BRIEFING PAPER

AREU Afghanistan Research and Evaluation Unit

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Moving Forward? Assessing Public Administration Reform in Afghanistan

Contents

Overview

Successful public administration reform (PAR) in Afghanistan is important for the government's credibility and legitimacy. It is also critical to achieving the government's goals and fulfilling its commitment to poverty reduction.

In the Interim Afghanistan National Development Strategy (I-ANDS) and the Afghanistan Compact, both launched in January 2006, the government of Afghanistan and the international donor community laid out challenging benchmarks for PAR process. To date, however, reform has been slow and problematic, and the PAR programme that has been ongoing since mid-2002 has been criticised by ministers, other government officials, and donors. Some have even suggested that the PAR programme should be discontinued.

Although there have been some considerable achievements, especially given the constraints, the

PAR process has run into numerous problems. According to a number of reviews, reform has been "cosmetic", with superficial restructuring of ministries and an emphasis on higher pay rather than fundamental change. One major issue has been the slow establishment and weak capacity of the Independent Administrative Reform and Civil Service Commission (IARCSC), the main body responsible for steering and overseeing PAR. Ministries have also had very limited capacity to implement reform, and there has not been sufficient competent technical assistance (TA) to help them do so. Targets and timetables have been unrealistic, and coordination among donors has been poor, particularly in their support to the IARCSC.

Experience from both developed and developing countries suggests that the reform of public administration is extremely difficult. Any chance of success is dependent on six necessary elements need to be in place: 1) strong domestic political leadership; 2) a focus on end results; 3) some measure of "demand" from citizens; 4) a process of institutional change; 5) appropriate and coordinated donor behaviour; and 6) realistic timeframes and expectations. Afghanistan measures up poorly on most of these elements. In particular strong domestic political leadership is lacking.

The extremely fragile, aid-dependent environment, experience to date, and lessons from other countries suggest that the likelihood of PAR to be successful in Afghanistan is low. Nonetheless, the PAR process is critical to the country's development, and thus stopping it is not a feasible option.

Although some aspects of the Afghan environment are unlikely to change in the short or medium term, the government and donors could improve PAR progress by instituting certain changes. In the absence of strong domestic political leadership, other activities should be explored to improve the environment within which reform takes place. These should include:

- Closely linking PAR to the development of the Afghanistan National Development Strategy and the monitoring of the Afghanistan Compact, using the political commitment behind these processes to leverage support for PAR.

- Improving the oversight of public administration by elected representatives at national and provincial levels.

- Improving beneficiary demand for efficient and accountable public administration.

- Developing a shared understanding of the role of the state, making monitoring information publicly available, and developing an active communications strategy.

- Ensuring that donors and other international actors do not undermine long-term PAR efforts.

Without such broader interventions to create a supportive environment, public administration reform in Afghanistan is likely to be a costly failure, both in terms of financial resources expended and state legitimacy.

The analysis in this paper is based on a number of published and unpublished documents, some with restricted circulation, as well as interviews with key informants. Key documents include: Transitional Islamic State of Afghanistan, 2003, *Public Administration Reform Programme: implementation strategy, draft 23 July 2003*; Islamic Republic of Afghanistan, no date, *Government of Afghanistan's PAR Strategy and Program: 1385-9*; World Bank, 2006, *Preliminary Assessment of Proposed Pay and Grading Reform, 31 March 2006*; Islamic Republic of Afghanistan and IARCSC, 2005, *Review: Priority Reform and Restructuring Initiatives*; Michailof, S., 2006, *Assessment of the Priority Reform and Restructuring Program: Discussion Paper*; Asian Development Bank, 2005, *Proposed Program Cluster of Loans Islamic Republic of Afghanistan: Fiscal Management and Public Administration Reform Program*; World Bank, 2005, *Afghanistan Public Administration Reform: Key issues for discussion*.

I. Introduction

The reform of public administration — meaning the whole of the government bureaucracy — in Afghanistan is a critical part of the state-building and reconstruction agenda. Afghanistan needs an efficient public administration for social development, economic growth, stability and to meet its poverty reduction commitments. A functioning and transparent public administration is also an important contributor to state legitimacy and credibility.

Public administration in Afghanistan, as a tangible representation of a central state, has co-existed uneasily with a fragmented, decentralised society since attempts at "state-building" began in Afghanistan. Two and a half decades of conflict have presented a wide variety of problems for public administration both at the national and subnational levels, but nonetheless, the administrative structures of the state have proven to be surprisingly resilient.[1]

Research conducted by the Afghanistan Research and Evaluation Unit (AREU) in 2002–03 found that even though public administration was strongly centralized, it provided a coherent management and accountability framework for government (though this was not always implemented efficiently or transparently). The administrative practices were basically sound and relatively well understood, if not always adhered to. As this long-standing architecture remained largely intact, the so-called state failure in 2001 did not leave Afghanistan with a "blank slate" in terms of public administration.

There have been many challenges in attempting to develop the surviving administrative structures into an efficient and fiscally affordable civil service focused on the delivery of key services in what re-

mains a very complex, aid-dependent post-conflict environment.

The initial environment in 2001–02 was somewhat chaotic, with a lot of active donors keen to see delivery but not necessarily thinking beyond the short-term. One donor representative reflecting on this period said that "it was the worst of bad practice. . . .[there was] no attention and time to understand what was already there, what could work, and no assessment of the capacity we were working with, nor an understanding that you cannot helicopter in local capacity."[2] Since mid-2002, the public administration reform (PAR) programme has been attempting to provide a more consistent and coherent framework for reform activities. This program, however, has been operating in an environment of fundamental contextual constraints. These include:

- The shortage of skilled people means that salaries for skilled and semi-skilled are very high. This situation is likely to continue until a new generation of Afghans is educated.

- The lack of financial resources available to the government for salaries. Based on present projections, Afghanistan is unlikely to be able to fund salaries and other operating costs from revenues before 2011.

- Recruitment is made difficult by competition from the "second civil service" employed by the international aid community and funded though consultancy contracts or "top-ups" (cash payments or other benefits offered to persuade civil servants to accept certain positions).

- The potential conflict between the need to increase salaries to retain, attract and motivate professional civil servants and the

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[1] See the two volumes by Evans, A. Manning, N. Osmani, Y, Tully, A. and Wilder, A., 2004, *A Guide to Government in Afghanistan* and *Subnational Administration in Afghanistan: Assessment and Recommendations for Action,* AREU and the World Bank: Kabul and Washington, DC.

[2] Personal communication, donor representative, July 2006

need to maintain a fiscal envelope which enables the government to reach its objective of funding the wage bill in four years and operating expenditures in eight years.

- Merit-based recruitment runs against tradition and habit in Afghanistan.

Partly as a result of these constraints, the original PAR programme and its subsequent revisions have encountered a number of problems. There are mixed messages about the levels of support it now enjoys. On the one hand, PAR receives much attention because it is central to the goals laid out in the Afghanistan Compact and the Interim Afghanistan National Development Strategy (I-ANDS, see box 1) launched in January 2006. A number of the high-level benchmarks agreed on between the Afghan government and the international community

set stringent targets for the PAR programme. On the other hand, there has also been much public and semi-public criticism of it, including from ministers and some donors.

A functioning public administration is absolutely necessary to stabilisation, state-building and poverty reduction. But the success of reform efforts is mitigated by the extremely fragile and aid-dependent post-conflict environment. This paper explores this apparent contradiction and examines possible ways forward. It looks at whether the Afghanistan Compact benchmarks and other goals relating to PAR are likely to be met and investigates what can be done to strengthen the environment in which reform takes place. It is not a technical review, but draws on selective research interviews and evaluations and analysis already conducted.

II. Public Administration Reform in Afghanistan

The PAR programme is a framework for a series of programmes and projects aiming to provide an efficient, effective and transparent civil service. It is designed to address the following problems:

- The fragmentation of government structures, with many overlapping functions and a lack of coordination between agencies;

- The disconnect between the centre (Kabul) and the provinces;

- The unclear lines of accountability with weak reinforcement mechanisms;

- The poor policy management capacity;

- The need to strengthen performance management;

- The lack of experienced professional staff with the necessary skills;

- The lack of robust procedures for recruitment and appointment on merit, which has

led to a high level of patronage-based appointments;

- The need for a pay and grading structure which attracts, retains and motivates civil servants;

- Poor physical infrastructure; and

- Slow and outdated administrative systems.

The first phase of the PAR programme was developed by mid-2002, with strong support from the World Bank. It had seven major components: 1) a legal framework for the civil service; 2) personnel management; 3) institutional and functional streamlining and development; 4) financial management and accountability; 5) policy management and machinery of government; 6) administrative efficiency; and 7) improvement of physical infrastructure. In July 2003, the PAR programme comprised 26 projects with an estimated cost of US$143,781,000 to be delivered over three years (SY1382-84).

Table 1. Who is doing what in PAR? Key current donor-funded PAR projects

Donor	Project name	Amount	Disbursement period	Implementing agency & key components
ARTF	Afghanistan Expatriate Lateral Entry Programmes	$8m	Sept 2004 - ongoing	IARCSC: Afghanistan Expatriate Programme (recruitment of highly qualified expatriates to work as senior advisors); Lateral Entry Programme (recruitment skilled Afghans, mid and senior positions)
ADB	Support for PAR	$2.2m	2003-07	IARCSC: common functions (development organizational structures and ToRs for common functions for ministries, reform of front-line service delivery ministries [Commerce and Transport]); administration reform (review of PRR); civil service law (reviewing and finalizing regulations)
ADB	Implementation of service law	$2.6m	May 2006 – April 2008	IARCSC: implementation of civil service law
DFID/ USAID/ UNDP	Support to the Centre of Government	$16m	July 2006 – March 2009	Administrative Affairs/Cabinet Secretariat, Office of the Chief of Staff, and others: centre of government reform, including infrastructure repair and IT provision, organisational structures, work processes, decision-making processes
EC	Public Administration Reform	Euros 10.5m	Jan 2006 – Jan 2008	IARCSC: capacity building of civil service through PRR; implementation of pay and grading reform; extending IARCSC's reach into provinces; national civil service training; recruitment of expatriate Afghans from the EU; retraining, re-skilling and redeployment (RRR); technical assistance to IARCSC
UNDP	Civil service leadership development	$3.5m	July 2005 – Dec 2007	IARCSC: leadership development training
UNDP	Support to IARCSC Training & Development Department	$528,000	Sept 2004 – July 2006	IARCSC: support to IARCSC training and development
USAID	Afghan Building Capacity (ABC) Programme (proposed)	Estimated $100m (multi-sectoral: public, private and NGOs)	2007 for 5 years	PAR component: support to 25 ministries & government agencies chosen with 6 likely priorities (MoF, MoE, MRRD, Ministry of Public Health, Ministry of Energy & Water and Ministry of Public Works); development and implementation of a capacity-building roadmap for each ministry/agency; training programme and curriculum development in ministries; strengthen Capacity-Building Units (CBUs) of Civil Service Training Institute(s); improve government procurement management; design and deliver a Public Administration & Policy Certificate/Degree Programme.
WB (IDA/ DFID)	2nd Emergency Public Administration Reform (extension)	Additional $2.5m	July 2006 – Dec 2007	Pay and grading activities. Likely to include support to Appointments Board, Appeals Board, ministries and IARCSC for regarding/reclassification; support to ministries to develop and reform restructuring applications.

Source: IARCSC (current as of 27 June 2006)

Box 1. Public Administration Reform and the I-ANDS

PAR plays a central role in the Afghan government's vision for the country laid out in the Interim Afghanistan National Development Strategy (I-ANDS). The government's stated goal is to develop an "effective, accountable, and transparent public administration at all levels of government" (p16). This is explained as meaning a government "capable of sustainably ensuring security, equitable provision of basic social services and an environment conducive for economic growth" (p127). The public administration reform (PAR) programme is charged with encouraging

> performance-oriented institutions to promote progressive social change. Ministries and government agencies in both the centre and the provinces will be more efficient and effective, and they will be staffed by a cadre of well-trained and competent professionals, recruited on the basis of merit. government machinery will be restructured and rationalised to reflect core functions and responsibilities clearly. . . . (p16) The introduction of a merit- and performance-based civil service system will hold officials accountable and facilitate pay-scale revision, measures which will raise the morale of public servants and make them less susceptible to corruption. (p122)

The Afghanistan Compact and the I-ANDS make the following commitments:

- By Jaddi 1389 (end of 2010): government machinery (including the number of ministries) will be restructured and rationalized to ensure a fiscally sustainable public administration; the civil service commission will be strengthened; and civil service functions will be reformed to reflect core functions and responsibilities.

- A clear and transparent national appointments mechanism will be established within 6 months, applied within 12 months, and fully implemented within 24 months for all senior level appointments to the central government and the judiciary, as well as for provincial governors, chiefs of police, district administrators and provincial heads of security.

- By Jaddi 1385 (end of 2006), a review of the number of administrative units and their boundaries will be undertaken with the aim of contributing to fiscal sustainability.

- By Jaddi 1385 (end of 2010), in furtherance of the work of the civil service commission, merit-based appointments, vetting procedures and performance-based reviews will be undertaken for civil service positions at all levels of government, including central government, the judiciary and police, and requisite support will be provided to build the capacity of the civil service to function effectively. Annual performance-based reviews will be undertaken for all senior staff (Grade 2 and above) starting by Jaddi 1386 (end of 2007).

However, the I-ANDS also recognises the problems associated with public administration reform, acknowledging that

> uneven commitment to, ownership of, and leadership for public administration reform exists across government. Public administration reform has encountered some resistance in some Ministries. This resistance is partly due to poor understanding of the need for and implications of the public administration reform process, and partly due to resistance to loss of patronage implied by the establishment of a rule-bound civil service. The asymmetric reforms initiated under the PRR process have delivered only partial improvements in performance due to variations in the implementation of restructuring plans. In order to recruit and retain competent government employees and combat corruption, there is a need to improve the salaries of civil servants; however improving public sector salaries while maintaining fiscal sustainability will be an extremely difficult task. (p124)

Almost immediately upon launching, the PAR programme ran into difficulties; the implementation of projects was slower and more difficult than anticipated. In particular, the establishment of the Independent Administrative Reform and Civil Service Commission (IARCSC) — the key body responsible for the reform process — took longer than expected. Before implementation could commence, it took more than a year to recruit senior management staff and to appoint all the Appointments and Appeals Commissioners. Progress was also slow in most ministries, as it was difficult for senior staff to understand procedures and establish teams with the right competencies. There was also insufficient funding for non-salary aspects of implementation, which was partly responsible for limited technical assistance (TA) to line ministries.

In 2005, the PAR programme was redesigned to take account of lessons learnt. A framework for 1385-89 was developed,[3] shifting the focus away from piecemeal initiatives toward more comprehensive reforms involving whole ministries, and moving the reforms from the centre to provinces and districts. This new version of the PAR programme has been reorganised into five pillars, along functional and programmatic themes:

1. Administrative reform. This includes reform of centre of government machinery, meaning reform and restructuring of government ministries and agencies, as well as subnational administration reform, which involves the strengthening the office of governors, the building of provincial IARCSC capacity, and the deepening of reforms in subnational units of key ministries.

2. Salaries and incentives pillar. This includes the introduction of a new pay and grading system, accompanied by a retraining, redeployment and reskilling (RRR) programme and a severance programme to manage surplus civil servants. It also includes a new pensions system.

3. Civil service management. This includes the development of a new and modern framework of law, rules and procedures; new administrative manuals; and a new human resources management system.

4. Ensuring and expanding merit-based appointments. This includes further development of the legal framework and procedures, training of HR officers in line ministries, establishment of performance evaluation mechanisms, and specific policies and programmes to enhance the participation of women.

5. Capacity enhancement. This includes a comprehensive training and skill enhancement programme for civil servants; the establishment of the National Civil Service Training Institute; management of international TA to ensure accelerated and sustainable transfer of skills and expertise to civil servants; injection of short term capacity through the Afghan Expatriate Program, Lateral Entry Program and international technical assistance.

In moving away from the temporary asymmetric approach of the Priority Restructuring and Reform programme (PRR, see Box 2) toward a more holistic pay and grading scheme, the government has proposed a new eight-point grading system (replacing the current 13-grade structure) with a more decompressed salary scale (that is, with more difference between salaries). Salaries will also be kept in line with already approved pay scales for the Afghan National Army (ANA) and Afghan National Police (ANP).

In a review of this proposal, the World Bank argued that despite the improvements, the proposed new salary structure would remain insufficient to attract, retain and motivate well-qualified staff at the top end — due to salary inflation and the competitive market for scarce skills.[4] However, an increase in salary for the top grades would increase costs and make reform less affordable, as well as

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[3] Islamic Republic of Afghanistan, no date, *Government of Afghanistan's PAR Strategy and Program: 1385-9,* Government of Afghanistan: Kabul.

[4] World Bank, 2006, *Preliminary Assessment of Proposed Pay and Grading Reform,* World Bank: Washington, DC.

establish a pay scale incompatible with longer-term labour market conditions, including regional salary scales. Therefore, the only alternative is to bring in highly qualified people on a selective and temporary basis at higher levels of remuneration. There may be a need for a very small number of discretionary positions, funded through higher salary mechanisms such as the PRR super-scale, but these should be phased out according to an agreed timetable. As discussed below, pay arrangements funded by donors must also be reviewed.

Box 2. Priority Reform and Restructuring (PRR) Programme

The Priority Reform and Restructuring (PRR) programme was a central element of the PAR programme during 2002-05. PRR was always intended to be an interim measure, the initial objective of which was to restore administrative capacity in key departments of essential ministries, and give targeted pay increases. The programme was also designed to help ensure consistency across ministries that were reforming with the support of different donors, many of whom had different approaches. The programme involved 1) careful restructuring of units; 2) selection of managers, technical personnel and key staff through an open and competitive merit-based process; and 3) pay increases through an interim allowance system. While PRR looked good "on paper", the implementation was much more problematic than anticipated.

PRR was intended to be an asymmetric reform effort, targeting key units rather than a wholesale approach to reform all ministries. In November 2004, a decision was made to broaden PRR to all departments in all ministries, and it thus became an ambitious, comprehensive programme. Explanations for why this change happened vary, but it was almost certainly a combination of the tensions created by the coexistence of different pay scales within the same ministry, coupled with the difficulties of isolating key units for reform within ministries which needed wholesale restructuring. The feasibility of this shift in the PRR programme was never properly analysed, particularly in terms of implementation capacity and long-term fiscal sustainability.

Since mid-2004, all except three ministries have applied for participation in PRR; 15 ministries, or key departments within those ministries, have prepared restructuring proposals (stage 2) and gone through the formal approval process; a model for reform of the governors' offices has been piloted in Balkh province and Dehdadi district; procedures and standards for merit-based appointments have been designed and partially implemented; about 7,500 staff have been selected and appointed through merit-based processes; and almost 30,000 positions have been identified for future merit-based appointments.

Nonetheless, achievements under PRR have been disappointing. There has been an over-emphasis on improved pay rather than restructuring, many changes have been rather superficial, and enforcing merit-based appointment systems has proven difficult (see Islamic Republic of Afghanistan and IARCSC (2005) "Review: Priority Reform and Restructuring Initiatives"). This has perhaps not been the fault of the programme itself, which was designed to be a temporary solution while a more cohesive overall framework was put in place. The problem has been that the overall framework designed to replace PRR did not evolve early or substantially enough.

III. The Scorecard: Achievements and Problems To Date

To date, the PAR process has seen a number of remarkable achievements:

- The establishment in 2002 of the IARCSC, on the basis of the IARCSC decree, and the slow increase of staffing levels.

- Further decrees to approve the PRR framework, specific programmes such as the Afghan Expatriate Programme, and interim procedures for recruitment.

- The establishment of the IARCSC Appointment Board and Appeals Board, and the improvement of their capacities.

- The approval in 2005 of a civil service law and the preparation of related regulations.

- Progress in the reform of the centre of government machinery (Office of Administrative Affairs and Cabinet Secretariat).

- The recruitment of nearly 7,500 civil servants through merit-based PRR procedures, including over 1,100 under new merit procedures for senior appointments.

- The onset of PRR in 24 ministries and agencies.

These achievements should not be ignored or forgotten. PRR provided a means for increased recruitment and capacity of the civil service, which has traditionally been a closed and cadre-based (meaning that a person joins the service and moves up the ladder, leading to few lateral entries). PRR was also a significant tool to ensure government discipline during the immediate post-conflict period — the civil service numbers were constrained by the PAR framework, recruitment did not go up, ceilings remained and ad hoc pay increases were at least partially managed. This increased donor confidence in government discipline and facilitated further donor engagement. Ironically, donors have shown considerably less restraint than the government in maintaining discipline over salaries — some donors have continued to "top up" salaries while also supporting PAR, thus effectively undermining their own initiatives.

A number of reviews by the IARCSC and various donors have revealed multiple problems with PAR, particularly regarding the implementation of PRR. There is also plenty of anecdotal evidence to support these reviews — from tales of IARCSC staff selling test answers to examination candidates, to stories of continued patronage at all levels.[5] While there have been attempts to rectify some of the problems identified, many serious concerns remain. In particular, there is concern that in some ministries where there was substantial initial progress in merit-based appointments, senior officials have begun to undermine the process.

One issue emphasized by many PAR stakeholders is the continued weak capacity of the IARCSC, particularly the Appointments Board. At the time of the Commission's establishment, its members had no experience or training, and some of those appointed undoubtedly did not have a suitable profile for such a position. Procedures were not initially available and some appointment errors significantly tarnished the image of the Appointments Board. The IARCSC's capacity has subsequently been strengthened — the number of commissioners has been increased from 5 to 11, and they have learnt from their experience. But the Appointments Board remains weak, and there is anecdotal evidence that the demand for patronage appointments is increasing at all levels.

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[5] There are a variety of accusations — some reporting demonstrable abuse or corruption, some assuming corruption, and others from those wishing to undermine a system which has removed their ability to exercise patronage. This paper relies largely on analysis of accusations reported extensively in other studies (see box on page 2).

A weak Appointments Board is a critical bottleneck to successful public administration reform, and substantial TA and non-TA support is required if the Board is to implement the government's pay and grading plans and achieve the Afghanistan Compact benchmarks relating to appointments, performance appraisal, and vetting.

Similarly, no significant support has been provided to the Appeals Board. Such support will be essential for the Board to deal with the anticipated high increases in grievances resulting from the implementation of pay and grading reform.

There is also much concern about "cosmetic" restructuring of ministries — meaning superficial review that results in only limited changes. In many cases there have been wholesale shifts of staff to new pay scales with very little restructuring undertaken. Recruitment in some ministries has often been based on factors other than merit. As an employee in one of the "model" ministries commented: "I think in this ministry nobody wants real changes, because even the minister wants to put his own relatives into positions."

Aside from the issues of continued patronage and lacking commitment to reform, the process has also been blighted by ministries' lack of capacity for implementation. Most ministries lack the managerial skills and human resources to implement a significant reform programme. Training within ministries has also been piecemeal, uncoordinated and, in many cases, of very poor quality. The task forces established in ministries to prepare PRR proposals often had inadequate staffing and experience. Many of them were also disbanded once the proposals had been adopted, and were thus unable to follow up on the implementation.

Only those ministries already enjoying significant budget and TA support from donors (such as the Ministry for Rural Rehabilitation and Development and the Ministry of Public Health) have been able to undertake significant restructuring (see Box 3). Indeed, those ministries were able to carry out significant reform even before the PRR process was initiated. Unfortunately, this success does not transfer to other ministries, as the IARCSC lacks the capacity to ensure the sharing of knowledge and resources among ministries — for example, a number of different ministries are developing human resource policy manuals. The lack of a re-training, re-skilling and redeployment (RRR) programme to deal with surplus civil servants has also hindered attempts to carry out ministry reform, as it has been unclear what would happen to those civil servants that failed the PRR examinations.

Inter-ministerial oversight of the programme has been very weak. The now disbanded Ministerial Advisory Committee in charge of such oversight was slow to start work. The problems of the complex, ambitious PAR programme have further been compounded by expensive, often poor-quality and uncoordinated TA. Insufficient, poorly sequenced and late mobilisation of TA to the IARCSC led to poor guidance from the IARCSC to ministries (in the form of advisory support as well as regulations, manuals and procedures). This has significantly undermined the whole PAR process.

Another significant shortcoming of the PAR process to date is the failure to develop an effective communications strategy to reach all levels of ministry staff as well as the wider public. This has made it difficult to overcome the resistance, misunderstanding and fear of job losses widespread in ministries. Where there has been active communication with staff, reform processes have run more smoothly, but managers are often unfamiliar with this approach. The failure to communicate more broadly has also meant that no critical political or popular support for the PAR process has developed.

As discussed above, the problems of the PAR programme have been acknowledged and revisions are being made. At the time of writing in August 2006, PRR is to be discontinued, to be replaced by a more comprehensive pay and grading reform. Recognising the resource constraints and the lack of capacity for implementation, the first stage of this reform will focus on senior staff. Moreover, be-

cause the implementation will require some prior measure of restructuring and merit-based appointment, it will only take place in ministries which have already been "PRR-ed".

However, the World Bank is warning that the problems of PRR may be encountered on an even larger scale in this redesigned programme. Some analysts even suggest that it might be too early to undertake such comprehensive reform. The effectiveness of pay and grading reform will depend on other elements of public administration reform, including the overall restructuring of ministries and functions, and appropriate measures to deal with "surplus" staff.

Box 3. PRR in Ministry of Public Health

The Ministry of Public Health (MoPH) is considered one of the models of PRR, and a success in terms of broader PAR. Indeed it even won a certificate of good performance and a minibus from the IARCSC in recognition of its efforts. There has been a number of positive changes at MoPH, including the completion of PRR in two of the six directorates, including all the Provincial Health Offices. Many of the significant changes took place early in the reform process, and were driven by strong leadership within the ministry, coupled with high levels of donor commitment — both in terms of financial resources and in terms of commitment to pushing the reform processes forward. Critical components of this success included the emphasis on the importance of the human resource function, including the upgrading of this function to directorate level and the staffing of the Human Resource Directorate with experienced and competent national and international staff. Even in this "model" ministry, however, serious problems remain. Interviewees at the ministry identified the following as being of particular concern:

- The overall lack of political commitment to the reform process.

- The corruption of the Lateral Entry Programme. Some individuals have allegedly been hiring their friends and relatives through this programme.

- The continued patronage networks. Effects of this have included the resignation of a qualified staff member brought in through the PRR process who did not have the necessary support from powerful people within the ministry.

- The continued training and "capacity-building" of individuals who are never going to have the capacity to carry out their jobs adequately.

- The continued difficulty of hiring on PRR scales, which are below market rates.

- The growth of some departments as a result of PRR beyond the extent planned. This is caused by continued pressures to hire unqualified staff, or, in the absence of a severance package, by the need to accommodate those who did not successfully compete for a PRR post.

The results of all these issues mean that there is continued reliance on specific units within the ministry, which are staffed by consultants, paid substantially higher rates than government salaries. There is concern that the proposed Reform and Implementation Management Unit (RIMU) may perpetuate this problem.

IV. What can we learn from PAR elsewhere?

Given the problems encountered in Afghanistan, it is useful to review other countries' experiences with PAR and identify conditions that have helped promote successful reform elsewhere. The plentiful literature on PAR in developed and developing countries chronicles the failures of many PAR programmes. As one analyst observes:

> Most reforms in government fail. They do not fail because, once implemented, they yield unsatisfactory outcomes. They fail because they never get past the implementation stage at all. They are blocked outright or put into effect only in tokenistic, half-hearted fashion.[6]

Different kinds of reform — decentralisation, new public management approaches, capacity-building — have all shown themselves equally prone to failure. Despite widely different contexts, international experience suggests that six elements are needed for PAR to have any chance of success:

1. Domestic political leadership

The importance of political commitment to PAR is highlighted repeatedly in the literature. As one reviewer noted:

> It is a truism, but one important to restate, that any system in public administration which does not have the support and political commitment of the governing elite is unlikely to make much progress . . . the key to the whole process of public administration reform is political commitment.[7]

The tendency for reform initiatives to be hosted in public service commissions can undermine success, because such commissions often have relatively little power in the face of ministries (and ministers) who may object to reform. Distrust between finance ministries and civil service commissions or ministries is particularly common. This can only be overcome by strong political leadership:

> Ultimately only manifest backing for reform on the part of political leaders [can] ensure that the various ministries and departments make reform a priority. Put bluntly, officials are more likely to pick up the baton of reform and run with it if the head of the government is breathing down their necks (and the necks of their respective ministries).[8]

2. A clear focus on end results

To ensure that there is acceptance and support for PAR on different levels of the civil service, there needs to be a clear focus on end results. This might be defined as greater efficiency, quicker service delivery, or reduced corruption. Whatever goals are chosen, reforms need to be linked directly with expected results, making them relevant to the responsibilities of mid-level civil servants. This extends the relevance of reform beyond central agencies and senior leaders.

3. Popular demand

Public expectations are crucial to providing the motivation for change. PAR has historically been most successful in countries where citizens have had the opportunity to make their voices heard and hold public officials accountable.[9] This is very difficult to achieve; even developed countries have

[6] Polidano, C., 2001, *Why Civil Service Reforms Fail,* IDPM Public Policy and Management Working Paper 16, Institute for Development Policy and Management: Manchester. There are numerous other reviews that reach the same conclusions. See, for example, Kiggundu, M., 1998, "Civil Service Reforms: Limping into the Twenty-first Century" in Minogue, M, Polidano, C., Hulme, D., eds, *Beyond the New Public Management: Changing Ideas and Practice in Government,* Elgar: Cheltenham, UK.

[7] Lucking, R., 2003, *Lessons on Best Practice in the Approach to Effective Civil Service Training,* UNDP: New York, pp 18, 23.

[8] Polidano, C., 2001, *Why Civil Service Reforms Fail,* p 14.

[9] Manning, N., 2001, "The legacy of the new public management in developing countries", *International Review of Administrative Sciences* 67: 297-312.

seen a lack of popular demand for PAR. On the other hand, there have been interesting grassroots initiatives in support of PAR in India and elsewhere.[10] Initiatives to raise popular demand need to link mechanisms of downward accountability (of civil servants to citizens) with upward accountability (of civil servants to managers).

4. Norms or values: institutional change

Formal rules can be relatively easily changed, but cultural rules and values take much longer to change. While more training, more qualified staff and organisational restructuring can improve organisational capacity, broader institutional reform is necessary for sustainable improvements to be made. As one analyst commented:

> It has been learnt that even what are technically "first-best" solutions are unlikely to work in highly politicised environments, where the informal rules of the game (rent-seeking, extortion, whatever) dominate the formal rules of the game.[11]

The literature shows that the process of institutional change is very slow, and requires a carefully targeted approach, with strong political support, and a commitment from donors to do no harm (see below).

5. Donor behaviour

Some kinds of donor behaviour damage reform efforts, for example failing to coordinate with other donors and designing programmes largely out of country, according to perceived models of best practice. Numerous analysts and authors have argued for the "need to redefine the development process as the stimulation of local performance". This would require a shift in focus away from pol-

icy — what "should be done" — to questions of implementation — that is, how to achieve sustainable results.[12] This includes working through national priorities, systems and processes (including the national budget) rather than establishing parallel processes. In general, project management units[13] should be avoided, because although they may be helpful in the short-term they can be detrimental to long-term institutional development.[14]

6. Realism and long timeframes

Changes to public administration affect power structures, patronage networks and people's livelihoods. Even such apparently apolitical tasks as capacity-building may challenge entrenched interests and involve operational changes for agencies or organisations.[15] It is therefore important to remain realistic about what level of reform is possible. It is also important to maintain a long-term perspective, since short-term interventions may damage long-term institutional change.[16]

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[10] Goetz, A.M. and Jenkins, R., 2001, "Hybrid Forms of Accountability: Citizen Engagement in Institutions of Public-Sector Oversight in India", *Public Management Review* 3: 363-83.

[11] Teskey, G., 2005, *Capacity Development and State Building: Issues, Evidence and Implications for DFID*, report for DFID, p 12.

[12] Bossuyt, J., 2001, *Mainstreaming Institutional Development: why is it important and how can it be done?,* European Centre for Development Policy Management: Maastricht.

[13] Project Management Units (PMUs) are sometimes used to fill in the technical skills gap in the administration of development assistance programs or when regular civil service staff are unable to take on the additional tasks required by new development projects. They are also referred to as "autonomous units", "enclave projects", "Project Implementation Units" and "Special Management Units (SMUs)".

[14] OECD Development Assistance Committee, 2005, *Living up to the capacity-building challenge: lessons and good practice,* OECD: Paris.

[15] Teskey, G., 2005, *Capacity Development and State Building.* For the difficulty of capacity-building, see also OECD Development Assistance Committee, 2005, *Living up to the capacity-building challenge.*

[16] Bossuyt, J., 2001, *Mainstreaming Institutional Development.*

V. What does PAR in Afghanistan need to succeed?

Afghanistan scores poorly on all six elements necessary for successful PAR. As a very fragile state, weak political leadership is inevitable, not only in relation to PAR. Changes in government following the September 2005 parliamentary election meant the involvement of a host of new players, all of varying political understanding and commitment. PAR is part of the complex political process which sees political alliances shifting and changing on a frequent basis (for example, between the Office of the President, the Ministry of Finance and the IARCSC). It is important to understand that attitudes to PAR may fluctuate with relations among actors of varying commitment to PAR.

In such a dynamic political environment, it is important to ensure that the key players are strong and consistent supporters of PAR processes. Asking Afghan and international policy-makers to name the champion(s) of PAR in Afghanistan produces a variety of answers — but senior ministers are never named. That said, there have been signs that key policy-makers are beginning to take an interest in PAR. A cabinet committee on PAR, chaired by the president, has been established and meets each month. The PAR Steering Committee (which replaced the Ministerial Advisory Committee) also meets on a regular basis. It is important to build on this momentum, ensuring collective commitment from the cabinet and individual commitment from ministers.

The president and cabinet must make significant political decisions to allow the PAR programme to move forward. These include decisions on:

- **The overall structure of government and prioritisation of ministries for reform.** It is still unclear whether the number and configuration of ministries is finalised after the last reshuffle.

- **Salary issues.** A significant decompression of the salary scale and a general wage increase are necessary if qualified staff is to be attracted to the civil service. There is still a lack of understanding about the importance of decompression.

- **Redundancy arrangements.** A policy has to be set to deal with those whose jobs are cut. Proposals have been prepared.

- **Retirement.** A clear retirement policy must be introduced for the civil service. Proposals have been prepared.

- **The government's role in different sectors.** This is necessary for the government and its partners to be able to agree on the appropriate size and skill-mix of ministries.

Government and donor commitment to the IARCSC also needs to be strengthened, since it is the task of the IARCSC to provide stable leadership in Afghanistan's shifting political environment. If the Commission is to steer a more ambitious reform programme, staffing and other issues must be addressed. Suitable staff must be found to strengthen the chairman's office, and key senior and middle management positions need to be filled.

These various decisions on policy and structure, as well as the political commitment backing them, are essential to the PAR process and to the achievement of the extremely challenging Afghanistan Compact and I-ANDS benchmarks. More importantly, if these issues are not addressed, the Afghan people will continue to encounter a public administration that is poorly functioning, often corrupt and unable to provide services. This will have serious effects on government legitimacy and potentially on state stability.

VI. Ways Forward

International experience suggests that the pre-conditions for successful public administration reform are lacking in Afghanistan. Political commitment to the reform process is weak, and the overall context is not conducive to successful reform. As expected, the level of progress to date has been low. All of this is acknowledged in the I-ANDS and by the donors leading the overall reform effort. It appears that ongoing failure, or at least very minimal success, of the PAR programme is inevitable. But because it remains critical to Afghanistan's overall development, discontinuing it is not an option.

So what can be done to support the reform of public administration? Can we look outside the menu of normal PAR interventions, and find ways to make the environment more supportive of reform? The following is an exploration of possible ways forward — not intended to replace an appropriately resourced and monitored PAR programme, but rather to act in synergy with it.

1. Ensure that PAR is closely linked to the development of the ANDS and the monitoring of the Afghanistan Compact, and that these processes are mutually reinforcing.

Progress on PAR is essential to meeting many of the benchmarks laid out in the Afghanistan Compact — not only those explicitly related to PAR. The current political momentum surrounding the Compact can be used to spread among key players the understanding that PAR is a prerequisite for success in other sectors.

There is also a need to ensure that the ANDS process fully make use of the extensive work that has taken place in PAR over recent years. Some aspects of PAR are politically sensitive (for example,

senior appointments), and may need to be dealt with outside of the regular ANDS processes.

New international players see the ANDS working groups as an opportunity to get involved in a given sector, even if they lack a thorough understanding of the history or the major issues. Unless there is close coordination and good communication between donors and government, this may lead to the establishment of parallel processes, which would undermine both established PAR mechanisms and attempts to bring together government planning processes through the ANDS.

2. Improve oversight of the public administration by elected representatives at national and provincial levels.

If ministers are reluctant to carry out reforms or make improvements in service delivery, the National Assembly can play a role in encouraging them. According to the constitution, ministers must report annually to the National Assembly, may be questioned at times, and can if necessary be removed from office by a parliamentary vote of no confidence. At a provincial level, the provincial councils also have a monitoring role, albeit weak, of provincial public administrations.[17]

Elected representatives are already proving themselves more active and vocal than many had anticipated. This has caused considerable discomfort among both the executive and some international players, who had become accustomed to rule by presidential decree. Parliamentarians have, for example, been regularly summoning key policy-

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[17] For a discussion of the monitoring role of provincial councils and the measures necessary to enable them to fulfil this effectively, see Lister, S. and Nixon, H., 2006, *Provincial Governance Structures in Afghanistan: from confusion to vision?,* AREU: Kabul.

makers such as the IARCSC chairman and the minister of finance to answer questions related to PAR. Such pressure will inevitably bring about changes in how government operates — already, the Ministry of Finance is piloting a process to increase subnational input into budget processes.

Of course, it is recognised that Afghanistan's democracy is in its infancy, and one of the dangers is that self-interest by parliamentarians might dominate the proceedings of the National Assembly. In order for elected representatives to carry out their oversight functions effectively they need to:

- have sufficient information about and understanding of administrative reform to judge whether progress is being made in particular ministries;

- have access to improved monitoring data on the performance of ministries and departments;

- be convinced of the importance of reform. The recent rejection by the Wolesi Jirga of the proposed budget provides a good example of the need for elected representatives to understand and agree on the overall reform strategy.

It is important, therefore, that donors support the training and capacity-building of elected representatives. Emphasis should be given to the centrality of administrative reform in achieving the government's development goals. This will involve working with the relevant sectoral commissions in both houses of the National Assembly.

3. Improve beneficiary demand for efficient and accountable public administration.

There are a number of different models for public-service delivery in Afghanistan, with different relationships between the state, service providers and the Afghan people, but almost all involve the gov-

ernment.[18] Making public-service providers more accountable to beneficiaries will eventually lead to demands for an improved public administration, although this is likely to be a very slow process. Lessons from other countries show how so-called social accountability measures can improve public-service provision — the end goal of public administration reform. Initiatives such as social audits, citizen report cards, community score cards, and user-committees have all helped citizens hold public administrations accountable. Other civil society organisations have also had a role to play.[19] In Afghanistan, these initiatives are supported by the constitutional right (article 50) to access to information, which must now be operationalised through legal provisions.

Social accountability measures are not entirely unproblematic. Civil society groups are not exempt from charges of self-interest and corruption. Nonetheless, improving citizens' ability to demand better public services contributes to the creation of an environment more supportive of PAR. Further analysis and experimentation should focus on finding initiatives that might work in the Afghan context. Donors and civil society groups should work together to look for creative ways to move forward on this agenda.

4. Develop a shared understanding of the role of the state, make monitoring information publicly available, and develop an active communications strategy.

It is essential to stimulate public debate on what the Afghan state should and should not do, thereby developing realistic expectations against which reality can be measured. Such debates cannot be held in the abstract, and will therefore develop over time — but discussions about practical issues,

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[18] For a helpful review see World Bank, 2005, *Afghanistan Managing Public Finances for Development,* volume I, World Bank: Washington, DC, Chapter 8.

[19] Ackermann, J.M., 2005, *Social Accountability in the Public Sector,* World Bank: Washington DC.

such as effective methods of service delivery, can be initiated. The ANDS consultation process is a perfect opportunity for beginning to do this. The monitoring mechanisms being developed around the ANDS process should also provide the necessary data to judge whether real progress is being made in government reform. This data should be made available and publicised in an accessible form.

There should also be an active communications strategy around public administration reform, both within the government and the wider public. Within the government, such a strategy would aim to build support for PAR among lower-level civil servants at reforming ministries or other branches of government. Today, these groups often fear and resist PAR.

A communications strategy should also inform the public about plans for public administration. This will help citizens understand what should be expected of public administration, that recruitment for posts should be open, and how to get involved with initiatives to improve accountability. It needs to be clearly communicated that PAR is a long-term process, and that expectations should be based on realistic goals.

5. Ensure that donors and other international actors do not undermine long-term public administration reform.

The most effective way to build sustainable capacity in public administration is to work through government processes and procedures, particularly the budget process. Donors need to consider their behaviour in six key areas.

First, they need provide adequate revenues (to complement inadequate domestic revenues) to cover the cost of the civil service. This would enable establishment of a reasonable incentive system.

Second, donors need urgently to review and change their policies with regards to salary "top-ups", funding salaries outside the core budget, and

other practices that detract from the effectiveness of PAR and take money away from it. For example, if the donor funding currently going to "top-ups" and to positions funded by the external budget were brought into the core budget, it would expand the resource envelope and enhance the effectiveness of pay reform.

Third, donors must consider whether their overall development approach and activities across sectors are undermining their PAR efforts. Some of the key PAR actors are also major PAR abusers in that they depend on project management units, which undermine long-term administrative reform and capacity-building efforts. Donors should also try to avoid competing with the civil service for the small supply of literate, educated Afghans. This is an extremely difficult area to tackle, as donors themselves are under are a lot of pressure to produce results. Nonetheless, donors need to recognise that unless they are more restrained in their salary practices, their stated goal of a competent civil service will never be achieved.

Fourth, while skilled international technical assistance is needed, this should consist of appropriately qualified and senior professionals who are available for the medium to long term. These consultants should be well supervised and their input and impact closely monitored. Reports consistently show that so far, much of the technical assistance involved in the PAR process has been very expensive and of poor quality. Assistance from different sources also needs to be much better coordinated, with appropriate lesson-learning between those working in different ministries and funded by different budgets. Some of the problems encountered by the IARCSC can be attributed to uncoordinated technical assistance, with consultants giving conflicting advice to different departments. One way of tackling this issue is for ministries to designate one lead donor per department. This lead donor would be responsible and accountable for the provision of technical assistance, with additional ministry-wide monitoring and oversight.

Fifth, public administration reform is such a critical issue that the sector has become very crowded. A programmatic approach to PAR should now be considered, with a shift away from individual donor projects toward a multi-donor trust fund, perhaps through the Afghanistan Reconstruction Trust Fund (ARTF). A number of new actors, including international military and Provincial Reconstruction Teams, have recently indicated that they too intend to get involved in PAR. It is important for such actors to consider what their comparative advantage is, and whether they have the necessary technical skills and cultural familiarity to make a contribution in the relatively short time periods for which they are typically available.

Sixth, it is also important for all donors to maintain long timeframes, and to make long-term funding commitments. In particular, predictability in the core budget would enable the government to establish a realistic fiscal envelope for salaries.

Donors should also attempt to develop a shared set of realistic expectations. It is now widely recognised that in the past few years too much was expected by government and donors, and too little was delivered. Given the environment, the aspirations of PAR in Afghanistan should be far more restrained than in other countries. In fact, expectations might be limited to basic management of human, financial and physical resources as well as basic planning, reporting, administration and communications — even though this might be uncomfortable for the home governments to which donors report.