Helpdesk Research Report: Staff Retention in African Public Service
Date: 19.11.2010

Query: Please identify lessons learned and experiences in supporting and funding staff retention in the public service in Africa, with a focus on Supreme Audit Institutions / Auditor General's Offices.

Enquirers: DFID Rwanda

Contents
1. Overview
2. Case studies and lessons learned from the public sector in Africa
   - Staff retention in public sector auditing
   - Staff retention in the broader public service
3. Guidance on staff retention in supreme audit institutions
4. Further resources
5. Additional information

1. Overview

This helpdesk report identifies lessons learned on retaining staff in the public service in Africa, with a focus on external auditing (Supreme Audit Institutions (SAIs) and Offices of the Auditor General (OAG)). However, because documented experience from these institutions is scarce, it also includes literature on internal auditing in public bodies as well as experience from the wider public service. In addition, the final section of the report presents some emerging guidance on staff retention in SAIs, mainly from the International Organisation of Supreme Audit Institutions (INTOSAI).

Lessons learned on staff retention in public sector auditing

Botswana, Pakistan, Vietnam, Zambia and Zimbabwe

Key findings with regards to staff retention identified from experiences in public financial management in Botswana, Pakistan, Vietnam, Zambia and Zimbabwe include (ACCA 2010) the following:

- There is an acute shortage of qualified finance professionals working within the public sector in developing and emerging economies.
- The public sector is perceived by potential students as less attractive and less well rewarded than the private sector.
- Basic technical skills are often absent and continuing professional development and support are often not well developed. Students have reported that they were unsupported, as employers had no formal training structure and very few resources.
- Public sector bodies do not always appreciate the difference between professional and academic qualifications, and as a result a professionally qualified accountant is not given
appropriate recognition in the salary and benefits system and is therefore less likely to stay within the public sector.

- Developing accountants for the future requires a concerted and sustained effort by employers, donors and professional bodies to work in partnership to build structures and professional accountancy capacity.
- Once a change programme is successful, it is likely that other partners and donors will become involved to take it further.

### Malawi, Uganda and Tanzania

Research from Malawi, Uganda and Tanzania (Wang and Rakner 2005) found that low levels of funding was the main constraint on the capacity of the three countries’ SAIs. In particular, the Malawi and Tanzania SAIs had had problems retaining employees over the years. Although the situation had improved in Tanzania, staff pointed out that it was a problem that the SAI could not offer competitive terms of service.

The capacity of the SAI was found to be further hampered in all three countries by their lack of organisational resources:

- At the time of writing (2005), Malawi had made less progress in ensuring that staff received formal training in accountancy than in neighbouring Tanzania and Uganda. The major constraint on the SAIs capacity was lack of qualified auditors and in 2002 it was noted that the Malawi SAI was understaffed to the extent that it was unable to complete the audits which were meant to be carried out every year.
- In Tanzania, the level of qualified staff was about 5% but more staff were about to be hired. Although the SAI had staff with professional qualifications and a few master degree holders mainly in business and management, it was in need of people qualified in engineering, procurement and legal issues.
- The Uganda SAI had also made progress in professionalizing the office mainly by sponsoring the training of its staff. However, the office was still in need of qualified accountants as well as lawyers in order to carry out the required audits. According to the Ugandan auditor general, the SAI had so far not experienced a lot of turnover of staff but he foresaw that as more and more of his staff become qualified and gain experience this would become a problem.

### Zimbabwe

One example of a successful staff retention initiative in Zimbabwe resulted from a partnership arrangement between the Association of Chartered Certified Accountants (ACCA) and the Zimbabwean Public Services Commission (PSC) (ACCA 2010). The key enabling factors were as follows:

- Professional qualifications were given appropriate recognition within the civil service salary and benefits reward system. Finance professionals were included in the technical categories together with other professionals such as engineers and doctors. This provided individuals with an increased sense of value and status.
- The auditor general (AG) became an approved employer with the capacity to train auditors. Mentoring for trainees was provided by his qualified staff as well as by the external audit firms that undertook subcontracted work. To ensure that there was adequate breadth and depth in the coverage of the audit competences, the trainees were seconded to external audit firms and given an opportunity to be seconded to other regional AG offices.
- Public sector-specific continuing professional development (CPD) events were arranged to deal with the unique requirements of public sector accounting and auditing, such as the need to demonstrate value for money (VFM).
Botswana

A similar plan to that followed in Zimbabwe was also implemented in Botswana (ACCA 2010) with some success. The key enabling factors were as follows:

- The AG became a registered employer with the capacity to train auditors. Mentoring for trainees was provided by his qualified expatriate staff as well as by the external audit firms that undertook subcontracted work.
- A practical experience requirement (PER) that was specifically tailored to auditors work and the level of progression within the exams was developed in partnership with the AG. As a result, trainees tended to stay with the employer for longer periods as they appreciated the structured approach to their professional development.

Lessons learned on staff retention in the wider public sector

Tanzania

Evidence from the implementation of the Tanzania Selective Accelerated Salary Enhancement (SASE) Scheme (Valentine 2005), adopted in 2000 suggests that salary supplements had a significant positive impact on performance of beneficiaries at both the individual and departmental level. Furthermore, departments were better able to attract and retain qualified professional, technical and managerial staff; and encourage staff to undertake further training to aspire for progression and to move up the career ladder. However, the partial implementation of the SASE scheme gave rise to unfulfilled expectations, engendering greater animosity towards the scheme and creating the perception that it was unfair and discriminatory.

Tanzania and Uganda

Further evidence from the public sector in Tanzania and Uganda (Therkildsen and Tidemand 2007) suggests that:

- Merit, motivation, management and context influence organizational performance. Both monetary and non-monetary rewards influence staff motivation. Public servants have conflicting norms and are not just driven by narrow self interest. Most staff are mainly loyal to colleagues (rather than to their organization and its performance).
- Staff have not embraced a performance culture and the use of individual rewards and sanctions is regarded with scepticism by many since they are perceived as unfair.
- Staff prefer public service employment over work in the private sector because of career prospects and meaningful jobs. However, negatively it may also be because of the comparatively slack work discipline.
- Public employees appreciate and request good leaders/managers.

Nigeria

Research into the Federal Civil Service (FCS) of Nigeria (Gberevbie, D. E., 2010) finds that the strategies for employee recruitment into the civil service are mainly based on principles of equal representation of people from different sections of the country, merit, political consideration and government discretion. In terms of strategies for employee retention, it finds that the service lags behind in providing adequate incentives to retain its workforce for performance compared to what is obtainable in the private sector. It therefore recommends that while positive discrimination may be necessary as a strategy for employee recruitment into the FCS because of Nigeria’s multicultural, ethnic and religious diversity, its application should be carried out to reflect merit within the principle. In addition, appropriate incentives should be provided to retain competent employees for performance.
Kenya

Evidence from Kenya in the late 1990’s (Cohen and Wheeler 1997) suggests that many returned Master’s level trainees left the public sector primarily because of:

- low salaries
- unwillingness of the Government to ‘top-up’ salaries for critical professional posts,
- absence of merit promotions
- cumbersome structural organization of target ministries
- poorly designed career ladders
- civil service rules that retarded career advancement
- extra-legal constraints on the speed and fairness of promotions
- leadership uncommitted to building sustainable professional capacity, and
- low morale.

Based on the Kenyan experience, recommendations for recruiting and retaining quality staff in the public sector include:

- Strengthening national educational systems.
- Designing training programmes targeted on retention
- Strengthening high-level support for capacity building
- Increasing morale through better management
- Reforming civil service regulations
- Addressing salary and benefit constraints
- Introducing internationally funded professional institutes employing nationals on international terms
- Investing in facilities, equipment, and vehicles required to make targeted personnel effective
- Insulating valuable personnel from ethnic, political, and social pressures

Guidance on staff retention in SAIs

INTOSAI identifies the following key points to consider with regards to staff retention in SAIs:

- Where recruitment and reward of staff is outside the SAI’s control, it needs to work with other stakeholders to persuade the Ministry of Finance of the benefits of it achieving greater control over its human resources.
- Flexibility to set pay and remuneration for staff internally is crucial for SAIs. Many SAIs find it difficult to attract and retain appropriately qualified and skilled staff because salaries do not compare favourably with those available outside the SAI. Some SAIs seek to benchmark their own salaries against other key public sector bodies and private sector auditors and use this to ensure that they are paying enough to retain staff. Given the extra benefits from working in the public sector (intrinsic rewards, security, pensions), it is rarely necessary to pay private sector equivalent salaries.
- SAIs should consider their work environment and conditions, to ensure that staff are motivated and feel able to fulfil their potential. They should also consider work life balance arrangements, including the provision of career breaks and flexitime.
- SAIs should consider what targets and good performance criteria they might set to encourage effective working. This may be linked to staff appraisal ratings or to one-off rewards for which staff compete.
- Increasingly, SAIs are broadening the competition for promotions. Good practice includes the use of assessment tests and panels, particularly for managerial positions.
- Career development arrangements are crucial for staff retention.
- Monitoring levels and trends in staff turnover and establishing the reasons why staff leave through e.g. exit interviews can help improve retention in future.
2. Case studies and lessons learned from the public sector in Africa

**Staff retention in public sector auditing**

ACCA, 2010, ‘Improving Public Sector Financial Management in Developing Countries and Emerging Economies’, Association of Chartered Certified Accountants (ACCA)


This paper explores how public financial management can be improved and capacity strengthened in developing countries and emerging economies. It explores common issues, lessons learnt and effective practice through a number of case studies where ACCA has worked with a range of governments, regulators and stakeholders to improve public financial management. It draws upon specific case studies from Botswana, Pakistan, Vietnam, Zambia and Zimbabwe.

The key challenges and findings from the case studies, many of which have important implications for staff retention, are as follows, (p 6):

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Findings from the case studies: Botswana, Pakistan, Vietnam, Zambia and Zimbabwe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening the systems, processes and infrastructure for public financial management</td>
<td>The basic elements to support public financial management are sometimes non-existent or weak. Concerted effort is required by national and international institutions to put the basic building blocks in place.</td>
</tr>
<tr>
<td>Improving financial qualifications</td>
<td>Improving financial qualifications is a priority for public sector organisations. It is generally resource intensive and a balance has to be struck between funding targeted curriculum development and building capacity within the profession. Equal attention has to be given to developing the accounting technician qualification together with professional qualifications.</td>
</tr>
<tr>
<td>Developing skills that fulfil the basic job requirement</td>
<td>There is an acute shortage of qualified finance professionals working within the public sector in developing and emerging economies. The public sector is perceived by potential students as less attractive and less well rewarded than the private sector. Basic technical skills are often absent and continuing professional development and support are often not well developed. Students have reported that they were unsupported, as employers had no formal training structure and very few resources.</td>
</tr>
<tr>
<td>Developing public sector accountants/auditors for the future</td>
<td>Public sector bodies do not always appreciate the difference between professional and academic qualifications, and as a result a professionally qualified accountant is not given appropriate recognition in the salary and benefits system and is therefore less likely to stay within the public sector. Developing accountants for the future requires a concerted and sustained effort by employers, donors and professional bodies to work in partnership to build structures and professional accountancy capacity. Once a change programme is successful, it is likely that other partners and donors will become involved to take it further.</td>
</tr>
<tr>
<td>Improving cooperation between national</td>
<td>The challenge is for key stakeholders such as national governments, SAIs, the donor community and accountancy bodies to work together</td>
</tr>
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</table>
governments and local and international institutions, eg state audit effectively. The case studies illustrate that where there has been effective collaboration it is more likely that there will be proven results.

| Improving competences through support and development | Continuing professional development and support were often absent or not well developed. Employers had little in the way of structured continuing professional development (CPD) programmes that fulfilled both employer and individual development needs. |

The cases of Zimbabwe and Botswana are of particular relevance to the issue of staff retention:

**Zimbabwe (p 11)**

To improve the numbers of accounting and auditing specialists, ACCA has worked in partnership with the Public Services Commission (PSC) and the auditor general’s office to increase capacity and address the skills shortage. The partnership helped to support the auditor general’s office in recruiting, training and retaining professional staff.

ACCA worked with its partners on ways of using quality training as a recruitment and retention tool, improving the conditions of service for finance professionals and training support, and on introducing a system of mentoring for trainees.

As a result, professional qualifications such as ACCA’s certified accounting technician’s qualification (CAT) and the diploma in financial management (DipFM) were given appropriate recognition within the civil service salary and benefits reward system. For the first time, finance professionals were included in the technical categories together with other professionals such as engineers and doctors. This provided individuals with an increased sense of value and status.

As part of the change programme, the auditor general (AG) became an approved employer with the capacity to train auditors. Mentoring for trainees was provided by his qualified staff as well as by the external audit firms that undertook subcontracted work. To ensure that there was adequate breadth and depth in the coverage of the audit competences, the trainees were seconded to external audit firms and given an opportunity to be seconded to other regional AG offices. Both the employer and the students were also supported with regular guidance.

Public sector-specific continuing professional development (CPD) events were arranged to deal with the unique requirements of public sector accounting and auditing, such as the need to demonstrate value for money (VFM). Funding was provided from the AG as well as by donors, who paid for expenses and exam fees. In 2009, the African Development Bank (ADB) paid for a range of initiatives to support 48 members and students from the AG’s office to increase accountancy and auditing capacity.

These changes have led to an increasingly professionalised civil service in which accountancy students and members are supported, and to an increase in the numbers of professional accountants working in government, particularly in the auditor general’s office. There is a general sense that the civil service is turning a corner in the recruitment and retention of professional accountants. As a result, it is likely that more partners and donors will be prepared to support similar capacity-building initiatives within the public sector.

**Botswana (pp 12-13)**

Although Botswana is a relatively wealthy country, its public sector had the challenge of matching the rewards offered by the private sector. Its civil service was dominated by expatriates while the locals moved to more rewarding careers in the private sector.
There was a strong political drive by the government to improve service delivery to the public in all levels of government ministries and local authorities. Public sector financial management reforms lagged behind those in the private sector and public expectations of the quality of public services were not met. The government agreed that a re-engineering of government service delivery and performance management was necessary to create operational efficiencies and to achieve service delivery improvements, driven by its ‘Vision 2016’.

Strategic outcomes were established in line with the National Development Plan and an operational plan was drawn up. Workshops were held across ministries to develop a framework for an integrated results based management approach. This was accompanied by an overhaul of the organisational structure and competencies to link with strategic outcomes and service delivery.

A significant investment was made by the government in ensuring the necessary skills and competencies were put in place to achieve the outcomes set in its operational plan. A consolidated fund was utilised for training public servants under the direction of the Ministry of Education. The OAG had entered into an institutional capacity building co-operation with the Swedish National Audit Office (SNAO) and the African Organisation of Supreme Audit Institutions (AFROSAI-E). This allowed the OAG to learn from good practice and strengthen its core auditing services. SNAO interventions were aimed at: improving financial management audits, improving performance audits, and assessing organisational effectiveness.

In addition, ACCA, in partnership with the auditor general (AG), worked on a plan similar to that followed in Zimbabwe. The AG became a registered employer with the capacity to train auditors. Mentoring for trainees was provided by his qualified expatriate staff as well as by the external audit firms that undertook subcontracted work.

A practical experience requirement (PER) that was specifically tailored to their type of work and the level of progression within the exams was developed in partnership with the AG. This was based on the competence matrix used by the Big Four audit firms. It was followed through with in-house training and coaching of both trainees and their supervisors on how to implement PER. This included sample reviews of PER records and discussions on the lessons learnt. As a result of these initiatives trainees tended to stay with the employer for longer periods as they appreciated the structured approach to their professional development.

Overall progress has been made on the specific public financial management challenges. A new computerised budgeting system has been successfully implemented across all ministries, internal controls were strengthened which has facilitated improved budget planning and control of expenditure and performance tools have been introduced. As well as revisions to the Finance and Audit Act there was a directive by the Ministry of Finance to build financial capacity and capability.

Some successes have also included, the establishment of a corruption prevention committee (CPC) in each ministry to monitor and review reports and fraud cases and a public procurement and assets disposals board to review the awarding of government tenders for public expenditure on medical equipment and roads. Although significant progress has been made the government and the OAG are realistic about what still needs to be achieved in terms of continuing to retain the quality of trained finance professionals within the public sector and build on the reforms to date.


This study compares the supreme audit institution in Malawi, Uganda and Tanzania. It compares the institutional capabilities of the audit institutions, linked to the institutions’ mandate, capacity
and autonomy. It also assesses the relational resources of SAIs, through their interactions with parliament, civil society, and the donor community.

**Scale of funding (p 12)**
The report finds that for all three countries, the scale of funding of the SAIs was inadequate and served as a constraint on their capacity:

- **In Malawi** the budget of the SAI had in fact been decreasing relative to the overall budget of Malawi. In 2002 it was noted that the budget (in relative terms) was somewhere around a third of what it was seven or eight years previously.

- **In Uganda**, the resources allocated to the office were reduced in real terms in the period from 1998 – 2002/3 and in its corporate plan it specifically pointed out that insufficient amounts were spent on non-wage recurrent costs and that the ceiling stipulated by the medium term expenditure framework had been the same for several years.

- **In Tanzania** the SAI’s operating budget had been enhanced to enable it to carry out its new roles. The SAI’s recurrent budget increased from Tsh. 1.9 billion in fiscal year 2001/02 to 2.6 billion in fiscal year 2002/03 to 4.4 billion in fiscal year 2003/04.

**Staff and training (p 12-13)**
The capacity of the SAI was further hampered in all three countries in terms of their organisational resources.

- **Malawi** had made less progress in ensuring that staff received formal training in accountancy than in neighbouring Tanzania and Uganda. The major constraint on the SAIs capacity was lack of qualified auditors and although its mandate had been broadened with the adoption of the 2003 Public Audit Bill, its capacity had not increased significantly. In 2002 it was noted that the Malawi SAI was understaffed to the extent that it was unable to complete the audits which were meant to be carried out every year. At the time of writing the office had 300 employees. The office had only 5 qualified accountants while the Society of Accountants in Malawi, the only professional body of accountants in Malawi, had 306 members in March 2004.

- At the time of writing, the Tanzania SAI had an established staff of 563. There were, however, only 65 auditors and 320 examiners in post. The level of qualified staff was about 5% but more staff were about to be hired. The office has focused extensively on staff training among other things to meet the expanded responsibilities of the office. Although the SAI had staff with professional qualifications and a few master degree holders mainly in business and management, it was in need of people qualified in engineering, procurement and legal issues.

- The Uganda SAI had also, since 1997, made progress in professionalizing the office mainly by sponsoring the training of its staff. In 2003, 32 of its staff had qualified as professional accountants while 75 were at different levels of examination. At the time of writing, the office employed a total of 300 audit staff and 66 administrative and support staff, including 17 qualified accountants and 15 professional graduates. All the same the office was still in need of qualified accountants as well as lawyers in order to carry out the required audits. According to the Ugandan auditor general the SAI had so far not experienced a lot of turnover of staff but he foresaw that as more and more of his staff become qualified and gain experience this would become a problem.

The Malawi and Tanzania SAIs had had problems retaining employees over the years and this was still a source of concern. Although the situation had improved the staff at the Tanzania SAI pointed out that it was a problem that the SAI could not offer competitive terms of service.
This report presents the findings from a mid term review of the institutional co-operation project between National Audit Office of Malawi (NAO) and the Swedish National Audit Office (SNAO).

This report, based on a presentation held in OECD DAC on practical experiences with support to PFM reform in December 2006, contains a comparison of the technical cooperation and support projects in the supreme audit institution in Malawi and Zambia. The two countries share many characteristics but the two sister institutions have developed very differently over the last few years. The Malawi NAO is in a low point in its history with very low staffing levels and low capacity whereas the Zambian Office of the Auditor General (OAG) has been build up to become one of the best staffed in the region.


This paper discusses the outcomes of a consultative forum on Internal Audit for stakeholders from Kenya, Uganda, Malawi and Ethiopia in 2004, which addressed demand and supply impediments to increasing the role, image and effectiveness of internal audit in Africa.

Specifically, it finds that staff and staff development are of the utmost importance (p 6). Human resources need to be reviewed. Strengths and weaknesses, along with training needs must be identified. A team spirit, with staff understanding the aims of modern IA and embracing the ethics, should be built. As more demands for professionalisation and taking responsibility are placed on staff, the rewards and compensation structure must be revised. As most public sectors, be they in developed or developing countries, have rather less possibilities to compete with private sector salaries, this question merits careful consideration. There are several non-financial ways to motivate staff. Keeping in mind that staff are different and thus require different motivators, some possibilities include:

- Have development plans for each staff member, with training and future possibilities
- Make sure that file reviews praise recommendations made
- Represent the IA at meetings and conferences
- Recognition at annual audit conference: awards, diplomas, etc.
- Praise in audit publications
- Choice of assignments
- Travel opportunities: audit work, training, conferences, etc.
- Support for professional training
- Participation in exchange programs (for instance with the Auditor-General)

It is also important to build teams, that can work well and professionally together. If you can achieve true team building for reform, the team will be an important driver of change, working for improvement on an incremental basis, which is key to lasting, well-anchored change. The team leader needs to carefully consider how he/she wants to accomplish this. Team building ingredients include: regular training for all IA staff, annual conference for the IA staff, regular publications sent to audit staff and key client managers, recognition of good audit work, public praise for outstanding audit work, ensuring that promotion is based on achievement, and working towards a flatter team-based structure. The team must also include a good mix of different IA specialties to cater to the established auditing plan, such as forensic, IT, banking, etc.
This paper argues that internal auditing in the public sector, when well structured and given the required mandate to perform, improves performance and serves as a valuable resource in promoting good governance.

Specifically with regards to staff retention, it finds that the attraction and retention of competent internal audit staff remains a serious challenge in the public sector due to unattractive remuneration packages compared to those in the private sector. Internal audit staff are expected to have a greater knowledge of the entity’s business objectives, systems, risks and culture. Thus private sector audit staff may not have the necessary skills and knowledge relevant to the public sector. The inability to attract staff that can respond to the competence requirements and changing needs of the public sector could affect the operational effectiveness and efficiency of the internal audit function. (p26)

Staff retention in the broader public service


This comparative study of human resource management (HRM) practices and organisational performance in public sector organizations in Tanzania and Uganda aims to:

- Enhance knowledge about the rules and practices of hiring, firing, transfers and promotion.
- (HFTP) in central and local government, including executive agencies, in the two countries – as seen from the perspective of public servants themselves.
- Assess how and how much HFTP-practices affect motivation at individual and organisational level.
- Contribute to inform policy making on non-pay incentives among development partners.
- Suggest relevant further work.

Chapters 5 – 8 (pp 41-72) of the report present a substantial number of specific findings. These are generalised and summarised as follows:

- Merit, motivation, management and context do influence organizational performance: Thus, above average performing organisations are better at applying merit principles and motivate staff and they have a more responsive management than below average performing organisations. The study shows that these differences correlate significantly with organisational performance.
- Both monetary and non-monetary rewards influence staff motivation: Staff regards pay and other monetary rewards such as allowances as significant motivating factors. However, nonmonetary factors such as job security, career prospects, and working conditions, etc are also important. So is “improved management”: realistic targets, feedback on individual performance, face-to-face contact with employees, etc. This type of management ‘style’ is individually attributable but little is done in practice to promote it systematically.
- Public servants have conflicting norms: Staff are not just driven by narrow self interest as much current thinking on public sector reform assumes. Most staff also accept the use of merit principles and some are motivated by conviction. On the other hand, most staff are
mainly loyal to colleagues (also to ‘non-performers’) rather than to their organization and its performance. At the same time many are also frustrated about work conditions that do not allow them to perform well. The co-existence of many contradictory norms means that the organisation’s management can influence the extent to which staff accepts more performance enhancing norms.

- **Staff has not embraced a performance culture:** Although the need to ‘perform’ is accepted in principle, the use of individual rewards and sanctions (central to performance management) is regarded with scepticism by many since they are perceived not to be administered in a “fair” manner.

- **Staff prefers public service employment over work in the private sector:** Some of the motives for work in the public sector are conducive to performance: such as career prospects and meaningful jobs. Other motives are detrimental to performance such as staff appreciation of the comparatively slack work discipline in the public sector, which is one of the motives for working there and not in the private sector.

- **Public employees appreciate and request good leaders/managers:** Staff generally highly appreciate good management practices such as better communication between staff and management; employee involvement in decision-making in the workplace; teamwork; and challenging assignments. Such factors are conducive to improved organizational performance.


This presentation assesses the impact of the Tanzania Selective Accelerated Salary Enhancement (SASE) Scheme. Tanzania adopted the SASE scheme in February 2000 as an integral component of its medium term pay reform strategy. The scheme was designed and developed for the purpose of facilitating the strengthening of public service capacity in the short and medium term, specifically to:

- attract and retain professional, qualified technical and managerial personnel required for improved service delivery and production of government strategic outputs;
- jump-start the public service reform effort; and
- rationalise salary supplement payments (SSPs) paid by donors and transform ad hoc SSP arrangements which distorted the incentives regime into a more systematic effort that would be complementary to the Medium Term Pay Reform Strategy (MTPRS).

**Implementation**

The SASE scheme was envisaged to be implemented as follows:

- The GoT would adopt and adhere to a medium-term target pay structure, which covers the period FY2000/01 through FY2004/05.
- Donors would agree to provide the GoT with budgetary support to supplement salaries of SASE-scheme funded positions, i.e., donor support would allow the government to pay many of its core personnel FY2004/05 salaries in the current fiscal year.
- The basic salary for a given fiscal year would be set out in the MTPRS. The amount of the supplement in a particular fiscal year would be the difference between the target salary and the basic salary for the given fiscal year.
- Donors would agree to phase-out LCC arrangements and PIUs. The SASE scheme target salary scales would serve as the benchmark for the payment of any salary supplements, as this would allow the government to internalise such supplementation as and when donor support is phased out.
Each fiscal year, as the government makes salary adjustments in line with MTPRS, the gap between actual government pay levels and the target pay levels would be reduced, thus, reducing the donors’ financial commitment, as the government’s ability to pay competitive compensation rises.

Impact
Evidence indicated that access to SASE-scheme salary supplements has had a significant positive impact on performance of beneficiaries at both the individual level and level of and Ministries, Agencies and Departments (MDA).

- beneficiaries were willing to perform job tasks, especially those specified in the individual performance agreements (IPAs),
- the quality of the tasks performed have improved significantly;
- there is a strong sense of commitment and dedication to work by the beneficiaries.

In addition to this, capacity building efforts have been enhanced by the improved capacity of beneficiary MDAs to:

- attract and retain qualified professional, technical and managerial staff; and
- encourage staff to undertake further training (both formal and informal) to aspire for progression and to move up the career ladder, as the potential rewards to such training have increased significantly through access to SASE scheme salary supplements.

However, the partial implementation of the SASE scheme combined with the slow pace of implementation of the MTPRS gave rise to unfulfilled expectations, engendering greater animosity towards the scheme than otherwise would be the case. With the decision to freeze the roll-out and restrict benefits to the original four MDAs, the expectations of non-beneficiaries to become future beneficiaries were dashed. The perception of the scheme as unfair and discriminatory grew, in part as a result of unfulfilled expectations.

All in all, many non-beneficiaries indicate that the animosity towards the scheme would be greatly reduced if the government would:

- speed up the pace of implementing the pay reform programme, adhering to agreed pay trajectory; and
- proceed with the roll-out of a revised SASE scheme or some equivalent scheme to non-beneficiary MDAs.


This study empirically examines strategies for employee recruitment, retention and performance in the Federal civil service (FCS) of Nigeria. To achieve the objectives of the study, questionnaires were administered to civil servants at the Office of the Head of the civil service of Nigeria and structured interview was carried out with civil servants at the FCS Commission, Abuja. The results show that the strategies for employee recruitment into the civil service are mainly based on Federal character principle (equal representation of people from different sections of the country), merit, political consideration and government discretion. In terms of strategies for employee retention, it finds that the service lags behind in providing adequate incentives to retain its workforce for performance compared to what is obtainable in the private sector. It therefore recommends that while Federal character principle may be necessary as a strategy for employee recruitment into the FCS because of Nigeria’s multicultural, ethnic and religious diversity, its application should be carried out to reflect merit within the principle. In
addition, appropriate incentives should be provided to retain competent employees for performance. These could be in form of: Good and regular monthly salaries; outstanding performance awards to employees; provision of children education scholarship scheme to children of employees; proper working environment and good condition of service; prompt payment of gratuity and pension to disengaged employees; reasonable housing and car loan facilities for employees; performance pay and policies that favour job security for employees.


This article reviews career and retention data on 169 economists, planners, and statisticians trained under funding provided by 6 long-term aid projects for targeted posts in Kenyan ministries. It reviews retention constraints and offers recommendations that might assist governments and aid agencies to design and implement capacity building initiatives with a higher probability of ensuring that returned graduates serve for adequate periods of time in the positions for which they were trained.

It finds that critical factors that `pushed' returned Master's level trainees out of their target ministries and, in many cases, the public sector altogether, included:

- low salaries
- unwillingness of the Government to `top-up' salaries for critical professional posts, absence of merit promotions
- cumbersome structural organization of target ministries
- poorly designed career ladders
- Civil Service rules that retarded career advancement
- extra-legal constraints on the speed and fairness of promotions
- leadership uncommitted to building sustainable professional capacity, and
- low morale.

The concluding section of the paper draws on the Kenya case to generate useful, politically possible guidelines for designing, implementing, evaluating, and revising technical assistance projects aimed at increasing the number of economists, planners, and data information specialists in public service. Recommendations include:

- **Strengthening national educational systems**: if the quality of education at all levels continues to decline at its current rates, it will be extremely difficult to produce civil servants capable of gaining access to, much less graduating from, Master’s- degree programmes or directing and managing economic and financial functions and systems.
- **Designing training programmes targeted on retention**: Sending personnel to tailored external academic programmes that enhance carefully specified skills without granting the academic credentials that facilitate mobility; sending, on an annual or biannual basis, government staff to specialized short-term overseas training courses; strengthen the capacity of their national universities and training institutes to hold focused workshops led by national and international faculty on a regular basis for particular types of professional tasks and responsibilities. Focused ‘twinning’ programmes might be particularly helpful here.
- **Strengthening high-level support for capacity building**: Ways must be found to strengthen the commitment of senior politicians, decision-makers, and managers to build sustainable professional capacity.
- **Increasing morale through better management**: If returned Master’s-degree trainees do not receive assignments that allow them to apply their new skills or to see their work
products considered and possibly implemented, they will quickly become frustrated and disaffected. Furthermore, projects aimed at building professional capacity should not overlook the importance of training senior officers to better manage and utilize scarce staff resources.

- **Reforming civil service regulations**: The performance of public servants can be enhanced if their management and promotions are governed by progressive, transparent, and equitable personnel systems, regulations, and procedures.

- **Addressing salary and benefit constraints**: The greater the disparity between civil service wages and benefits and those available in the parastatal, foreign aid, or private sectors, the more likely it is that skilled economists, planners, and data managers will leave key ministries and agencies. Salary and benefit differentials within the public sector should be reduced or ended. Reducing differentials with the private sector is a more difficult task. One step could be taken by aid agencies and international NGOs relative to local consulting firms. Aid agencies and international NGOs must adopt a mutually acceptable code that evaluates the costs of recruiting skilled personnel trained for specific positions and sets rules that help prevent them from undermining public sector capacity-building efforts.

- **Introducing internationally funded professional institutes employing nationals on international terms**: Because these institutes can pay salaries at higher rates they usually recruit at the PhD level from the national university system. Importantly, as argued earlier, universities must keep their top professors if the decline in the calibre of graduates entering the public sector is to be stopped.

- **Investing in facilities, equipment, and vehicles required to make targeted personnel effective**: Most aid agencies are reluctant to invest in recurrent cost support. However, such funding can help promote the retention of those whose training they have already funded.

- **Insulating valuable personnel from ethnic, political, and social pressures**: Political and ethnic problems lead many professionals to depart the public sector. Foremost among these are civil war, political incompatibility generated by party politics or regime change, and ethnic, religious, or regional discrimination. African political leaders know that these drive their professionals out of government service. But for most such leaders the politics of power will always prevail over capacity building efforts. Beyond these factors, social pressures and client groups based on ethnic or religious foundations can make demands on skilled personnel that they are unable to meet.

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**Financial Management, Accounting and Auditing Skills Shortage, a South African Reality**

Dr. D.P. van der Nest, E van Zyl


This article aims to determine the existing skills shortage in the accounting, auditing and financial management professions in South Africa. It finds that the problem of retention is much more severe in the public sector (pp 11-12)

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**3. Guidance on staff retention in supreme audit institutions**


[http://cbc.courdescomptes.ma/index.php?id=20&tx_abdownloads_pi1%5Baction%5D=getviewclic keddownload&tx_abdownloads_pi1%5Buid%5D=15&no_cache=1](http://cbc.courdescomptes.ma/index.php?id=20&tx_abdownloads_pi1%5Baction%5D=getviewclic keddownload&tx_abdownloads_pi1%5Buid%5D=15&no_cache=1)

This guide is designed to support supreme audit institutions (SAIs) build their professional and institutional capacities. Chapter 6 (Strengthening organisational capacity) notes that developing an appropriate strategy for recruiting, developing, rewarding, disciplining and retaining staff is vital.
if an SAI is to achieve its short and long-term goals. Where recruitment and reward of staff is outside the SAI’s control, it needs to work with other stakeholders to persuade the Ministry of Finance of the benefits of it achieving greater control over its human resources.

The guide identifies a number of issues to consider when developing a human resources strategy (pp 46-47).

Specifically on rewarding and retaining staff, the following issues are critical:

- Does the SAI have the power to set pay and remuneration for staff? Many SAIs find it difficult to attract and retain appropriately qualified and skilled staff because salaries do not compare favourably with those available outside the SAI. Some SAIs have been able to negotiate flexibility within the public sector pay systems. Others have sought and obtained the freedom to set up their own systems. As part of this, some SAIs seek to benchmark their own salaries against other key public sector bodies and private sector auditors and use this to ensure that they are paying enough to retain staff – recognising that there are other benefits from working in the public sector (intrinsic rewards, security, pensions) which mean that it is rarely necessary to pay private sector equivalent salaries.
- How will staff be remunerated and rewarded as they become qualified and more experienced, so that they do not leave? The SAI will need to consider how its pay and benefit levels compare with those in comparable organisations in its country. But it should also consider its work environment and conditions, to ensure that staff are motivated and feel able to fulfil their potential. It should also consider its work life balance arrangements, including its provision of career breaks and flexitime.
- Are there arrangements in place to reward performance that contributes to corporate goals? The SAI should consider what targets and good performance criteria it might set to encourage effective working. This may be linked to staff appraisal ratings or to one-off rewards for which staff compete.
- Are there clear criteria and arrangements for promoting staff? Increasingly, SAIs are broadening the competition for promotions. Good practice includes the use of assessment tests and panels, particularly for managerial positions.
- Are there career development arrangements for staff? These might comprise formal discussions with staff on their future prospects and development opportunities at set intervals.
- Has the SAI in place arrangements for monitoring levels and trends in staff turnover, and establishing the reasons why staff leave? These may comprise exit interviews or the analysis of where staff move on to.

Other key areas which have an impact on staff retention levels include recruitment, staff development and performance management.

On recruiting staff, has the SAI:

- determined the numbers, types, competencies and qualifications of staff it requires? It needs to compare its current staff mix with the desired numbers and mix identified in its capacity building strategy, while taking account of anticipated departures over the plan period. If it has the wrong balance of staff, how will it manage restructuring?
- decided how to most effectively meet new demands? For example, through: recruiting those with the required skills, competencies and professional qualifications; recruiting those with required competencies and then training them to acquire technical skills and professional qualifications; and the short-term contracting in of specialists.
- tailored recruitment to the competencies it desires? This is likely to affect the format of recruitment interviews and whether and what types of tests it sets.
- Considered the pros and cons of becoming an accredited training body for a professional qualification?
power and freedom to define and implement an effective and timely recruitment policy? To do so, it will need to control its recruitment procedures and processes.

On developing staff:

- Are there induction arrangements for new staff? These might include presentations/briefings on the SAI’s values, ethics, practical instruction of the SAI’s IT and resource management systems, an overview of the audit environment, and basic training on the SAI’s audit and quality assurance approach. It is helpful for these to be supported by desk instruction, manuals and/or online guidance.
- Is there a programme for job-related and technical training and appropriate process for deciding which staff should attend this training and when? An SAI may consider it appropriate to specify the core technical training it requires audit staff to undertake at different career points.
- Has the SAI identified what personal effectiveness competencies it seeks from staff at different grades/functions, with training packages in place and systems for matching staff with training? Personal effectiveness training covers skills in interviewing, leadership, effective presentations and writing, time management, project management, negotiating, facilitating, assertiveness and coaching. The SAI is likely to have considered these skills as part of its competency framework. An effective way to identify what support and training staff members require in developing these skills is through the process of performance appraisal, by line managers, and at different career points (for example, after promotion to a new grade). Training and development of these skills might take the form of on-the-job coaching by those within the SAI with proven expertise in the area or through training courses, delivered by trainers from the SAI or by outside trainers.
- Does the SAI support staff in undertaking non-core training which can contribute to their increased effectiveness? For example, professional staff might have a desire to study in their own time for a professional qualification or a Master of Business Administration (MBA) and the SAI may consider what additional support it may wish to give to encourage and recognise this.

On managing staff performance:

- Does the SAI have a Code of Conduct which staff are required to sign?
- Does the SAI have in place effective arrangements for appraising staff performance? Arrangements need to be appropriate to the SAI’s culture and ways of working, but are likely to include regular evaluations by line managers of staff performance in carrying out work on a project or at regular (at least annual) intervals. The appraisals should be based on consistent criteria applied across the SAI and have arrangements for appeal against ratings in specified circumstances. The appraisal system should be reviewed periodically to evaluate its effectiveness in encouraging desired outcomes.
- Are there clear criteria and arrangements for disciplining staff for poor performance or breach of the Code of Conduct? Are they applied?
- Are there arrangements in place for monitoring levels of sickness absence among staff and reasons for absences?

INTOSAI, 2010, ‘Introducing Professional Qualifications for Audit Staff’, The International Organisation of Supreme Audit Institutions (INTOSAI)


This guide aims to help supreme audit institutions (SAIs) select and implement appropriate professional qualifications so that they can work more effectively and efficiently. Specifically it aims to support Goal 2 of International Organisation of Supreme Audit Institution’s (INTOSAI) strategic plan for 2005-2010, ‘building the capabilities and professional capacities of SAIs through
training, technical assistance and other development activities’. It sets out key questions and issues that an SAI may wish to ask and address when developing and implementing professional qualifications.

Chapter 5 of the guide focuses on creating a training and development strategy. When planning for professional qualifications, SAIs need to put in place a strategic framework to manage and develop professional trainees and recently qualified staff, and to develop a project plan. Key considerations for the plan will include:

- equipping staff with professional skills;
- ensuring accessibility of professional skills;
- improving recruitment and retention of staff; and
- ensuring that investment in professional qualifications is linked towards achieving the SAI’s objectives.

Specifically, with regards to improving recruitment and retention of staff through professional training, key considerations are to (p 34):

- ensure that salaries of professionally qualified staff are set at a level that will attract new applicants and motivate professionally qualified staff to stay within the SAI;
- provide appropriate opportunities for continuing professional education to professionally qualified staff; and
- ensure that professionally qualified staff have equal access with other staff to clear career paths which will encourage them to progress within the SAI.

DFID, 2005 ‘Working with Supreme Audit Institutions How To Note, DFID, London
http://www.cipfa.org.uk/international/download/How2_SAIsl_July05.pdf

This how to note provides guidance on ways in which country offices can support Supreme Audit Institutions to increase their impact. It covers:

1. Understanding the wider reform context in which the SAI operates;
2. Evaluating the SAI’s current situation; and
3. Practical suggestions for supporting SAI reform.

Specifically, with regard to staff retention, it notes that many developing countries have problems in recruiting and retaining sufficient numbers of appropriately qualified staff. This can lead to a range of problems. If staff leading and working on audits do not have the appropriate skills for the job, the quality of the work done is brought into question. Audit reports are often late or of a poor quality due to a lack of staff resources and staff in post are demotivated because of low pay and high workloads.

It identifies the following key success factors in relation to recruitment, retention and training (p 33):

- SAI is responsible for managing its own staffing needs and does not have to rely on an Establishment Division or similar
- SAI’s staffing complement is defined by assessment of workload needs
- SAI is able to fill vacancies within a reasonable period
- Staff are recruited on merit through an open and transparent system
- Staff are adequately remunerated and turn-over is manageable
- Knowledge, skills and competencies for all the jobs within the SAI are defined
- Professional audit staff have, or are working towards, relevant qualifications
- SAI has a structured training programme to develop its professional and support staff
- Development needs of individual staff are regularly assessed.

This Guide seeks to highlight some ways development partners can help strengthen the capacity of SAIs. It provides an overview of the SAI world and how it links to other key public financial management reforms and offers guidance on agreeing a strategy, delivering strong projects, using an SAI’s work, and leveraging change.

4. Further resources


- **GSDRC Topic Guide on Civil Service Reform: Technical Aspects of Civil Service Reform**

5. Additional information

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**Selected websites visited include:**
About helpdesk research reports: This helpdesk report is based on 3 days of desk-based research. Helpdesk reports are designed to provide a brief overview of the key issues; and a summary of some of the best literature available. Experts are contacted during the course of the research, and those able to provide input within the short time-frame are acknowledged.

Need help finding consultants? If you need to commission more in-depth research, or need help finding and contracting consultants for additional work, please contact consultants@gsdrc.org (further details at www.gsdrc.org/go.cfm?path=/go/helpdesk/find-a-consultant&