(Re)Building Core Government Functions in Fragile and Conflict Affected Settings

Joint Principles for Assessing Key Issues and Priorities

4. Government Employment and Public Administration
Disclaimer

This redacted and revised version of “Rebuilding Core Government Functions in Fragile and Conflict Affected Settings” is an Exposure Draft being released for public interest and consideration. The thinking on core government functions is continuing to evolve, and this paper is one of several efforts at engaging on this topic. The principles and guidelines explored here will be tested over the next few years, and a revised version will be produced subsequently in light of the lessons learned. It does not reflect the views and opinions of the World Bank Group or its Board of Directors, nor of the United Nations.
Preface

This report forms part of a response to growing calls for the United Nations, the World Bank and the International Monetary Fund to engage more systematically and coherently in fragile and conflict-affected contexts and indeed in major crises affecting security and development. In 2013, the Secretary-General’s Policy Committee called on these institutions to develop a joint approach and methodology to assess needs and improve the provision of support to core government functions in the immediate aftermath of conflict. This was echoed recently by the High-Level Independent Panel on Peace Operations in 2015 and falls within the scope of the Partnership Framework Agreement for Crisis-Affected Situations signed in April 2017 by the UN Secretary General and the WB President.

In the immediate aftermath of conflict, understood as the first three years after the cessation of widespread violence, the short-term objectives of assistance are usually focused on stabilization: to provide a minimum level of security, set in motion the beginning of an economic recovery and lay the initial foundation for long-term institutional development. The importance of restoring core government functions has been repeatedly identified as critical to sending confidence-raising signals to the population in the aftermath of conflict, to both project the authority of the state and for the delivery of services that improve development outcomes.

The lessons learned over the past decade emphasize the importance of incorporating a political economy approach to building core government functions, the need for flexibility and adaptation to changing political and security circumstances, the management of risk and the importance of staying the course in the face of crises and temporary reversals. Rather than adopting comprehensive reforms or entirely new business processes, it is about building on existing institutional legacies, adapting existing systems and working in an incremental manner. Tradeoffs between introducing the basic building blocks of public financial management, and understanding the need to distribute rents that create stability will need to be recognized and addressed. A key requirement for a durable recovery is a political settlement that is sufficiently inclusive of the major elite coalitions with the capacity to mobilize organized violence. Partnerships between the United Nations and the World Bank can enable greater flexibility in providing support, through enhancing the areas where one partner has a comparative advantage, whether it be geographical access, depth of technical expertise or an explicitly political mandate.
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Chapter 4. Government Employment and Public Administration

4.1 Objective

The broad objective is to put in place basic governmental capacity to define and administer regulations and provide public services in a manner that accommodates the need to restore order and stability, without jeopardizing the longer-term goal of an accountable, efficient and affordable public service.

4.2 Government employment and public administration in a post-conflict setting

While the basic architecture of the public sector in post-conflict countries will no doubt be affected by prevailing administrative practices, institutional arrangements regarding the size and structure of the state are likely to be emerging rather than well established. At the same time, the imperative to deliver basic services is acute, putting pressure on the government to respond despite the fact that many of the organizational issues remain unresolved.

With regard to legal provisions, the challenge is to ensure that the principles of professionalism, independence, integrity, political impartiality, transparency, and service to the public are enshrined into the legal framework but implemented gradually and without rigidity - particularly during the immediate post-conflict period. Ambiguous allotments of responsibilities are often a hallmark of low-capacity environments, but gains can accrue from defining a clear and univocal mandate for each administrative unit, which is needed to minimize jurisdictional gaps or overlaps, transaction costs and corruption opportunities. In some cases, where particular administrative bodies are associated with brokering the political settlement, it may make sense to allow a general migration to clear roles and responsibilities through time.

With regard to the degree to which control of the government workforce is centralized or decentralized to line ministries, countries will vary. The virtue of centralization is that it generally reduces institutional parochialism. The downside is that it cultivates a generalist managerial culture that can lack technical expertise and create resentment between the managerial elite and technical rank and file. The tendency for senior administrative staff to parachute in and out can also make it difficult to develop and sustain momentum for reforms. Decentralized systems avoid these problems, but at a cost of more parochialism and compartmentalization.

4.3 Principles

This section lays out principles and priorities across a number of areas of public administration. Most broadly, the following are three priorities for the immediate post-conflict period:

- Conduct a rapid provisional count (disaggregated if possible) of permanent government civilian employees - including the police - accepting that ghosts or double entries may remain for an initial period. Concurrently, establish a robust database with provisions for data security, updating and maintenance, including provisions against fraud. Unlike the provisional count, it should be consistent with good practice from the start, even if the requisite information is not yet available.
On the above bases, set up an initial payroll of government employees, and put in place a simple and realistic salary payments system (as mentioned in Chapter 3).

Obtain information on the current location of government employees relative to the key public services that are to be restored and the location of the intended beneficiaries.

A number of further actions could be considered over the medium-term:

- Make an initial determination of the government requirements for non-permanent employees, however approximate and subject to change. Clarify the definitions of government employees, contractual personnel, and advisers.

- Conduct a comprehensive civil service census, including biometric verification, following the initial rapid count. This should be done in conjunction with implementation of strong recruitment controls - or the problem of ghosts will quickly reappear.

- Review and revise, as needed, the recruitment criteria, rules and mechanisms, and establish a centralized entity for overseeing all permanent government recruitment.

- Review and revise, as needed, the practices for monitoring and controlling the behavior of existing and newly-recruited employees, particularly those interfacing with the citizens.

### 4.4 Priorities

#### 4.4.1 Employment and compensation

Where the public service has shrunk below the minimum required to exercise government functions, the priority is to rebuild the workforce through judicious recruitment and measures to attract back those who left government service or the country altogether. A more common challenge is the rapid and uncontrolled expansion of the public service with grave implications for both fiscal sustainability and effectiveness. This is driven by the legitimate need to provide security or deliver vital services; political pressures for a more representative workforce that can earn the trust of the population; citizens’ search for secure employment; patronage among political elites; and corrupt or dysfunctional human resource practices. Ministerial structures also tend to expand due to a combination of political and patronage pressures. In some cases, the expansion is due to the need to accommodate various political interests or groups; in other cases, bureaucratic inertia is sufficient to produce a bloated ministerial structure.

**Establishment control** - Control of the size of the government workforce helps set a ceiling on the aggregate wage bill, and is necessary to assure that the compensation structure is appropriate; that positions are allocated to the various ministries and agencies of government in keeping with their functions and organizational architecture; and that personnel with the right skills are recruited, and in the right places. The choice of centralized or decentralized establishment control depends on several country- and context-specific factors, and no generalization can be made. In the immediate aftermath of conflict, however, when ministries tend to have low capacity and accountability mechanisms are at their weakest, establishment control is usually entrusted to the Ministry of Finance, through its management of the government wage bill.
Management of the wage bill - In general, the growth of the wage bill in the aftermath of conflict is due to the rapid growth in public employment rather than wage increases. Such an expansion of personnel expenditure raises serious concerns about long-term fiscal sustainability, as well as crowding out transfers, O&M and investment in the short term. It may also be a major obstacle to administrative efficiency, with a labor force that is too large to be adequately compensated.

As for all other budget categories, the management of the wage bill should be entrusted to the Ministry of Finance. The practice of budgeting for wages and salaries an amount consistent with the number of government employees and their full compensation needs to be established at the outset and, as the expenditure management system gradually improves, the accuracy between actual wages and salaries expenditure and the budgeted amount should improve. The budgetary treatment of the wage bill should include the following:

- Conduct a quick-and-rough assessment of the medium-term fiscal impact of government employment under alternative size/wage scenarios.

- Develop a sustainable wage bill budgeting approach: is the number of employees consistent with authorized posts?

- “Undershoot” on employment, by allowing for a vacancy rate with respect to the allocated posts.

- “Shoot straight” on wages and compensation, assuring full consistency of the budgeted wage bill with the established compensation structure, remembering to take account of the annual adjustments both to compensation and to numbers on the payroll and their position in the hierarchy, and the payment of allowances, which in some settings is a significant component of compensation.

- Budget under a separate item - away from the regular salaries and transfer items - transitional compensation for conflict-affected persons and transfers for special programs.

Compensation - In government compensation, the likely priorities are as follows:

- Conduct a rapid review of local private sector salaries, or a quick extrapolation of private sector salaries from pre-conflict data or from neighboring countries.

- Establish a very simple provisional compensation structure. This should be roughly consistent with local private sector salaries and have sufficient grade differentiation, but not excessive salary compression. The provisional structure should be more or less in line with eventual the permanent compensation structure. Functioning of the administration and limiting corruption demands a minimum living wage for government employees, but pressures to raise salaries beyond the levels that are comparable with local private salaries need to be strongly resisted.

- Establish transitional policies for compensation of non-permanent employees, with careful attention to the need to avoid creating perverse incentives.

- Prohibit appointments of the same individual to multiple positions, with adequate sanctions for violations.
In looking at private sector comparators, remember to include all forms of public sector compensation, such as pension entitlements where they exist and the following:

- Compensate government employees who have hazardous assignments or work in insecure locations, not by promotion or permanent advancement, but by special monetary compensation for the duration of such assignments or locations.

- Establish provisions for non-monetary allowances (e.g., housing) in special cases or locations, while preventing their migration to the overall compensation structure. Over the long run, there is a need to remove these in-kind allowances and reflect them to the base salary.

In dealing with technical assistance experts, it is impossible to avoid inequities, in light of the much higher salaries in high-income countries, but the following guidelines may help:

- Assure that guidelines for compensation of non-diaspora expatriates are established, and compensation is broadly consistent with that of international organizations staff as well as market norms.

- Assure that compensation of local experts is in line with national fees. If the information is not available, expert fees in neighboring countries may be used as reference norm.

- For diaspora experts, set an acceptable compromise intermediate between the inequities of local and international salaries. There will be some resentment in any event, but experience suggests that there is no practical alternative if diaspora experts are to be attracted to technical assistance assignments in the country.

4.4.2 Human resource management and training

Human resource management - The most pronounced issues occur when the formal rule-bound system overlaps with an informal system based on patronage and traditional allegiances. In many post-conflict settings, support for the restoration of order and security demand that the rebuilt civil service embody an acceptable compromise between the merit principle and the need for group representativeness (regional, ethnic, religious, political).

Sound personnel recruitment and management rules must be established, but in the actual recruitment practices realistic transitional formulas must be found. In some cases, the introduction of temporary quotas for ethnic or regional groups may need to be considered. Indeed, a rush to neutral standards can in fact favor well-placed elites over majority groups, with a negative impact on state credibility and legitimacy. In some cases, trade-offs between merit and representativeness will be inevitable, and in these cases, the best-qualified employees should be allocated to the public services most important for recovery and restoring trust.

The core challenge of personnel management in the aftermath of conflict is to prevent necessary but not optimal interim practices - “second best” - from becoming entrenched and thwarting the eventual development of normal public administration. Thus, efforts should be made in the short run to establish or strengthen formal human resource and personnel management systems for implementation when circumstances permit. Pending the establishment of an adequate compensation structure and robust establishment controls, it may be helpful to consider fixed-term contracts, at market-related compensation and with stronger accountability for performance, for specifically identified skills in short supply required to deliver particularly urgent public services.
Consideration of gender must go much beyond possible compensation for the victimization of women during the conflict to recognition of their potential contribution to recovery in the post-conflict period. Such contribution should in the first place be explicitly considered in decisions on new government recruitment. In view of the long-standing structural and cultural barriers to gender equity in government employment in many low-income countries, some form of gender-based “affirmative action” in government recruitment should be contemplated, up to and including the setting of quotas.

**Training** - In countries with adequate capacity, training is likely to be appropriately targeted to selected programs identified jointly with the new government. By contrast, in low-capacity situations there can arise a proliferation of well-intentioned but not always well-designed training initiatives. This may include ad hoc training that did not contribute to developing sustainable capacity; lack of assessments to identify existing capacities; lack of capacity-development plans to address individual and organizational gaps; and absence of strategies to ensure that capacity development leads to a real transfer of knowledge to national actors.

In these settings, certain technical assistance can be conducted in the near term to fill specific skill gaps in core government functions. As far as possible, “twinning” relationships should be developed between local staff and expatriates; and the transfer of knowledge to the local staff should be demonstrated at the end of the expatriate’s assignment, with explicit contractual penalties for the experts’ failure to accomplish it. Also likely to be applicable in most low-capacity post-conflict cases is the need to rebuild the work habits of government employees – such as showing up on time, respecting deadlines, following instructions, etc. These work habits are likely to have eroded during the conflict, and quick training for that purpose would be appropriate across the entire public administration.

Finally, donors and the government should formulate a human resource strategy designed to reduce dependence on external technical assistance services in the medium and long term. Such a strategy should include the delivery of broader programs for training of government employees in necessary foundation skills such as accounting, basic informatics, and simple administration.

### 4.4.3 Other issues in public administration

A central tension in rebuilding public administration is between the short-term need to sustain the peace and protect aid money, and the long-term goal of developing sustainable capacity in the regular public administration. Short-term pressures have typically given rise to the creation of parallel administrative structures that can replace country systems and hold back their development.

While the use of national systems is predominant in stable, middle-income countries, parallel systems are predominant in low-capacity post-conflict situations. The incidence and role of these parallel structures depend primarily on the bargaining power of donors in the initial post-conflict period. If this bargaining power is high, a parallel state structure emerges - that of aid management arrangements. The eventual result of the unchecked growth of parallel structures is extreme administrative dualism, with the public administration de facto consisting of two groups: a small, well-qualified and well-compensated group working in project implementation units (PIUs) or as counterparts to aid projects, and the bulk of government employees left to perform the regular functions of government. There is a middle ground between the extremes of administrative dualism and of uncontrolled misallocation of aid, however.

The two objectives of (short-term) integrity and (long-term) capacity can be reconciled over time, provided that the realities of the situation on the ground are confronted; and there is firm insistence by the government, with strong sustained support from the major donors, on systematically adopting measures to “twin” efficient project management with support for capacity development (see Chapter 7 for further details).
The boundary between politics and administration - Setting an appropriate boundary between the political and administrative spheres is a difficult issue in any country. In post-conflict situations, most high-level positions are typically “political” in the sense that they reflect agreements and tradeoffs between various factions regarding the division of administrative powers. It is not uncommon to find duplication in certain posts, to ensure that different religious or ethnic groups are represented, or that certain factions effectively control a particular ministry. Complicating the issue is the fact that there is no established good practice with regard to where such a boundary should lie. The virtues of a very restrictive approach to political appointments are consistency and continuity in administration; the costs of such approach are unresponsiveness of the administration and limited ability to introduce new ideas and programs.

In the immediate aftermath of conflict, a general approach to this problem could be to recognize the explicitly political nature of the settlement, but to try to limit it -- by formally designating some positions as political. What is always important, regardless of whether the country has minimal or adequate administrative capacity, is to recognize and insist from the start on the distinction between legitimate political instructions to government employees and unwarranted interference by individual politicians into specific administrative and technical decisions. The reality that such interference is common in most countries adds to the urgency of measures to try and limit it in the immediate aftermath of conflict, lest it become the dominant norm in public administration for years to come.
Annex: Diagnostic Questions

A.4 Government Employment and Public Administration

Legal and organizational issues

- What is the pre-conflict legal framework that governs public employment? Is there separate legislation, or does general labor law cover government employees?

- If there is a pre-conflict legal framework that governs public employment, how inclusive is it (e.g. quotas, provisions to support women’s entrance, promotion and retention within public employment)?

- Is there a central agency, such as a public service commission, and is it functioning? Is there a ministry of public administration or equivalent and is it functioning?

- Is there a government agency responsible for tracking gender equality in public employment (e.g. public service commission, Gender Equality Commission, National Statistics Institute?)

- Does the legal framework specify a general managerial cadre that rotates across various agencies and departments, or is it expected that employees will spend their entire careers in a particular ministry? How does this play out in practice?

- Are there provisions to attract diaspora returnees to government service in appropriate capacities? How are such returnees likely to be received by civil servants already in their post?

- Are there staff who have been working in specific regions, like provinces or districts, for their entire career?

- Do accurate HR records exist, or were they destroyed in the conflict? How can they be rebuilt? And what are the attitudes of civil servants around rebuilding them?

- If HR records were destroyed in the conflict, how did government collect data pre-conflict? Did this include the following indicators: i) Percent women in the civil service/public administration, ii) Women’s share of managerial positions in the civil service, iii) Percent women in the regional and local administration.

Employment, compensation and the wage bill

- Does accurate information exist regarding the size and composition of public employment? If not, how can a “quick count” be organized, prior to an eventual comprehensive census?

- If the information exists, where is it housed and how can we access it? How does the number of government employees compare with that in neighboring countries and countries at similar income levels - as a broad measure of the appropriateness of the size of government employment?

- What is the breakdown of regular, contractual and daily employees?

- What is the breakdown of managerial, technical, administrative and support staff?

- What is the breakdown of central and sub-national government employees?
• What is the breakdown between sectors (i.e. service delivery, security, etc.)?

• What is the gender composition of government employment? Is this data further disaggregated by age and education level?

• What is the break-down in terms of minority status (ethnicity, disability etc.)?

• What has happened to government employment during the conflict? Approximately how many employees have left the country, and from which functions? Are certain ministries or regions particularly lacking in staff?

• How large is the government wage bill as a proportion of GDP, central government expenditure, own source revenue, and investment expenditure? How does it compare with neighboring countries or countries at similar income levels?

• What is the breakdown in salary grades and steps for higher-level personnel? How compressed is the salary structure?

• Is there information on government compensation compared with the private sector for various categories (managers, technical, administrative, manual labor)? Can a quick survey be conducted to establish the orders of magnitude?

• At the current compensation structure, is the government likely to be able to attract and retain staff with the requisite skills, particularly in key areas such as management and IT?

• Are non-monetary allowances offered to employees? What is their approximate estimated value as proportion of basic salary? Is there scope for simplification and/or rationalization – after the immediate post-conflict period?

• What form of additional compensation is provided for especially hazardous jobs or temporary assignments to hardship locations?

• Are all salaries paid by check or direct deposit and, if not, how quickly can cash salary payments be phased out?

• Are there large salary (or pension) arrears and, if so, how and when can plans be made for their settlement?

**Human resource management**

• What provisions can be made to assure that recruitment and other policies embody a realistic compromise between the need to support the political settlement and the need to foster merit and efficiency?

• What provisions can be made to facilitate the recruitment of women in the government workforce - including at higher ranks - or, at a minimum, remove *de jure* and *de facto* barriers to their employment?

• What provisions can be made to promote and retain women in the government workforce?

• How was recruitment practiced before the conflict? What central government agencies were responsible for its oversight?
• Have certain ethnic, religious, regional, or political groups been historically been disadvantaged in terms of government employment?

• Did manpower planning take place at either the centre of government or within line ministries or both, and does such capacity still exist?

• What are the criteria and practices for promotion, discipline, and terminations of government employees? In particular, is career advancement based primarily on seniority?

• Are contracts mainly “indefinite duration” (tenure) or fixed-term?

• Does a code of conduct and/or code of ethics for government employees exist? Are there prospects for its enforcement?

• At what levels in government employment are political appointments made?

• Is lateral entry from the private sector into high positions possible?

• Is there partisan political interference in individual personnel decisions (other than the previously-mentioned goal of representativeness and support for the political settlement)?

Training/Capacity building

• What existing public sector training initiatives are in place? What government agency do they sit under, what skills do they target, and how are they funded?

• What are the existing training institutes for public administration, and what is their actual capacity?

• Are professional credentials required for government employment in selected categories? Are these requirements enforced?

• Have skill gaps been identified for key functions in core agencies and departments? If so, how and when can a targeted training strategy be formulated for rapid filling of these gaps, through either local and diaspora personnel?

• Do twinning relationships exist between expatriate staff and government employees in key managerial and administrative positions?

• How are training contracts structured to assure effective transfer of knowledge?

Parallel administrative structures

• How common are separate project implementation units (PIUs) in aid-financed projects?

• How does the salary structure in PIUs diverge from that within the broader public sector?
• What proportion of PIUs has training and/or transitional plans in place to build local capacity? Are there any particularly effective examples of such programs?

• Are there concrete plans for support to strengthen parts of the country’s own procurement and FM systems?

• Do aid-financed projects incorporate appropriate technical assistance to gradually develop the country’s own institutional capacity?

• Are PIUs systematically designed also as incubators of local capacity and training of government employees in fiduciary and M&E systems?

**Boundary between politics and administration**

• Where did the division lie between political and administrative appointments throughout the civil service? What were the established practices prior to the conflict?

• Is the current public service heavily politicized?

• Are there variations between line ministries in terms of the ratio between political appointees and career civil servants?

• Do certain parties, groups or factions currently control some ministries? Do these arrangements help support the political settlement and consolidation of security, or are they motivated by other considerations?

• Are there provisions to provide a realistic boundary between appropriate political instructions to administrators and inappropriate political interference with specific administrative/technical decisions?

• Are there provisions to protect individual civil servants from inappropriate political interference?