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**A TWELVE-POINT AGENDA FOR
PUBLIC ADMINISTRATION
REFORM**

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5.1 This report has made the case that public administration reform in Afghanistan is both very important and very difficult: very important because it will provide the Government of Afghanistan with the capacity to respond to popular demands for good governance and improved service delivery; very difficult because of the inherent challenges of institutional change, especially in the current political and security situation in Afghanistan. PAR in Afghanistan is nothing less than rebuilding an effective state after more than two decades of conflict and administrative decay.

5.2 Afghanistan's experience over the past five years, as well as lessons from other fragile states, provide some clues about how to go about public administration reform. The resulting challenges, and possible responses, have been discussed in some detail in previous chapters of this report. This chapter attempts to distil the main points into a twelve-point agenda. There is nothing magical or immutable about this list. It is simply intended to help shape the PAR debate within the Government of Afghanistan and with the donor community – with the objective of speeding up progress on reforms and realizing tangible benefits over the next 5-10 years.

(1) Recognize that PAR is a long-term task – which will require persistent effort over time, as well as innovative approaches to improve service delivery in the short and medium terms.

5.3 It will inevitably take time to build up the capacity and credibility of the state in Afghanistan. That is why it is important to initially limit the role of the state to core functions in line with existing capacity. This is consistent with the Government's commitment to a "lean state" and the use of non-governmental delivery mechanisms in some sectors (such as health).

Experience in Afghanistan and elsewhere shows that successful innovations in service delivery can be implemented – even in an environment of poor overall outcomes and when systemic problems are still to be resolved.⁸⁹ These innovations should be evaluated carefully over time – to help define the appropriate role of the state in different sectors and hence the priorities for PAR in different line ministries. This bottom-up approach should constantly challenge the top-down directions of PAR. The real litmus test must be: how will these reforms contribute to better governance and service delivery?

5.4 In many ways, the opportunistic approach adopted under PRR is still very much relevant to Afghanistan today. It is impossible to implement a broad-based, long-term agenda in a comprehensive systematic way – especially in a country like Afghanistan where capacity is very weak and the government has limited reach outside Kabul. Rather the framework for reform must be comprehensive and coherent, and short-term actions must be consistent with that framework. At any point in time, there must be a clear idea of priority areas requiring attention, and those which can be sorted out later.

5.5 PAR in Afghanistan is often equated with civil service reform. Indeed, civil service reform is essential to build a professional, merit-based bureaucracy – which can deliver public services in an effective and efficient manner. But this should not be equated with building a strong, centralized bureaucracy in Kabul. Much of the reform effort will have to be directed at deconcentrating line ministry authority to provinces and districts, and improving the capacity and coordination of government activities at the sub-national level. Similarly, civil service reforms are unlikely to work unless there are ways for the Afghan people to express their demand for public

⁸⁹ For a review of relevant experience from India, see World Bank 2006a. A similar example from Afghanistan, simplifying the process of vehicle registration in Kabul, is provided in Chapter II, Box 2.10.

services and hold the government accountable for results. Hence the importance of broader reforms to strengthen the role of parliament and the effectiveness of the judiciary, and to involve civil society and communities in decisions affecting them.

(2) Provide strong political leadership and effective coordination to implement the PAR agenda.

5.6 Because PAR is a broad-based effort, it must be led from the top with effective coordination across institutions. This leads to the following recommendations:

- Strong leadership is needed from the President – to provide a clear message about the direction of reform and to manage conflicting political interests. The President should personally take responsibility for explaining the importance of the reforms to Parliament and the public at large, and also reporting on the results achieved.
- Important issues need to be discussed and decided at Cabinet level (the Cabinet’s PAR Sub-Committee provides a convenient vehicle) to build a consensus view even when different interests are being advocated by different agencies. Implementing agencies should also report back to Cabinet on a regular basis on progress made and issues to be addressed.
- Instead of attempting to implement reforms in all ministries by itself, IARCSC needs to increasingly focus on guiding and overseeing ministries’ implementation, while allowing ministries take responsibility of their own respective reforms (see Message 5 below).

(3) Ensure that donor support is adequate and consistent with the PAR framework set by the Government of Afghanistan.

5.7 Although Afghanistan has received large amounts of development assistance since the fall of the Taliban, very little of this has been directed specifically at the PAR agenda. Indeed, it is hard to know exactly how much assistance has been received for PAR, given the different categorizations used by different donors, and the difficulty of separating PAR components from projects with broader objectives. Getting a better

picture of donor support for different parts of the PAR agenda would be useful in itself. But even more important is effective coordination of donor assistance by the Government of Afghanistan, in line with its own PAR priorities. This should be done within the overall framework provided by the I-ANDS and the Afghanistan Compact. Responsibility for donor coordination should then be delegated to the relevant government agency: for example, IARCSC for civil service reform and IDLG for sub-national reform.

5.8 Most of the donor support for PAR is in the form of technical assistance. The main challenge now is how to manage TA so that there is sufficient to fill competence gaps in the short term, while replacing it with less costly and more manageable in-country-grown and national capacity over time. Initially, many had believed that the gap-filling need for civil servants’ competence would last 2-3 years, and that short-term imported consultants would simultaneously train and coach their replacements while performing in-line functions. However, these assumptions proved to be overly optimistic. Furthermore, the higher salaries paid to externally-funded consultants and advisers have attracted some of the best talent away from the government and bid up the cost of scarce talent in the country. Therefore, in the future, more attention will have to be given to the objectives of TA, with a clearer distinction between gap filling and capacity development. Donor funding of salary top-ups for civil servants will also have to be carefully managed and phased out over time (see Message 4 below).

(4) Match higher salaries from the new pay-grade scheme with other civil service reforms – to improve government performance and service delivery.

5.9 The new grade structure’s purpose is to bring formality into civil service management by reducing inconsistencies and scope for arbitrary actions. It will do so by linking grades to jobs, qualifications and responsibilities; and de-linking them from longevity in position. The new pay scales are intended to attract, retain and motivate well-qualified staff. The new scales, ranging from \$100 to \$650 per month, although significantly higher than the present scales, are still less than what donors pay and may be inadequate to draw skills into the top levels of the civil service. Upon receiving higher salaries, civil servants will not automatically start performing better. (If this were the

case, then each across-the-board pay increase for civil servants in different countries would result in citizens' noticing an increase of public servants' performance.) The following cautions are advised in implementing the new grade-pay structure:

- Draw upon the lessons of PRR. The same issues that overcame the earlier exercise could also engulf implementation of the new scheme. With elections scheduled in Afghanistan in less than two years from now, the same pressures that led to units making superficial PRR-restructuring plans, abandoning the rigorous recruitment process, and migrating *all* existing staff to higher pay scales—could equally derail any logical and systematic roll-out of the new scheme.
- Recognize that IARCSC is undertaking a task of magnitude and complexity that it has never encountered before. Although line ministries will be in charge of re-grading the majority of civil servants and assigning them to new grades (because the bulk of the civil servants are in the lower grades), it is the IARCSC's responsibility to sequence the new structure's roll-out among ministries, providing guidance to ministries on technical issues and solving problems as they arise, enforce merit-based recruitment in the lower grades, while managing the workflow of its own Appointments Board for recruitment in the higher grades. The Commission is yet to prepare an implementation plan in discussion with the line ministries where this scheme will be implemented. To add to its duties, in advance of implementation, IARCSC will have to draft laws and regulations, help formulate the process of what to do with those who don't qualify, and communicate throughout the process with the public and civil servants on the objectives and progress of reform.
- Donors' response to the new grade-pay structure has the potential to distort it. Proposed salary levels for the upper grades will be well below levels in the "second civil service" directly paid for by donors. Because of the continuing scarcity of qualified human resources, donors are likely to continue funding salary top-ups to civil servants from project budgets.

(5) Re-examine the IARCSC's role – to focus on core functions and reduce conflicts of interest within its structure.

5.10 The Commission's mandate both overloads it and creates conflicts of interest, as described in paragraphs 2.21 and 2.22. The Commission is overloaded by having responsibility for making civil service management policy, guiding ministries' implementation, monitoring reform's progress and conducting civil servants' training—in addition to typical service commission functions of high-level recruitment and hearing appeals against administrative actions. The potential conflicts of interest arise because it reports to the executive while being expected to play a check and balance role. Both of these come in the way of IARCSC's effectiveness.

5.11 A thorough restructuring of the Commission may not be possible in the short term, and especially not now as it embarks upon the huge challenge of leading the implementation of the new grade pay structure. But some short-term steps could alleviate the problem:

- To demonstrate the IARCSC's "independence," the Cabinet Sub-Committee's and PAR Steering Committee's supervision of the Commission could be explicitly limited to its policy-making functions, and excluded from appointments and appeals.
- Both the Appeals Board and the Civil Service Institute could be distanced from the Commission's own line structure. It is not proposed that they be immediately detached from the Commission as many Administrative Tribunals and many civil servants' training institutes are. Rather, they could have 'staff' reporting arrangements to the Commission's Chairman instead of the current line reporting arrangement. In such a lay-out, the Commission would continue to provide administrative support to these two units, but they would report directly to the Chairman. Distancing the Appeals Board will have the advantage of upholding its credibility with civil servants whom it is meant to serve. Distancing the Civil Service Institute, currently buried three layers deep within the Commission's structure, will allow it to negotiate with donors for their support. This is the area of Afghanistan's civil service management that needs the most immediate assistance, but those needs tend to get subsumed within the more general needs of the Commission.

- Clarifying the respective roles and responsibilities of Office of Administrative Affairs (OAA) and IARCSC in civil service management, and especially in finalizing ministries' *tashkeel* (establishment).
- Donors that support civil service management could design their projects so that IARCSC's role is more of a facilitator than project implementer. This will not only reduce strain on an already overloaded IARCSC, it will allow line ministries to take control of their own human and financial management functions as is intended in the Compact and I-ANDS.

(6) Monitor progress on PAR – and be willing to rethink reforms when they're not meeting their goals.

5.12 The Government and IARCSC now have a systematic and well-thought out approach to PAR's first element: civil service reform⁹⁰. The Compact benchmarks make clear what is to be achieved; while the Government's PAR Strategy, the ANDS-assisted sector strategy, and the costed civil service implementation plan have formulated how this can be achieved over the next three years. Continuous monitoring of progress in civil service reform will be important so that the Government can revise direction as necessary, report on progress to various stakeholders and also reassess the attainability of different goals and benchmarks. The IARCSC is leading the Government's effort on civil service reform. It is in the Commission's interest, therefore, to not wait until the end of the Compact period to discover that civil service targets had not been met, and instead regularly check: What progress has already been achieved? What else needs to be done to meet the Compact's targets?

5.13 Thus, IARCSC needs to establish a monitoring system that produces, on a regular basis, findings that are judged valuable by ministries, the PAR Steering Committee, cabinet and donors. It also needs to monitor line agencies' compliance with government wide rules and regulations. Towards this, the World Bank has assisted IARCSC take stock of what part of reform goals have already been achieved, and suggested tools for IARCSC's monitoring activities. The following tactics could be helpful for IARCSC to perform its monitoring task:

⁹⁰ Benchmarks and indicators for the second and third element have not yet been developed.

- IARCSC needs to become the powerful champion within Government that generates line ministries' demand for monitoring civil service reform. Because of ministries' lack of awareness, their demand to understand how well or not they are performing their own restructuring and personnel management is weak. IARCSC needs to make available the tools and their potential uses, and also create incentives for ministries to monitor—perhaps by highlighting successes in Government forums and actively reaching out to ministries through training, workshops and guidance.
- The structural arrangements to monitor PAR should be clarified and strengthened. Currently the Administrative Reform Secretariat, headed by a Director is responsible for monitoring PAR and also to serve the secretariat for the PAR Steering Committee. This potentially asks one line unit of the Commission to judge the performance of the whole Commission and its Chairman's leadership. Also, it does not have the profile to influence other ministries, or to attract donor resources.
- The monitoring system should not be over-engineered; rather the emphasis should be on reliable data systems. What is required is a set of intermediate benchmarks leading up to the Compact's targets. Locally developed and well-understood indicators are more likely to be utilized rather than borrowed or expert-developed indicators that do not reflect the program's characteristics. The need for ministries to report on their compliance with new personnel guidelines and regulations could be reinforced through an appropriate government regulation and procedures.

(7) Develop a clear policy framework for the sub-national system -- and a strategy for guiding sub-national reforms.

5.14 Without a clear policy framework, initiatives to improve sub-national governance and service delivery will remain piecemeal and often at odds with each other. While the Constitution and other legislation provide a legal framework for a number of sub-national institutions, this tends to be broad and ambiguous, and often begs more questions than it answers about who should be doing (and is accountable for)

what, the resource flows that are necessary for the effective exercise of powers and functions, and the implementing mechanisms that need to be put in place. Two directions of reform stand out:

- In order to reduce systemic contradiction, strengthen and consolidate the role of the Provincial Governor's Office in the areas of planning and coordination, while limiting its functional, budget and operational authority to deliver services, which falls under the Provincial Departments.
- In order to enhance accountability, strengthen the oversight and supervisory role of the Provincial Councils, to provide checks and balances on the activities of the delivery agencies.

5.15 The recent decision to improve the central oversight of sub-national issues with the establishment of the Independent Directorate of Local Governance (IDLG) is a welcome move. In the past, a number of ministries had overlapping responsibilities for the various sub-national organs, and capacity to monitor and manage any given aspect of the sub-national system has been poor. In addition, ministries which are active at the sub-national level exhibit high degrees of bureaucratic and political rivalry, making it difficult to forge common perspectives on important reform efforts. Donor coordination has also been weak, with extensive funding flowing to sub-national initiatives outside government systems.

5.16 Next steps on sub-national issues should aim to:

- Build up the political credibility of ILDG with the powerful and disparate interests working at the sub-national level, and the technical capacity of IDLG to tackle complex institutional and policy issues. To this end, consider forming an Inter-Ministerial Committee, chaired by the President or Vice President, with IDLG acting as the secretariat, to establish a framework for sub-national strengthening and reform.
- Build on recent efforts to improve donor coordination through the Donor Working Group on Sub-National Governance and the Sub-National Governance Donor and Government Working

Group under the ANDS mechanism. The IDLG should probably take over chairmanship of this group from the IARCSC. One of its first tasks should be to set appropriate benchmarks for developing the sub-national policy framework and reform strategy.

(8) Strengthen the performance of the main service delivery institutions by improving their organizational structures – and providing adequate resources to do their job.

5.17 Line ministries will have to ensure that their functions are properly divided between their central offices and Provincial Departments. In a number of cases, this is likely to involve the deconcentration of various powers and functions from the central to the provincial level. In fact, in some cases this is already underway (e.g., teacher recruitment). The pace of such deconcentration will be determined, among other things, by capacity constraints – although it should be recognized that, in the absence of functional deconcentration, capacity at the sub-national level will not be built. Ultimately, functional deconcentration drives capacity building, not the other way around. This leads to the following recommendations:

- Decisions on the division of functions between central and provincial offices should be built into the organization plans being prepared by line ministries as part of PRR and integrated into the new pay and grade reform process.
- Any deconcentration process should be crafted flexibly and opportunistically enough to allow different ministries to implement service delivery models which are most conducive to success in their sectors. Centralized authority may be more relevant in the health sector, for example, which relies more on contracting out to NGOs for service delivery.
- Ministries should not reject asymmetric approaches, and rather seize opportunities as they arise. MRRD, for example, has deconcentrated certain functions, including procurement, to its provincial office in Kandahar, and this experiment seems to be working well.
- The extent to which line ministries deconcentrate will need to be moderated by the degree to which this risks capture of Provincial Departments by

Provincial Governors. There is little point in trying to improve organizational efficiency through vertical deconcentration if this makes delivery agencies more vulnerable to horizontal power which inhibits operational effectiveness.

5.18 Improvements in organizational structures need to be matched by the provision of adequate resources for key organs of sub-national governance and service delivery to play their roles. Initially, this means meeting basic needs for training, IT, offices, communications etc. It should be possible to meet some of these needs on a modular basis, i.e., to define a package of “basic needs” equipment for Provincial Councils, for example, and to roll this out to PCs across the country. Over the longer term, it means moving towards a more equitable distribution of fiscal resources across the country. The specific conditions of Afghanistan make this uniquely challenging: there is an understandable tendency to concentrate expenditures in those areas most vulnerable to security threats, and the large off-budget flows (through PRTs etc.) distort distributional outcomes, whatever efforts are made in respect of the core budget. Arguably, this is a second generation issue which can only really be addressed once greater stability and predictability are established in vertical and sectoral flows. But it is ultimately an important question which cannot be neglected indefinitely.

(9) Address the particular issues facing municipalities and CDCs: the most autonomous elements of the sub-national system of governance and service delivery.

5.19 Municipalities have been established under law, as important and self-sufficient local service delivery and governance entities. CDCs were established as community-level vehicles to deliver infrastructure in rural areas under NSP and have since started to take on a wider range of local governance functions. A common feature of these entities, which distinguishes them from provincial-level entities, is that, in principle, the elected authority in the municipal or community area is itself directly responsible for service delivery in that area. In other words, they do not suffer from the accountability and autonomy problems characteristic of other sub-national institutions.

5.20 However, they do confront significant issues of their own. In the case of municipalities, the following measures are needed:

- Enact new legislation which clarifies the relationship of municipalities to the central and regional governing entities, while protecting their self-reliance. This should provide them with solid expenditure and revenue assignments, enhance capacity for providing local services sustainably, provide a clearer categorization of different local administrative bodies, and establish real self-governance and downward accountability in line with the text and spirit of the Constitution.
- Formulate a comprehensive financing framework for municipalities which clarifies and rationalizes own-source revenue assignments, introduces measures to strengthen municipal administration, and establishes a transparent rules-based system to allocate central transfers equitably and rationally among municipalities. This should be matched by improved budgeting, financial management and accounting systems, and capacity to administer these systems within municipal administrations.
- Introduce elections for mayors and municipal councils at the earliest feasible opportunity. Institutional measures should be developed to deal with the mayor-CDC interface, and to bridge the current gap between the bottom-up system for expression of community voice and top-down planning and budget decision making.

5.21 For CDCs, the following three issues need to be addressed:

- CDCs need to secure a regular and reliable funding flow to resource local development activities which provide their *raison d’etre*. The primary initiative here should be to establish a reliable, ongoing funding mechanism which gives CDCs a source of dedicated funding which they can then allocate to local projects at their discretion. This should be distributed between CDCs according to a simple and transparent formula. Given international standards, and to ensure sustainability, the funding should be set at far lower levels than under NSP.
- CDCs’ roles should be consolidated on the basis of the new by-law, i.e.: (a) allocating their own funding, and planning and implementing local projects using this funding; (b) a limited administrative role, particularly for civil registration and land verification; (c) planning and

allocation at the district or sub-district level where CDCs are able to federate or cluster; and (d) providing information on service delivery and governance to PCs to assist them with their accountability function. In general, CDCs should take on only public good functions, and not compete with other local governance bodies (such as school management committees).

- The matter of “ownership” of CDCs at the central level will have to be settled within the central government by those agencies and ministries which have a core interest in the question. The best way forward would probably be to have this issue looked into and decided by the Inter-Ministerial Committee proposed above.

(10) Demonstrate Government’s will to fight corruption.

5.22 The public has little trust in leaders and government institutions. Despite positive rhetoric, Government has not initiated action in the face of widespread and entrenched corruption. Although the Bonn accord stressed accountability of public organizations, the political process that followed stressed representation from all quarters above accountability, and peace before justice. Opium production rose substantially in 2006 and 2007 from previous levels, and Afghanistan is now responsible for 93 percent of total global illicit opium output. Institutional disarray and in-fighting within government, and lack of strong government leadership to confront corruption has resulted in the widely held view is that corruption is being ignored or tacitly allowed. This report recommends:

- Initial implementation of meaningful yet feasible short-run measures. This would mean emphasizing improvements at sector and agency levels instead of spending too much effort and resources on preparing an impressive strategy. This could focus on a few agencies where the public interacts most frequently with service providers. In these agencies, the number of steps, signatures and visits could be reduced. Computerization, communication with the public, and replacing the head of the organization worked well in the motor vehicles licensing office.

- Clarifying institutional arrangements so that different agencies involved in anti-corruption work harmoniously. The current state of institutional coordination and weak criminal justice system provide few prospects of investigation and prosecution. Predictability of Government’s actions, and pro-actively sharing information with the media and civil society organizations will demonstrate government’s will. Enforcing ministries to respond to audits and involving Ministry of Finance in the response to audit reports will allow it to play a stronger oversight role.
- Strengthening the leadership of institutions involved in the fight against corruption, which must meet high ethical and professional standards. Much more can be done to go after key actors in the drug industry (larger and medium drug traders, and their sponsors inside and outside government). Even if weaknesses in the justice sector make prosecution and conviction very difficult, officials associated with the drug industry should at least be removed from their positions in government, which would send a strong signal of government commitment to address the drug issue.

(11) Build public trust in parliament and the judiciary – so they can provide formal oversight in an effective and credible manner.

5.23 Public trust in government organizations is currently low; there is need to quickly gain public confidence. These organizations, having high visibility, have the best chance to demonstrate that they themselves are abiding by the rules of the game, and win people’s trust.

5.24 In the National Assembly, work is needed to build parliamentarians’ understanding of their actual role, including how they can constructively contribute to law-making and oversight of the executive. Particularly, Budget Committee members’ comprehension of how Government budget and accounts are reported needs to be strengthened.

5.25 In the justice sector this report recommends:

- Recognizing that security strengthening measures are only partially effective without accompanying strengthening of rule of law. Even a well-trained police force cannot enforce law without a

functioning criminal justice system. Rather, those responsible for security could become the sources of injustice. Strengthening coordination between the NA and Cabinet can improve legislative capacity.

- Starting small and scaling up. Infrastructure projects can have limited impact without institutions, but judges need courthouses and legal texts. Both judicial reform and infrastructure creation should focus on the major cities because that is where the formal justice system is most used and most needed. Focus judicial reform on provincial rather than district courts. An improved provincial court could provide a check on as-yet unreformed district courts throughout the province. However, constructing courts, and appointing sufficient trained judges will take time. What needs to be established much sooner is the role of the judiciary, and especially the Supreme Court, in enforcing constitutionality of laws and regulations, and reviewing legality of administrative decisions.
- Supporting non-state dispute resolution. Traditional conflict resolution mechanisms such as *shuras* can reduce conflict because they are more focused on negotiating and mediating disputes rather than the adversarial win-lose outcomes of the formal court system. Moreover, this may be all that is available for many years.

(12) Provide credible information on government programs and performance – and open up government processes to public scrutiny and participation.

5.26 The media and CSO sectors in Afghanistan are still finding their feet. Donor support can help to develop their capacity and effectiveness over time. But, in the area of public accountability, their role is

very much dependent on their access to official information and their ability to provide feedback on government performance. Donors should support government initiatives to improve transparency, building on innovations in donor-funded projects, while being sensitive to the country's history, culture and politics. In particular, donors could:

- Encourage a public debate about corruption and practical steps that can be taken to fight it. GoA should take the lead, possibly using the new rankings of Afghanistan in the TI Corruption Perceptions Index to inform the debate.
- Support efforts to gather baseline information in critical areas such as poverty reduction (such as through the National Risk and Vulnerability Survey) and service delivery (as is done in the health sector). In particular, donors could help strengthen the Central Statistics Organizations capacity to do this survey work in a more systematic manner.
- Build communication components into their own projects, and provide public information on project objectives, expenditures and results achieved.
- Encourage public participation in project planning and implementation, by providing project information to affected communities and involving them in project decision making. The National Solidarity Program already requires CDCs to monitor project implementation based on a few selected key indicators; and also to make that information available to communities through regular briefings and information sharing.
- Improve information flows among donors in critical areas such as narcotics control.