented expansion of governmental activities coupled with the growth of "Mafia" politics. There had also been a simultaneous weakening of the strength and morale of the government service in general. Although the Indian Administrative Service, and similar cadres in Pakistan, Bangladesh and Sri Lanka tried to maintain their dominant position in policy making and governance, consequently their power and prestige suffered as well due to constant political interference, caste and tribal politics, money, prejudices, and other related matters.

Consequently politicians emerged as the most important actors as they acquired supremacy in all decision-making matters. With this shift in the power base, particularly in civil service appointments, promotions and the use of discretionary decision-making authority, certain side effects were inevitable. A new trait of administrative culture emerged slowly; the existence of a parallel "black administration" where influence, favours, money, privileges, misuse of public funds, the falsifying of records, and the bending of rules and regulations play the critical role.

South Asia in general has a relatively functioning administrative apparatus despite widespread corruption. As stated by the World Bank:

“The situation is different in South Asia, where in many countries state inefficiency and corruption have co-existed with a relatively competent and efficient civil service, albeit one whose quality has suffered a noticeable decline (World Bank, 1997)”

This co-existence of corruption and inefficiency, with a civil service whose quality of service is continually declining, is eating away the public trust in effective governance. Bureaucratic delays, ambiguous laws, rampant corruption, and slow redress by judicial mechanism accelerated common people's misery and distress. Convinced that the political and administrative system can never get better, the will to fight back is minimal but the desire to surrender is growing greater. For South Asian nations in general, the challenge of securing transparency and accountability and regaining public trust appears to be monumental.

**Cambodia:**

As a result of three decades of conflict, the weak physical infrastructure and inadequate capacity of human resources in Cambodia are hindering the optimal use of resources thus constraining the capacity to adapt to the changing needs of a growing economy. The Royal Government of Cambodia considers the respect for human rights and the promotion of liberal democracy as matters of utmost priority. It recognised that the strengthening of the rule of law is a vital prerequisite for the preservation of political stability, conducive to economic and social development and poverty alleviation.

As an integral part of state's reform priorities, the government realised the need for reshaping the public administration, downsize the civil service and restructure its work in order to be more efficient and effective in support of economic and social development. To this end, a National Programme of Administrative Reform (NPAR) has been officially endorsed for the period 1999-2003. To achieve the NPAR objectives, four main strategies are proposed:
To improve the functioning of public institutions and government structures, and to develop their legal capacity,
To move public administration closer to the concerns of the citizens with increased credibility and accessibility,
To modernize the management of the civil service,
To create a core group of highly skilled and motivated civil servants to be in charge of the priority sectors of the central administration.

Part II: Public sector reform: Challenges and Opportunities of Globalisation

Governments are challenged to redefine the role of the State especially in light of globalisation as they grapple with both sides of the coin … to embrace globalisation without loss of sovereignty…

Though the State is no longer the sole authority for protecting and promoting the interests of its citizens (in many Asian countries, the Government is still seen as the ultimate protector of the people), there are some areas within which national Governments retain substantial degrees of discretion. At a minimum, Governments are still required to meet the cost of structural unemployment, educating the next generation, or creating higher standards of infrastructure and environment. In addition, Governments are under growing pressure to help their citizens adjust to changes brought about in part by intensifying international competition. However to meet these increasing costs, Governments are faced with the unfavourable choice to impose higher taxes, ironically contradicting the same policies of decentralisation and tax reduction for Governments wishing to participate in the globalisation process.

Globalisation is in part a result of global market forces and other international actors and in part of decisions made by individual countries in responding to it through their own policies. It must be emphasized that it is still individual governments, which are setting the policies and the rules of the globalised economy. Globalisation, driven by information technology, telecommunications and economic liberalization, has the potential to transform the traditional ways in which organisations and people operate, co-operate and interface. It holds the opportunity to help States transform their decision-making processes to be inclusive, participatory and democratic. What we should then direct our attention to, today, is the type of institutional changes and managerial approaches necessary to face and embrace globalisation. This, thus, leads to the question of adopting appropriate public sector reforms best suited to take full advantage of globalisation.

Good government and governance must be a firm belief and needs to be continuously practised. It cannot come in spurts like the many public administration reform programmes that many countries have embarked upon and failed over the last 30 years because of the lack of sustainable institution building and commitment to its success. It must be emphasised that Public Sector Reform is not a new phenomenon brought about by the process of Globalisation instead it is a change about change – not change to a specific final stage but an acceptance of the need for change as a permanent state. It involves developing support systems to nurture an attitude of service excellence in meeting the needs of the public with high standards of quality, courtesy and responsiveness. It is about fostering an environment that induces and welcomes continuous change for greater efficiency and effectiveness by employing modern management tools and
techniques while paying attention to morale and welfare of public officers. Civil service reform then encompasses both institution building and human resources development in a unique combination of strategies, programmes, policies and institutional tools. Designing and implementing civil service reform, in all cases, will entail a judicious combination, which only experienced and ethical people are able to bring about.

1. **The impact of globalisation on the State**

Among the forces of globalisation that are reorienting visions about how national public sectors should be organised, four are of special significance. The first is the spread of global markets, especially those relating to financial integration and liberalisation. Fiscal deficits experienced by most states in the 1970s and 1980s and thus the need to control budget deficits to get economies out of inflation and recession and promote the private sector is the second pressure leading to much debate on issues of downsizing, marketisation and privatisation which gained prominence as methods for controlling the fiscal deficits and thus the restructuring of the public sector. The third pressure for reform was ideological. If globalisation and the fiscal crisis provided the structural contexts for reform, it was the multilateral institutions that offered the arguments, policies and in many cases, guidance for reforms. The fourth pressure for reform came largely from society and is related to the democratisation process as it was linked with calls for better forms of representative and accountable government. Popular pressures for democratisation were also linked with the increased concern for respect of human rights and equity in opportunity issues and the inclusion of minority groups in terms of race, ethnic groups, gender, religion, class, disability, age, sexual orientation, etc. A resulting increase in the number of social groups and organisations to ensure that public and individual interests are protected will thus require more thinking on representative bureaucracy in the arena of public sector reform.

In responding or (in some countries) trying to cope with the pressures mentioned above, public service as an institution is currently under strain. A greater role for the private sector in national development has shifted the responsibility of public administration from directing the economy to facilitating and managing it. And increasingly, the concept of public service applies to multiple levels of government: international, national and sub-national. It encompasses elected and non-elected officials, governmental and non-governmental organisations. This has heightened the need to increase public administration capacity in coordination and conflict resolution through effective management of legal and regulatory frameworks. The public task environment today then makes extraordinary demands of all professionals and these add new dimensions to the leadership criteria. The acquisition, development and retention of critical leadership talents are central to performance. Thus while institutional reinforcement entails modernisation, empowerment, readjustment and often “reengineering” of organisations, human resource development, in turn, implies empowerment, equipping civil servants with skills, competencies, knowledge, values and attitude commensurate to their tasks.

2. **Structure of government and institution-building**

In response to external pressure and internal demand, modern public administrations are no longer conceived of as insular systems with a uniform organisational structure under the command of one authority. To re-design and modernise the State institutions to face the new challenges of globalisation,
a government must first consider and analyse how globalisation is affecting the role and functioning of the State. After careful evaluation of the country’s needs and priorities, institutions should try to adapt to the dynamism of change and be geared towards their “public” with organisational patterns and procedures catered to specific client groups so as to promote effective service delivery. This shift connotes a conceptual change that emphasises flexibility, responsiveness, pro-activity and multi-sectoral partnerships that encourage transparency and accountability. The emphasis is therefore not on stronger or weaker governments but on SMART governments, which have strategic institutions that deal with globalisation and flexible partnerships between the private and public sectors, as well as national, international, local and central levels of government.

**Strategies for institutional response to globalization**

The need to build institutional capacity so as to manage the change process itself and in this regard, the strategies to be recommended as institutional responses must be fundamentally based on democracy consolidation, rule of law and participatory approach in order to achieve the conceptual and operational re-appropriation of the State mechanism by its citizens and the inclusion of all national stakeholders and components. In each of these areas, the following may be raised with regard to devising effective strategies to deal with globalisation within a given national context:

- Regarding the consolidation of democracy, how are political leaders, local authorities and public official elected or designated? What type of electoral system is most appropriate; how are the constitution, legislation and regulations operating? How are the systems and procedures dealing with transparency and accountability? Are there independent, evaluation and control board/organs?

- In the domain of the rule of law, what is the state and status of the rule of law? What kinds of rights protection and promotion do citizens benefit from in the political, economic/commercial, social and other domains? What are the legal rights and obligations of citizens?

- Concerning participatory approaches, what are the most effective relationships between the national government and central administration and the local governments and administrations, as well as the private sector and civil society at large? What types of dialogue and decision-making process have to be engaged in order to promote innovation, stimulate creativity and engender the necessary changes?

While democracy is not as yet uniformly accepted in the general climate of world opinion, democratic governance has now achieved the status of being taken as generally right. This requires governance institutions to pro-actively develop power-sharing arrangements so that ethnic and other demand-bearing groups have platforms for being heard. This has led to a plethora of new institutions such as human rights centres, ombudsman institutions, minority commissions, monitoring bodies and national conferences/dialogues, legislative and judicial capacity-building programmes, court-annexed and other mediation programmes, consumer protection agencies and other institutions geared to giving voice and decision-making influence to civil society. The development of new roles, relationships and partnerships among government, citizens and business has heightened the influence of the public on governance policies and institutions. And in response to these domestic pressures for more participation in decision-making, governments are formulating strategies toward de-bureaucratisation, decentralisation and democratisation as means to devolve power to lower levels of government and to multiple actors in civil society. Most significantly, this has led to a gradual transformation from closed, rules-bound, formalistic administrations to more responsive, flexible, permeable ones that seek to be responsive to diverse demand-bearing groups in society. It encourages a profound structural, functional and spatial restructuring of the State.
Decentralisation of central government decision-making institutions and processes have been implemented by governments to meet demands for accessibility, accountability, responsiveness as well as broad participation in public spending and local decision-making. At the same time as this undermines unitary control over the State, it also promotes consolidation. It has the potential to break down inefficient, unresponsive central units and create new institutions to better manage services, train personnel, promote financial development, improve administration and establish a closer rapport with citizens, all of which respond to the exigencies of globalisation, at both national and local levels.

3. Civil Service Reform and Human Resources Development

Since the inception of its Programme in Public Administration and Finance in 1948, the United Nations has consistently emphasised the issue of strengthening human resources in the public sector with a view to achieving sustainable development especially for newly independent countries. With changing social values and a shift in paradigm from a traditional bureaucratic organisation to a managerial model, the focus on human resources has become even more critical. The recent trends are exerting an impact on the character and operations of the public service and they demand new human resource capacities, professional behaviours and values. Human resources management and development in the public sector is about people’s development and employment opportunities. It is therefore critical to provide meaningful careers and clear career paths to individuals choosing to serve the public interest. However the public sector should also keep in mind that there is competition within a single global market for skills and competencies. The impact of this new shift on human resources in the public sector will have consequences for various personnel management processes such as recruitment, personnel administration, career development, performance assessment, succession planning, job security, work patterns and the use of technology.

As the public service of the future needs a unique combination of knowledge, skills and attitudes, one of the principal goals of civil service reforms is to build a framework able to attract, retain, develop and motivate personnel of the appropriate calibre for service to the government and to the country. This requires the provision of adequate remuneration to public sector employees. Traditional notion of bureaucracies founded on the premise that individuals in the public sector work to serve the public good as opposed to catering to personal and sectoral interests is unrealistic. This presupposes a basic income that will allow public servants to carry out their duties without succumbing to extraneous pressures.

In a paper commissioned by UNRISD on Public Sector Restructuring, the analysis shows that governments have identified five main problem-areas with respect to pay – inadequate pay across the board, opaque remuneration systems, unclear links between pay and responsibilities, ambiguous links between pay and performance and insufficient attention to retain employees with scarce skills. Reform-oriented governments have addressed these problems in different ways – from across-the-board pay increases to consolidation of remuneration, job evaluation, promotion of performance related pay and pay decompression. The move from opaque to consolidated systems of remuneration involves calculation of real market values for such benefits as housing, transport, health and education grants and adding them to the nominal wage to arrive at a consolidated package for employees. Even in countries that have made big strides in restoring living wages in their public services, the problem of paying competitive wages that will retain or attract the best staff remains. Low-income countries then face wages are too outrageously low to motivate staff and even where increases have occurred they have not been enough to meet basic living costs; yet the increases that have occurred seem to have been at the expense of other vital recurrent inputs.
To escape the low wage-corruption-low-morale-low-performance trap that has be-devilled the public services and to improve public sector pay and the quantity of other inputs that are essential for efficient service delivery are the challenges that States need constantly to confront in their reform programmes. Some governments have done this by carrying out massive retrenchments. Other countries have been ambivalent in pursuing this policy because of the problems of unemployment and severance costs, as well as resistance from potentially affected groups. Governments that opt for massive retrenchment of employees are faced by very large compensation packages, which they must offer, to staff to obtain compliance. There is also a manpower substitution problem as even when staffs have agreed to retire from the service, they subsequently get re-employed as consultants.

The influence of globalisation has led to an emphasis on one other essential characteristic of people and organisations: continuous learning. For the public service of the 21st century to be successful, it will have to embrace the philosophy of the “learning organization”. Adequate training through a wide array of means such as formal education at all levels, on-the-job training and continuing education, distance learning and use of modern technology, coaching and mentoring, should be provided to meet all the existing and new demands and requirements as mentioned above. An important point has to be emphasised. The enrollment of staff in training programs is only the beginning. What is often found in most public sectors after training is provided, is that trained personnel are neither utilised properly nor provided with working conditions suitable for application to their organisation of their acquired skills and knowledge. Frustration leads some trained personnel to revert to traditional practices, while others leave the public service for opportunities to utilise their newly gained services in the private sector or in other countries. Strategic competency planning will enable the public service to develop training programmes adapted to the global environment.

Thus in summary, in order to meet the challenges of globalisation, strategic human resource policies and management have to include three types of concerns:

- Values,
- Knowledge and
- Outcomes

In particular, the following three core values have to be highlighted:

- Integrity
- Professionalism and
- Respect for diversity

In addition, these following other competencies are critical for success:

- Information and knowledge management
- Knowledge and access to modern technology and the Internet
- Mobility/flexibility/speed of people and processes
- Continuous learning
- Attention to cost-effectiveness and results
- Client orientation and quality of service
- Communication and negotiation skills
- Teamwork and partnerships within and outside the public service

In all organisations and especially so for public service, human resources are the input with the
greatest relative value, more than anything else, they determine both the quantity and quality of the outputs. The role that public service employees have to play in responding to globalisation includes ways and means of dealing efficiently with the demands, opportunities and constraints. Sound human resources management and development in the public sector is the key to success and optimisation of the State response to globalisation.

4. The Knowledge-based Administration – A Revolution in Management

New information-management technologies are revolutionising the work of organisations and methods of delivery of public sector services. Technologies and tools have been grouped indicatively into four categories:

- Information technology (IT)
- Performance indicators and benchmarks enabling organisations to measure, monitor and evaluate progress in implementing policies, projects and programmes;
- Best practices and methods and corresponding skills needed to handle sensitive and complex situations: conflict management, mediation and the management of diversity; and
- Critical information and tools in policy-making, notably in the social, economic and environmental fields.

Cutting across all those four categories is the issue of efficiency and effectiveness. One of the professed goals of the New Public Management (NPM) school of thought has been to redirect the attention of public administrators from rules and process to outcomes and outputs. Secretary General Kofi Annan also strongly embraces new information technology and sees a major role for it in promoting human development, as well as in improving United Nations Operations as new technologies also create opportunities for mutual understanding and common action. In this vein, the UN Secretary General has just announced several new global initiatives. Some of them include the development of a network of 10,000 online sites to provide tailored medical information and resources to hospitals and other health care facilities throughout the developing world. The WebMD Foundation, in cooperation with other foundations and corporate partners, will lead this initiative. Second he announced the development of a United Nations Information Technology Service (UNITeS), a consortium of high tech volunteer corps, including Net Corps Canada and Net Corps America, which will train groups in developing countries in the uses and opportunities of information technology.

Part III: The UN Role in Public Sector Reform

The Economic and Social Council, in its Resolution E/RES/1199(XLII) of 26 May 1967, decided that "The United Nations Programme in Public Administration should from time to time be reviewed by a Meeting of Experts, taking into account the public administration aspects of all programmes of the United Nations system and that a report should be submitted for consideration to the Economic and Social Council". Following the Resolution, the Meeting of the Group of Experts has taken place on a biennial basis and acted as a functional Commission of the Economic and Social Council in the field of Public Administration and Finance.

The overall orientation of the United Nations programme for economic and social development is to strengthen international cooperation and to promote development in a rapidly globalizing world,
with deepening interdependence among nations. Given the unique position of the United Nations in addressing the issue of globalisation of the world economy, it has been deemed appropriate to adopt as a main theme of the Fifteenth Session Group of Experts on the United Nations Programme in Public Administration and Finance "Globalisation and the State". The Fifteenth Meeting in May 2000 considered how globalisation affects the role and functioning of the State and the types of responses, whether institutional or managerial, which are appropriate to maximise the benefits and minimise the negative consequences. The result of the deliberations as well as the recommendations made by the Meeting of Experts will be presented by the Secretary-General to the Economic and Social Council during its session in July 2000. A summary of these views and recommendations is presented in the next paragraph.

1. The Fifteenth Meeting of the Group of Experts on the United Nations Programme in Public Administration and Finance

The overall orientation of the United Nations programme for economic and social development is towards strengthening international cooperation and promoting development in a rapidly globalising world, with deepening interdependence among nations. Appropriately, the most recent group of experts session, held at United Nations Headquarters from 8 to 12 May 2000, deliberated on the effects of globalisation and how it affects the role and functioning of the State and the types of responses, whether institutional or managerial, to attain maximum benefits and minimal negative consequences. The plenary discussion was enriched by the sharing and exchange of the experiences of globally aware Governments that have created or altered institutions to scan the rapidly changing environments, to promote innovative policies and policy dialogue, to speed up decision-making and to recognize short-term failures in favour of creating long-term sustainable strategies.

The agenda reflected on four broad concerns, how globalisation is influencing national governance institutions; how Governments are responding to globalisation challenges; both conceptually and operationally; what lessons can be learned from the positive and negative outcomes of these responses; and what strategies can be recommended for responding to the opportunities and dilemmas of globalisation.

The Meeting took the view that countries would be empowered, by means of better governance and more effective management, “to move away from the sense of inevitability of globalisation with a limited role for the State, and also to develop a clear response to what would be required to ensure that any drawbacks from globalisation are obviated and the advantages capitalised upon for the benefit of all”. The Meeting also addressed the process that affects national and global economic governance systems and a number of comments and recommendations were made on major undertakings by the Division for Public Economics and Public Administration, namely, the United Nations Online Network of Regional Institutions for Capacity Building in Public Administration and Finance (UNPAN), the report on “The State of the Public Sector”, the Africa Charter on Public Administration, and improvements in relationships with other UN funds and programmes, particularly with UNDP in the area of public administration and development.

The Meeting of Experts recommends that the United Nations establish appropriate mechanisms to provide the opportunity for Ministers and/or high-level officials of Member States responsible for public administration to meet periodically to discuss themes of common interest and exchange experiences. Recommendations that the United Nations should collect, analyse and publish data on the public sector on a regular basis with appropriate analysis of changes and trends were also
suggested. This would include data on public sector employment, expenditure by all levels of government, and tax expenditures in this connection.

The Expert Group repeatedly expressed strong skepticism about “one size fits all” solutions, and emphasized the importance of customised approaches to meet the diverse needs of individual countries. The United Nations can help in the design of guidelines, “checklists”, case studies and other reference tools for the use in developing countries and countries in transition. Similarly, “perception surveys” may be applied to gauge the quality of service delivery or the dimension of problems like corruption and patronage, as view by the private sector, service-users, or the public servants themselves.

With a view to raising performance levels in the public sector at large, the Meeting stressed the need for proper monitoring and evaluation based on relevant benchmarks. It called for the development of training programmes which form an integral part of public servant’s careers, prepare for change and underscore connectedness with the employees’ environment, including sensitivity to the role of the media. It further emphasised the role of personnel policies that highlight the “3 Ms”: Merit, Mobility and Motivation, and thus reinforce both competence and ethical values in the public service. The United Nations can help through policy advice and through information sharing in the design of guidelines for such policies. The United Nations can also help governments develop frameworks, which respond and correspond to their several needs, as well as to divergent socio-economic and cultural environments. It can also act in support of efforts of national governments to reinforce professionalism and may also help develop a Global Standard for the Public Service.

2. Vision of Public Administration in the 21st century

There is no dispute: vision, openness to change, receptivity to new ideas, and also sensitivity to pressing human needs and political awareness are essential to face the challenges in the 21st century, as such personal integrity coupled with leadership and managerial skills in the public sector will have to be strengthened. This however will be premature or even impossible to speak about without first establishing ethical public management systems that will guarantee credibility to deal with the demands of the world of globalisation.

As mentioned above, there have been tremendous pressures in the 1990s to change the character and functions of the state in developed and developing countries alike. However the core elements of reforms are sometimes contradictory as different social forces drive them in different contexts. There are tensions between, on the one hand, concerns for market efficiency and deregulation, and issues of accountability and equity on the other.

A vast majority of countries that are implementing reforms are also grappling with complex programs of democratization, which seek to lay the ground rules for the way their societies are governed. There are governance issues that have not been satisfactorily resolved in a large number of low-income countries. This raises serious questions about their capacities to implement far-reaching state reforms. Market-oriented managerial reforms will be difficult to implement in countries that have not established a professional civil service. Without this, market reforms may further fragment the state systems of low-income countries and encourage more corruption therein.

Thus the challenges of the 21st century demand that governance in East and South Asia must be ethical, service driven, accountable and responsive. This will require a basic understanding of global
dynamics, consensus among key stakeholders in policy-making (which may require painful policy choices), transparency, accountability, strict rule of law, and expansion of popular participation in policy dialogues bringing various stakeholders into the policy consensus. A pro-development governance system will also require transparent and responsible finance and banking and investment institutions. The objective is to create an atmosphere that motivates officials to respond to the challenges of government by adhering to the notion of duty and service to the community, as well as taking responsibility for the welfare of others. Confidence and trust in good governance can be safeguarded only when the governing process demonstrates a higher moral tone. Importantly so, people holding public office will have to behave in a manner that enhances their capability to protect and defend humanity in an ethical way, without allowing the land, its natural resources, and social capital to be impoverished. Having been entrusted with the stewardship of governance, they are accountable for any infraction in the effective management of the machinery of government.

Conclusion

This paper has demonstrated that deep changes are currently happening in government and State institutions. And although in the past, some reforms have had limited success and appeared more as fads rather than genuine sustainable process, some lessons have been learned. In particular, the concept of governance has introduced the critical importance of linkages between the executive, legislative and judiciary systems as well as with the private and business sector. The approach, which is advocated, is more holistic and more pragmatic, taking into account the diversity of culture and institutional environment. There is hope that by using the positive aspects of the New Public management, countries will make the necessary changes adapted to their particular national situation. A balance still needs to be found between efficiency and equity, and between democratic and market goals. New models are certainly emerging and China is indeed a case to follow, with a very distinctive character.

In conclusion, looking ahead with the aim of making globalization work for people in every nation, United Nations Secretary-General Kofi Annan very recently presented the UN 21st Century Action Plan. It is a detailed report that sets the agenda for the United Nations Millennium Summit. Interestingly, the first key area addressed is globalization and governance. Aptly put by the Secretary-General, “The UN was founded in the name of “We, the Peoples” – .... If one word encapsulates the changes we are living through, it is globalization. We live in a world that is interconnected as never before – one in which groups and individuals interact more and more directly across State frontiers, often without involving the State at all”.

The challenge, Mr. Annan concludes, “...is clear: if we are to capture the promises of globalisation while managing its adverse effects, we must learn to govern better, and we must learn how to govern better together”.


6. The UK is of course a Member State of the EU but for our purpose has been classified in paragraph A as it has clearly adopted the New Public Management model which is not a contradiction. Other countries on the European Continent tend to follow the Roman Law system.


9. see above

10. UN study on cost and size of CS


13. See note 1