



Rebuilding the Civil Service in a Post-Conflict Setting Key Issues and Lessons of Experience

Number 1



Recreating a professional, meritocratic civil service is especially challenging in a post-conflict setting. The experiences of East Timor and Kosovo offer a number of lessons and suggest the types of issues that need to be addressed.

Key Issues

Any government will need to address a basic set of issues regarding the way in which its employees are organized, including: (1) the statutory basis under which civil servants function, including their rights and duties; (2) the scope and comprehensiveness of the civil service; (3) its management; (4) the composition of categories and grades; (5) salary structure and benefits; (6) recruitment and promotion; (7) disciplinary procedures and termination; and (8) the appropriate boundary between the political and administrative spheres.

Statutory Basis of Basic Rights and Duties

In most countries, the civil service is a subset of broader public sector employment. Its legal basis is usually found in some combination of labor laws and a specific civil service law, coupled with appropriate by-laws and regulations. The challenge in devising these legal instruments is to ensure that the principles of professionalism, independence, integrity, political impartiality, transparency, and service to the public are translated into practice without undue rigidity.

The scope of civil service legislation varies between countries. Civil service laws typically define the duties and responsibilities of civil servants in general terms. In some cases, these laws regulate everything related to employment, including arrangements for tenure and job security, institutional arrangements for managing the civil service, additional protections typically enjoyed by civil servants above and beyond the basic labor legislation, rewards, disciplinary procedures, and the wage-bargaining system. In other cases, they supplement the general labor law.

Scope and Comprehensiveness

One of the critical decisions any country must make is which public employees will be placed within the core civil service, and which will belong to other governmental units or services. There are significant variations between countries, including: the number of civil servants working for the central government

versus regional and local governments; the number working in core departments versus executive agencies; the inclusion of certain categories of civil servants, such as the military, police, teachers, health workers and employees of public enterprises; and the extent to which the civil service applies to permanent employees, contract employees, or daily laborers.

Country differences are pronounced. In China and Korea, all civil servants are, at least nominally, part of the same service. In the late 1980s, France had over 41 percent of its total government employment in the civil service, the U.S. 18 percent, Japan 13 percent, the U.K. 11 percent, and Germany only 7 percent.

Management

Countries vary markedly on the degree to which control of the civil service is centralized or decentralized to the line departments. Centralized systems (often present in Commonwealth, Francophone and many Asian countries) tend to have a senior civil service cadre who rotates between agencies and departments. This senior cadre is managed by a central personnel unit, which also has responsibility for setting personnel policy and fixing terms and conditions across the civil service. In addition, there is often an independent body, such as a Civil Service Commission, to ensure that personnel decisions are based on objective criteria and arms-length procedures. Such commissions can also oversee recruitment, discipline, and act as an appellate body for employee grievances. Finally, there is often a financial control or monitoring unit (typically located in the Treasury or Ministry of Finance) that keeps track of the overall size of the wage bill.

In decentralized systems (typically found in the U.S. and other presidential systems, or within executive agencies), individual departments are responsible for establishing their own terms and conditions, setting their pay scales (perhaps under general guidelines established by the center), and for managing recruitment and promotions. Some countries have moved to a devolved "running cost"

control system, in which managers are allowed to choose their own mix of staff and other resources to deliver programs efficiently and effectively within a hard budget constraint. A key goal is to give managers flexibility to employ the skills they deem necessary, without the rigidities imposed by a central agency in determining who and how many should be employed.

Centralized and decentralized approaches have advantages and disadvantages. The virtue of a senior management cadre 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.

Categories and Grades

A key question is how jobs within the civil service will be categorized, ranked and graded. The job structure typically consists of a hierarchy of grades and position classifications. Position classification requires that each job be ranked and specified in terms of content and requirements. Jobs are then grouped into classes or categories (e.g., administrative assistant, level one manager) based on the level of qualification and expertise necessary to perform them. They are then either graded (which will provide equal pay across career streams) or ungraded (which provides equal pay within the same career stream). Graded classifications tend to be more complex, but are likely to result in greater equity between positions. Ungraded classifications are more flexible, but may result in anomalies or discrepancies in pay.

Typically, there are two types of grading systems: a position-based system, and a rank-in-person system. In a position-based system, rank is assigned to a position and staff are recruited with the skills to fill it. Its benefits are that it permits recruitment through lateral entry and enables talented, younger employees to leapfrog over older employees. Its drawbacks are that job classifications need to be updated regularly, and may constrain the mobility of staff across sub-specialties. In the rank-in-person system, an employee holds a rank and is provided with a position commensurate with that status. The problem is that this system can lead to administrative dislocations (positions are created for senior staff, and not vice versa) and place undue weight on seniority.

Salary Structure and Benefits

Governments face several important issues with regard to salary structure and benefits. As noted above, the first issue is whether they should manage

pay and employment issues centrally or devolve this function to line departments and local governments. The virtues of central management are that it is easier to hold the line and avoid incremental expansion of the wage bill, but at the cost of decreased flexibility toward local markets and the recruitment and retention needs of individual departments.

Many developing countries face the key challenge of widespread patronage recruitment. This question, in turn, is directly related to the quality of the establishment controls used to control the size and composition of the civil service. Under the traditional model, departmental structures are agreed upon with the central personnel office or equivalent in Anglophone countries and with the finance department in Francophone countries. Approval is then given to a hierarchical staff structure and complement for each department, expressed in terms of authorized positions with a designated grade level. This constitutes an establishment list, and is the basis for the budget, staff recruitment and promotion. The finance ministry prepares the budget following confirmation by the central personnel office that spending proposals are consistent with the agreed establishment (Anglophone) or directly with line departments (Francophone) to ensure that sufficient resources are budgeted for the department's approved establishment. During budget execution, personnel emoluments are identified and protected so that savings elsewhere in a department's budget cannot be switched to meet payroll costs, and thereby evade establishment controls designed to maintain employment levels within set limits.

In the traditional establishment control model, the distinction between established and non-established positions is fundamental. Departments and agencies may fill established positions, but may not add positions to the establishment. Departments that wish to increase their establishments apply to the central personnel office or equivalent, which evaluates the request (increased workload, new policy mandate), and adjusts the department's establishment accordingly, in conjunction with the finance ministry which has to provide the additional resources.

The traditional model has its drawbacks, and a number of OECD countries have recently moved toward more decentralized approaches. It is incrementalist in nature, encouraging a focus on the marginal request, rather than staffing as a whole. By making the central personnel office or the equivalent the arbiter of who and how many should be employed, the system constrains unit managers from employing the skills they need to carry out the job, and tends to foster an adversarial relationship between central units and line departments.

Yet the movement to a more performance-oriented mode rests on some complex preconditions and entails its own risks. It requires effective

expenditure management systems, robust internal and external audit functions, and hard budget constraints. Countries where these elements are absent or weak would tend to be better off with more traditional centralized systems.

The salary structure and the degree of compression or decompression represent a second issue. In many developing countries, there is a relatively small gap between the wages paid to senior and junior civil servants and technical and non-technical staff, which leads to a drain of talented staff. In OECD countries, the ratio of the highest to lowest wages is about 5 to 9.

A related issue is the extent to which bonuses and allowances are monetized and incorporated within the salary structure or provided separately. There is a strong case for the former, to enhance transparency and prevent glaring inequities between staff of similar rank. Also important are the mechanisms through which staff increase their salary by moving up through various steps and grades, and the way in which salaries are adjusted to reflect cost of living increases.

Recruitment and Promotion

One important challenge is to enshrine the principle of meritocracy and non-discrimination in recruitment and promotion. A variety of institutional mechanisms are typically employed. Public Service Commissions (PSCs) in many Commonwealth countries oversee the integrity of the recruitment process by administering competitive examinations and selecting candidates according to objective and transparent criteria, and in some countries also oversee promotions and disciplinary procedures.

Recruitment practices into the senior civil service vary significantly. France, Japan and (until recently) the U.K., tend to rely on recruiting a senior managerial class early in their careers and retaining them for the duration of their professional life. Recently, many Commonwealth and OECD countries have experimented with mid-career recruitment to bring in more diverse skills and foster competition for senior positions. There has also been greater use of fixed term contracts with performance bonuses in some OECD countries.

Disciplinary Procedures and Termination

Procedures for discipline and termination need to strike an appropriate balance between protecting civil servants from improper penalty or harassment while allowing the government to rid itself of employees who are corrupt, incompetent, or possess skills no longer needed.

The separation of public and private interests in official conduct is a precondition for accountable and transparent government. Recognizing the potential for conflict of interest, states have adopted a series of countermeasures ranging from laws, regulations and

codes of conduct, to offices of public ethics, to commissions and special courts. Asset declaration is a particularly important measure, for many corruption related cases are prosecuted on the basis of disproportionate assets. Governments must specify the range of punishments for cases of corruption or misadministration, which often extends from a verbal or written reprimand to suspension, suspension without pay or demotion, to termination.

To protect the interests of employees in cases of separation, governments may constitute a neutral third party to adjudicate disputes, such as a civil service tribunal or the U.S. National Merit Protection Board. These bodies ensure that proper procedures are followed and there is no violation of due process in termination. Civil servants are generally entitled to compensation and severance pay if they are laid off for reasons not related to performance. To provide greater flexibility, many governments are relying more heavily on contractual employees or outsourcing, which allows staff to be let go without lengthy termination procedures.

The Boundary Between Politics and Administration

Setting an appropriate boundary between the political and administrative spheres is a difficult issue. Weber noted that political authority can be rational/bureaucratic (grounded in formal structures and rules) or patriarchal (grounded in personal relations with a traditional authority figure). In developing countries, the most pronounced dysfunctions typically occur when both systems operate simultaneously; a formal system that purports to be rule bound and meritocratic, but that is also undercut and subverted by an informal system based on patronage and traditional allegiances. This tends to undermine meritocracy and result in the politicization or fragmentation of the civil service.

An alternative is to recognize the explicitly political nature of government, but to try to fence it off by designating some positions as political and others as administrative. In many Anglophone and Francophone countries, the minister and perhaps one or two top aides will be political, and the remainder will be career civil servants. In the U.S., it is not uncommon to see political appointees four or five levels down within the federal bureaucracy, and more than six levels down in the Philippines.

Lessons from Post-Conflict Settings

Turning to the unique needs of post-conflict states, a brief survey of civil service reform efforts in situations such as Kosovo, East Timor and the West Bank/Gaza, has yielded a number of interesting, anecdotal and very preliminary lessons.

Keep a Strong Emphasis on Affordability

Post-conflict countries face massive needs, often with very constrained managerial and absorptive capacity. There are tremendous pressures from donors and citizens to rapidly expand the civil service, in part to tackle the tremendous challenge of reconstruction, and in part to provide jobs to demobilized combatants or unemployed youths who could otherwise return to arms. Succumbing to these pressures can create significant managerial and financial burdens that complicate the task of establishing a lean and efficient civil service. A small, well paid civil service, of which much is demanded, is a useful model, for it is always difficult and politically contentious to retrench excessive staff later on.

Development of a Civil Service will Evolve Over Time

In some post-conflict settings, sophisticated modeling exercises have been used to try to establish *ex ante* the optimal size of the civil service. These efforts have generally failed to produce the intended results. Civil service size should be viewed in terms of its affordability and the extent to which talented staff can be recruited and effectively integrated into the public sector. It is necessarily an iterative and evolutionary process.

Focus on the Basics of Sound Administration

Reconstruction should focus on getting the nuts and bolts of administration right: creating an accurate database of public sector employees linked to the payroll; setting up a simple salary system with minimal allowances; putting in place basic establishment controls, etc. It is risky to try to leapfrog over various stages of administrative development, and adopt sophisticated human resource practices that rely upon management systems that may not be up to the task.

Lack of Capacity is Critical (not Just Among Local Staff)

Many post-conflict countries suffer from a dearth of managerial and technical talent. A common challenge is to develop a salary structure that will lure back émigrés with valuable skills while not breaking the budget or distorting local labor markets. An equally common problem is the selection of donor personnel who have limited country knowledge and experience, compounded by frequent staff rotation, which prevents expatriate staff from developing local expertise.

Pay Attention to the “Provisional,” for It May Come Back to Haunt You

To avoid locking themselves into long-term arrangements in highly fluid situations, in which there are tremendous pressures to act and limited time for

considered analysis, donors have tended to rely heavily on provisional arrangements. Unfortunately, once established, these arrangements have often taken on a life of their own and complicated efforts to develop more permanent arrangements. Careful sunset provisions thus need to be incorporated into any provisional arrangements.

Avoid Balkanization through the Proliferation of PIUs

In many post-conflict settings, donors are eager to get a quick start with projects but absorptive capacity is low. Unfortunately, many donors will set up project implementation units (PIUs) and lure the best and brightest to work for them exclusively. This contributes to the fragmentation of the nascent civil service and reduces the pool of talent available to the new government. There is also a significant danger that donor agencies will support the creation of parallel and overlapping institutions that create near-term confusion and later pose formidable challenges for institutional development.

Avoid the Tendency to “Projectize” Aid

Donors often have difficulty financing recurrent expenditures, and seek to avoid this problem by relying excessively upon projects. If this practice becomes widespread, it creates enormous distortions in the civil service and guarantees large headaches down the line. Donors should provide budgetary support, while the government works on setting up effective expenditure systems and getting spending priorities right.

Establish Near-Term Trust and Credibility

Public opinion is often fraught with cleavages and distrust, so it is important that reconstruction efforts place a premium on institutional measures that enhance public participation, voice and transparency. This will be critical to enhance credibility and help to forge the much-needed domestic political consensus that post-conflict countries so desperately need.

CPR Unit

This note was prepared by Robert P. Beschel Jr. (SASPR). This note series is intended to disseminate good practice and key findings on conflict prevention and reconstruction. The series is edited by the Conflict Prevention and Reconstruction Unit in the Social Development Department of the Environmentally and Socially Sustainable Development Network of the World Bank. The views expressed in these notes are those of the authors and do not necessarily reflect the views of the World Bank Group. CPR Dissemination Notes are distributed widely to Bank staff and are also available on the CPR website (<http://www.worldbank.org/conflict>).