The Road to Autonomy

Subsidies; Safety Nets; and Public Services

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Consider Some of the Objectives Shaping a Post-conflict Reconstruction Strategy

- Ensuring that vulnerable social groups have access to vital services; and

- Rebuilding public services such as power, water, roads, schools, and hospitals and ensuring that their delivery is accountable and responsive to citizens’ needs
In Order to Achieve These Objectives, Three Instruments will Need to be Deployed

- Shift from untargeted subsidies to strong formal safety nets.
- Build more accountable institutions and to deliver public services more efficiently.
Shifting Away from Subsidies and Design of Formal Safety Nets

Subsidies

- Experience shows that in every country which uses subsidies they tend to become progressively wasteful and pervasive, and a burden to public finance.
- Particular risks arise from the subsidization of marketable goods, such as food, fuel and power, as this can be a serious barrier to efficient markets.

Subsidies crowd out:

- Private Investment
- Affect Quality
- Adversely impact income distribution
Question: How policies across different sectors (food, water, electricity, fuels, education, health) are affecting the poor in aggregate and how to assist them to help them purchase the basket of goods they consume?

- **Food** - *The Public Distribution System (PDS) remains crucial*
  
  - **Targeting** - How narrowly to target – that is, what proportion of the Iraqi public should be eligible for subsidies— or what targeting mechanism to use.
  
  - **Timing and sequencing** – Who can be identified in the aggregate (group) in order to be phased out first – people with a specific secure higher income are first target.
  
  - **Phasing** - How can policy help increase role of domestic food producers and the private sector within the existing PDS?
Interventions to preserve human capital

- For example conditional cash transfer program to improve education and health outcomes among youth, and programs for former combatants and displaced families.
Design of Formal Safety Nets

*Utilize community-based, informal and private social protection mechanisms*

The following have potentially significant role in the provision of social safety nets:

- Nongovernmental organizations
- Community organizations
- Charities
Strengthening and Rebuilding Public Services and Ensuring Efficient Delivery - the Benefits of Mainstreaming Gender in Civil Service and Public Administration

How to integrate gender in rebuilding Iraq’s civil service which will need to address how its’ employees are organized:

- the statutory basis under which civil servants function;
- the scope and comprehensiveness of the civil service;
- its management;
- the composition of categories and grades;
- salary structure and benefits;
- recruitment and promotion;
- disciplinary procedures and termination; and
- the boundary between the political and administrative spheres.
Human Resource Laws and Regulations Need to be Developed to Enhance Meritocracy and Protect Workers from Harassment

- The management of the civil service needs to be strengthened by providing support to new human resource policy and enforcement institutions.
- Modern human resource practices will need to be developed at both the central and ministerial level.
- The capacity of line ministries and departments to manage their staff will need to be strengthened.