



**UNITED NATIONS / WORLD BANK**

***(Re)Building Core Government Functions  
in the Immediate Aftermath of Conflict***

**A Joint Approach and Methodology for Assessing  
Key Issues and Priorities**

August 2016

***Redacted and revised***

## Preface

This report forms part of a response to growing calls for the United Nations, the World Bank and the International Monetary Fund to engage more systematically and coherently in post-conflict contexts and, indeed, in major crises affecting security and development. In 2013, the Secretary-General's Policy Committee called on these institutions to develop a joint approach and methodology to assess needs and improve the provision of support to core government functions in the immediate aftermath of conflict. This was echoed recently by the 2015 High Level Independent Panel on Peace Operations.

In the immediate aftermath of conflict (usually defined as the first three years after the cessation of widespread violence), the short-term objectives of international assistance are usually focused on stabilization. Three crucial asks in that period are to provide a minimum level of security, set in motion the beginning of an economic recovery and lay the initial foundation for long-term institutional development. Restoring core government functions thus becomes critical to send confidence-raising signals to the populace in the aftermath of conflict, to both project the authority of the state and for the delivery of services that secure stabilization and improve development outcomes.

What does it mean for international development partners to coherently engage on rebuilding core government functions? The very technical lens through which state-building has been attempted in the past has often failed to reflect what we know about how political stability and peace are consolidated and sustained. Each country has its own institutional and social legacies, and development is shaped by the interplay of endogenous and exogenous forces - political, economic, social and geographic - that play out in non-linear ways over time. Countries emerging from conflict do not look the same. Sometimes the state has been eroded by conflict, in others cases there has never been a functioning state in much of the country or the institutional story has been one of gradual decay since the end of a colonial regime that was in place primarily to extract resources. And there is often a vicious cycle in weak states: they cannot deliver the most basic of public goods nor project their authority to raise sufficient confidence amongst the populace so that various domestic actors make the choice to commit to the new political order rather than to take up arms – a dynamic that is necessary to emerge from cycles of conflict. The success stories tell us that any sustainable peace must be domestically driven, with external actors at times providing deft support at critical junctures or providing the “breathing space” through the provision of security and resources so as to enable local actors to forge a more durable political settlement.

The lessons learned over the past decade emphasize the importance of incorporating a political economy approach to building core government functions, the need for flexibility and adaptation to changing political and security circumstances, the management of risk and the importance of staying the course in the face of crises and temporary reversals. Rather than adopting comprehensive reforms or entirely new business processes, the aim is to build on existing institutional legacies, adapt existing systems and work in an incremental manner. Active management of risk is necessary in this process. For example, the political imperative of confidence building may call for payment of civil service salaries to resume before mechanisms for management of fiduciary risk have been fully implemented, and aid must not be pulled back at the first sign of a crisis. There will always be trade-offs between introducing the basic building

blocks of public financial management, and it requires an understanding of the political realities of the need to distribute rents to create stability. A key requirement for a durable recovery is a political settlement that is sufficiently inclusive of the major elite coalitions having the capacity to mobilize organized violence.

Partnerships and risk sharing can enable greater flexibility in providing support, through enhancing the areas where one partner has a comparative advantage, whether it is geographical access, depth of technical expertise or an explicitly political mandate. For example, in the Central African Republic (CAR) in 2014 the World Bank and UNDP developed a joint strategy to register 31,000 civil servants in newly-formed transitional government, and mobilized more than USD 12 million to restart the payment of salaries to public and security sectors in that year. This joint support resulted in savings of an estimated USD 6.6 million in recurrent expenditure, and contributed to an estimated 71% increase in domestic revenue to support the transitional government by December. Most importantly, however, it contributed to immediate confidence building and commitment by the international community to the transitional government, enabled restoration of some basic service delivery, and stabilized certain key core government functions. In the very different context of the FASTRAC Facility in Southern Philippines, the UN and World Bank have effectively worked together, leveraging each other's comparative advantages in supporting the peace process.

-----

Knowing the complicated reality, and that it is impossible to know what exactly lies ahead in the immediate aftermath of conflict, how does the international community work in establishing core government functions, in light of the short time horizons of a political transition and where there are a multitude of overwhelming priorities vying for attention? A start is a shared vision of the situation in a given post-conflict context, of the key issues in terms of a country's political economy that might guide thinking about which technical priorities are most important and how these are carried out and sequenced.

The purpose of this document is to provide governments and donor partners with an overview of key issues for assessing and supporting core government functions in the immediate post-conflict period. The framework covers the following areas: context, including capacity, politics and security; executive coordination at the centre of government; public finance, covering revenue and public expenditure management; government employment and public administration; security sector; local governance; and aid management, financing and donor relations.

This assessment framework has an extensive empirical foundation: a mapping of existing assessment tools; a review of major publications; interviews with experienced practitioners; and an analysis of a large number of UN and World Bank projects in post-conflict countries. In particular, it builds on the review of the UN system's country experiences in post-conflict public administration and capacity development, the Lessons Learned Review on UN Support to Core Government Functions<sup>1</sup>. Being in the nature of a toolkit that purports to be a selective synthesis rather than original analysis, footnotes and citations have been kept to the minimum. The report

---

<sup>1</sup> United Nations Development Programme (UNDP). 2014. *Restore or Reform? UN Support to Core Government Functions in the Aftermath of Conflict*. New York.

includes a summary of the objectives and guiding principles and priorities, organized according to thematic area, and the key diagnostic questions that should guide any assessment together at the end of the document.

Country level assessments and action plans will be driven by country demand, and may occur at different moments and through different assistance modalities. For example, an assessment of core functions could take place as part of the formulation of a peacekeeping mandate or assessment of early recovery needs that offers a platform to help governments and national stakeholders prioritize key activities in response to conflict, and to avoid early fragmentation of international support in these contexts (through building financing and coordination platforms). It may be an input into a full post-conflict needs assessment (now termed a Recovery and Peace-Building Assessment). The thematic chapters could also be used to guide more focused assessments of specific topics.

The framework is being piloted in several countries, and the hope is that it influences the way in which country dialogues are undertaken and engagements are crafted. It is hoped that a shared understanding of context might provide a platform for post-conflict assistance around which the broader international community can coalesce.

## Acknowledgements

This paper draws extensively on a July 2014 report authored by a United Nations/World Bank team led by Salvatore (“Rino”) Schiavo-Campo, with major inputs from Sakuntala Akmeemana, Robert Beschel, Jago Salmon, Marijin Verhoeven, Peter Feaver and Nicolas Garrigue, with contributions from Izzah Malik, Emily Baddock, Vicky Lemieux, and Rose Worden. The task managers were Nicholas Leader and Jago Salmon (United Nations) and Sakuntala Akmeemana (World Bank). The designated peer reviewers for the original output were Derek Brinkerhoff, Simon Gill, Finn Reske-Nielsen, William Byrd, Sarah Phillips and Anand Rajaram.

After extensive feedback on the original report, and experience in piloting the framework in several country contexts, this redacted and revised version was produced in 2015 and 2016 by Sakuntala Akmeemana (World Bank, team leader), Jairo Acuña-Alfaro (United Nations Development Programme, UNDP), Jago Salmon (Peacebuilding Support Office, PBSO), and Rachel Lemay Ort (consultant). Comments were also provided by colleagues from the International Monetary Fund: Masahiro Nozaki, Richard Allen and Andrew Okello, and UNDP: José Cruz-Osorio and Aditi Haté. The report was prepared under the overall supervision of Patrick Keuleers and James Brumby.

This report has been financed with the generous support of the UN/WB Trust Fund.

We are sincerely grateful for all the valuable contributions, comments and suggestions received from colleagues along the way, in particular: Vivek Srivastava, Henk-Jan Brinkman, Nigel Roberts, Rahul Chandran, Sarah Cliffe, Marco Donati, Amita Gill, John-Mary Kauzya, Madelene O’Donnell, Eugenia Piza-Lopez, Charmaine Rodrigues, Paul Sisk, Albert Soer, Joel Hellman and Yongmei Zhou. The team is solely responsible for any remaining inaccuracies.

*New York and Washington, D.C., August, 2016*

## Table of Contents

<b>Preface</b> .....	<b>2</b>
<b>Acknowledgements</b> .....	<b>5</b>
<b>Table of Contents</b> .....	<b>6</b>
<b>Chapter 1. Introduction</b> .....	<b>8</b>
1.1 Purpose, scope and limitations .....	8
1.2 Structure of this report .....	9
1.3 Basic concepts .....	9
1.4 Trade-offs and risk management .....	10
1.5 Common challenges.....	10
1.6 Lessons from experience.....	11
<b>Chapter 2. Taking Context Seriously: Institutional Legacies, Capacity, and the Political Settlement</b> .....	<b>12</b>
2.1 Capacity .....	12
2.2 The political dimension .....	12
2.3 Security.....	14
2.4 The importance of gender .....	15
<b>Chapter 3. Executive Coordination at the Centre of Government</b> .....	<b>16</b>
3.1 Objective .....	16
3.2 Executive coordination in a post-conflict setting .....	16
3.3 Principles.....	17
3.4 Priorities .....	18
<b>Chapter 4. Public Finance: Revenue and Expenditure Management</b> .....	<b>20</b>
4.1 Objective .....	20
4.2 Public finance in a post-conflict setting .....	20
4.3 Principles.....	21
4.4 Priorities .....	21
<b>Chapter 5. Government Employment and Public Administration</b> .....	<b>26</b>
5.1 Objective .....	26
5.2 Government employment and public administration in a post-conflict setting .....	26
5.3 Principles.....	27
5.4 Priorities .....	27
<b>Chapter 6. Security Sector</b> .....	<b>33</b>
6.1 Objective .....	33
6.2 Security sector in a post conflict setting.....	33
6.3 Principles.....	34
6.4 Priorities .....	34
<b>Chapter 7. Local Governance</b> .....	<b>39</b>
7.1 Objective .....	39
7.2 Local governance in a post-conflict setting.....	39

7.3 Principles.....	40
7.4 Priorities .....	41
<b>Chapter 8. Aid Management, Financing and Donor Relations.....</b>	<b>44</b>
8.1 Objective .....	44
8.2 Aid Management in a post conflict setting.....	44
8.3 Principles.....	44
8.4 Priorities .....	44
<b>Chapter 9. Diagnostic Questions – Context and Core Government Functions.....</b>	<b>49</b>
<b>9.1 Context: Capacity, Politics, and Security .....</b>	<b>49</b>
<b>9.2 Executive Coordination at the Centre of Government.....</b>	<b>51</b>
<b>9.3 Public Finance: Revenue and Expenditure Management.....</b>	<b>53</b>
<b>9.4 Government Employment and Public Administration.....</b>	<b>55</b>
<b>9.5 Security Sector.....</b>	<b>58</b>
<b>9.6 Local Governance.....</b>	<b>60</b>
<b>9.7 Aid Management, Financing and Donor Relations .....</b>	<b>64</b>

## Chapter 1. Introduction

In March 2013, the Secretary General’s Policy Committee called upon the United Nations, the World Bank and the International Monetary Fund to develop an approach and methodology for the rapid needs assessment of Core Government Functions in order to improve the provision of fast, flexible and appropriate support to restoring the basic functionality of core systems in the immediate aftermath of conflict.”<sup>2</sup> This decision followed from the Secretary-General’s *Report on Peacebuilding in the Immediate Aftermath of Conflict*,<sup>3</sup> the independent report of the Senior Advisory Group on *Civilian Capacity in the Aftermath of Conflict* and a review of the UN system’s country experiences in post-conflict public administration and capacity development, the *Lessons Learned Review on UN Support to Core Government Functions* (UNDP, 2014).

### 1.1 Purpose, scope and limitations

The United Nations has an extensive architecture on peace and security and on humanitarian assistance in the immediate aftermath of conflict, but its focus on core government functions in these fragile contexts has waned since its support of the decolonization process half a century ago. The World Bank has a long record of experience with public sector management and financial assistance, the latter in conjunction with the International Monetary Fund, but in relative isolation from the broader peace-building and state-building agendas.

As a result, when international interventions are fielded in the immediate aftermath of conflict, systematic diagnoses of core government functions are rarely undertaken. Consequently, the links between these core functions and the longer-term peace- and state-building agendas are often neglected. Drawing on extensive empirical material and the lessons of international experience, this report provides a *selective synthesis* of diagnostic issues and priority measures that are *likely* to be applicable in *most* countries emerging from violent conflict.

*The objective of this report is to provide government and donor partners with an overview of the key priorities and actions required to re-establish core government functionality in the immediate aftermath of conflict.* This report is not intended to be an “off the shelf” assessment, a toolkit or a manual. This report aims to identify core priorities, guiding the reader to draw on a wealth of available material on all seven core government functions for implementation guidance. The annexes contain a summary of the key diagnostic questions that should be asked in every post-conflict situation.

As distinct from other diagnostics, this report covers only core functions of government and focuses on the first three years after the end of major internal violence when external actors have the mandate or political authorization to engage, often through a Security Council resolution. Core Government Functions are defined as those functions required to make and implement policy. The core government functions covered are: executive decision-making and coordination at the centre of government; public revenue and expenditure management; government employment and public administration, including the security sector; local governance and aid management.

---

<sup>2</sup> Decision No. 2013/8 of 19 March 2013 (*Update on UN Assistance in Public Administration in Post-conflict Situations*).

<sup>3</sup> Secretary-General’s report A/63/881 – S/2009/304.

The goal of bringing this guidance into a single report is to facilitate the consolidation of assessment material, improve coordination between the UN and WB, and avoid siloed sectoral assessments. If it succeeds in its objective, this report can provide a platform for post-conflict cooperation around which many donors and agencies can coalesce, not only the UN and the World Bank.

## 1.2 Structure of this report

The report is divided into thematic chapters which can be used either as modular guidance to support separate thematic assessments, or comprehensively to support the diagnosis of all core functions. The thematic chapters can also be combined with other tools covering areas that are not addressed in this report, for example a specific tool for assessing the functionality of the security sector could be complementary to the PFM section. It can therefore be seen either as a self-standing appraisal or as the first stage of a comprehensive needs assessment exercise with a larger scope and a longer timeframe.

This report has been designed to enable any user to gain rapid familiarity with the key lessons and observations within each area of core functions, whilst also suggesting indicative key questions and issues that can be inserted directly into an assessment. This report, as such, provides a platform for the preparation and design of future country-level assessments and action plans. For example, an assessment of core functions could take place as part of the formulation of a peacekeeping mandate or assessment of early recovery needs, or may be postponed to a section of a full post-conflict needs assessment.

This methodology will be pilot-tested in three post-conflict countries. The field-testing will, among other things, serve to streamline and prioritize the diagnostic framework proposed in each chapter, and define the report uses, limitations and applicability as a guide for post-conflict assistance. Following field-testing, the report will be further revised in final form, published and disseminated widely.

## 1.3 Basic concepts

The intertwined *basic concepts* relevant to this assessment are state legitimacy and government capacity, underpinning virtually the entirety of the analysis and recommendations. The main *criterion* to identify commonalities is that the burden-of-proof is on including questions and actions likely to be particularly important in the immediate aftermath of conflict *unless* otherwise demonstrated by fieldwork. The major *implications* of this approach for the analysis of key issues and priority actions in the immediate aftermath of conflict are three:

- *Appropriate balance between diagnosis and recommendations.* It is more feasible to advance recommendations in some core government functions than others. Consequently, the diagnostic/prescriptive balance depends on the government function in question, as well as on the extent of prior evidence and experience available.
- *Selectivity is a must* - whether in the diagnosis or the recommendations - owing to the multiplicity of urgent needs, the limited initial capacity and the need to focus assistance where it can do the most good.

- *Sequencing is key.* Consistent with the need to reconcile the immediate urgencies with the medium and long-term recovery, diagnostic questions must be chosen and recommendations must be advanced that are a priority both logically and chronologically.

#### **1.4 Trade-offs and risk management**

This report recognizes explicitly that the challenges of rebuilding core government functions, like the broader challenge of state-building, are by necessity context-specific and call on users to recognize political processes as essential to understanding this context. Strategies to restore core government functions will always present trade-offs which need to be recognized and actively managed through prioritization and sequencing.

Even though this report is limited to the early post-conflict years, certain aspects must be clarified and actions taken more urgently than others, with the groundwork being laid for the subsequent actions. In the immediate aftermath of conflict, this will require necessary trade-offs between political priorities, technical criteria and normative principles. For example, the political imperative of confidence building may call for payment of civil service salaries to resume before mechanisms for management of fiduciary risk have been fully implemented.

Management of these trade-offs requires identifying the specific fiduciary, political and organizational risks presented by a major intervention, engaging actively in the formulation of strategies to manage these risks in a nimble and flexible way and acquiring the ability to respond and adapt to rapidly changing circumstances.

#### **1.5 Common challenges**

While each post-conflict situation has its own genesis and unique features, most countries share a number of *common challenges* that influence heavily the task of rebuilding core government functionality, including mainly:

- *Low state capacity* to carry out the core functions of governing a population and its territory, and lack of the ability to develop mutually reinforcing relations with society. This is compounded by often very inadequate transportation and communication links.
- *Low levels of positive social capital.* Trust is the first casualty of violent civil conflict, and the low levels of trust among individuals and groups generate, among other things, a breakdown of voluntary compliance with formal and informal norms.
- *High levels of fear and uncertainty* arising from the generalized sense that the normal rules of human interaction have ceased to operate and that violence could re-emerge at any moment. This uncertainty, in turn, contributes to pervasive insecurity, the inability to have a longer-term perspective, and an ever present risk that small problems - which could otherwise be easily managed - escalate into something much more problematic.
- *A relative dearth of timely and accurate information.* Archives or records are often missing or unavailable; statistical agencies may have ceased functioning; access to significant parts of the country is lacking; and agency staff may have emigrated, taking important institutional knowledge with them.

## 1.6 Lessons from experience

Efforts to help rebuild core government functionality should respect lessons learned through experience. These do not constitute a package of prescriptions to be followed in its entirety, but rather should inform the ways in which post-conflict assistance is conceptualized and devised.

- *Avoid tabula rasa fallacies.* Almost all post-conflict countries possessed central institutions prior to the conflict. It is important to build on what institutional legacy remains, albeit without replicating inefficient or illegitimate systems. Rather than adopt ambitious or comprehensive reforms, adapt existing systems and work in an incremental manner.
- *Provide assistance without creating chronic dependence.* In most cases, recovery requires substantial external assistance. Yet, aid can create parallel delivery systems and economic distortions that crowd out local initiative and organizations, as well as preventing long-term capacity development. Ensuring that assistance supports national capacity, builds country systems, and is based on national ownership is essential to avoiding risks of chronic dependence.
- *Re-establish confidence in government.* The pressing need to restore state legitimacy and credibility demands the provision of “quick-wins” and of visible benefits on the ground. The diagnosis of which essential functions and services ought to be provided as a matter of priority, as well as where and how they are to be *delivered*, is almost entirely country-specific. Actions to reduce abuse and harassment of citizens by state actors can contribute to trust in government as much or more than active service provision.
- *Accept the probability of temporary reversals and setbacks.* Post-conflict situations are highly fluid, and recovery and institutional reconstruction processes have been characterized by setbacks and crisis as well as progress. Active management of risk and flexibility is necessary both in the process of strengthening core government functions as well as in the exercise of the functions themselves.
- *Ensure that decision-making is informed by empirical evidence.* A simple and flexible mechanism for rapid survey and information gathering should be established to obtain an understanding of key grievances, monitor citizens’ trust in state institutions; and develop a quick-assessment capability for raising the impact of reconstruction policies and assistance.
- *Address immediate needs without compromising long-term objectives.* Perhaps the most difficult single challenge in post-conflict situations is navigating successfully between the urgencies of the present and while keeping an eye on the long term. Managing it successfully requires three inter-related approaches. Among the many ways in which to address the immediate urgencies, one should: identify and implement those variants which will *also* facilitate the building of durable local institutions; avoid taking those measures which may solve immediate problems but risk jeopardizing sustainable capacity development; and, when certain measures with adverse long-term implications are unavoidable, ensure an exit strategy and a transition to more sustainable policies.

## Chapter 2. Taking Context Seriously: Institutional Legacies, Capacity, and the Political Settlement

The short-term objectives of assistance are usually focused on stabilization: to provide a minimum level of security and the space for a more sustainable political settlement to be forged, set in motion the beginning of an economic recovery and lay the initial foundation for long-term institutional development. Capacity and political stabilization in many ways determine the degree to which the state can act as an instrument of policy and provide the basic variables for an assessment of the context surrounding core government functions in the aftermath of conflict.

### 2.1 Capacity

The first and broadest consideration is whether institutional and human capacities are closer to a blank slate at one extreme or relatively high at the other, being mindful of the fact that it is not only conflict that constrains capacity and that baseline national capacity can often be very low. This question is relevant for the country generally and for each core function of government. Three aspects of capacity are of particular importance:

- *Institutional and organizational*: Almost all post-conflict countries possessed central institutions prior to the conflict, and in many cases core systems, particularly centralized systems, may have remained largely unaffected by violence itself. Nevertheless, peace agreements or changes to basic law may bring into question their relevance or validity. It is important to understand what institutional legacy remains, while also understanding where specific commitments have been made in peace agreements to reform systems of the past.
- *Human Capacity*: Depending on country context, baseline educational levels may be poor. Civil servants may have been displaced or have emigrated to safety; basic and advanced training facilities may be destroyed; and in many cases, institutional memory has been lost through the destruction of data. Cross-government personal and functional relationships that are critical to the functioning of state agencies may have been disrupted. Trauma and uncertainty prevail, and are a hidden part of the legacy of conflict that affects people at all levels.
- *Physical infrastructure*: The destruction of government buildings and equipment can prevent public agencies from being re-established. The loss of transport and communication networks may isolate particular regions and limit the extension of the state. The degree of destruction has varied widely.

Regardless of the starting conditions, recognizing the length of time it can take to restore minimal institutional, human and physical capacities, it is essential to restart efforts to build national capacities as early as possible in the aftermath of conflict. In most cases, recovery will require substantial external assistance.

### 2.2 The political dimension

In addition to recognizing the capacity of remnant systems, any assessment of core government functions needs to be based on an understanding of prevailing political economy dynamics and the nature of the settlement that ended the conflict. Critically, rebuilding core government functions

must be viewed and implemented in light of the imperative to support an evolving political settlement that is robust enough to restore peace and sufficiently inclusive as to be legitimate and durable.

Political settlements are the formal and informal arrangements among elite groups that regulate competition over power and resources. A key priority for durable restoration of security and order is a political settlement that is sufficiently inclusive of the factions that have the capacity to mobilize organized violence. The nature of the settlement will depend on the rents and resources available, as well as the relationships between the major factions and the wider society. To control violence in a sustainable way, benefits need to accrue to the various groups in line with their relative power.

The political settlement affects the shape of core government instruments of public policy and allocation of resources. Conversely, those instruments and resources can often be used to pursue positive political outcomes. Arriving at a more nuanced and sophisticated understanding of a specific relationship between politics and administration is thus necessary for effective rebuilding of core government functionality. Policies to strengthen core government functions should be designed in part to help stabilize the political situation and support an inclusive political settlement. When so designed, these instruments can provide the means to bring political opponents and potential spoilers “into the tent”; give disaffected groups a stake in the new political and economic order; reward supporters and allies; and meet the population’s expectations of a peace dividend.<sup>4</sup>

A rudimentary sense of fairness in the eyes of the population is necessary for enduring stabilization. Though a certain amount of rent-sharing, capture, and corruption is likely in the immediate aftermath of conflict, credible signs of a break from the past can buy a new regime time for institutional change. These should focus on security, justice, and creating the conditions whereby citizens can earn a living. A further sign of change is the willingness of post-conflict governments to reach out and gradually engage previously marginalized or excluded constituencies. Transitional periods may provide the opportunity to expand political participation to include a wider spectrum of political groups, civil society and the public.

In the absence of a state structure that has been agreed upon and its geographic articulation (into national and sub-national levels), it may not always be possible to work directly on restoring core government functions until a minimum of political consensus has been reached on key structural issues such as territorial organization or the system of government. Supporting temporary or quasi-state structures may be necessary for the sake of short-term stability. Actively managing the transition from temporary arrangements towards agreed governing institutions is a key step in consolidating institutional development, and avoiding solidifying power relations that would not last except for external assistance.

---

<sup>4</sup> Assessments of local governance and intergovernmental relations need to be viewed from this perspective as well. Often, centre-periphery relations have been core drivers of the conflict, and the way in which local governance and intergovernmental relations evolve is central to support the emerging political settlement and accommodate various regional interests.

## 2.3 Security

Providing security for the citizens is the most basic responsibility of an organized state, and the restoration of public order and of basic security of person and property is the single most important element of post-conflict consolidation and a precondition for sustainable, longer-term development and state building. The following section focuses primarily on security as the backdrop to the establishment of core government functions. Chapter 6 focuses on the security sector.

The provision of security and the strengthening of civilian functions are complementary. Rebuilding the civil service and capacity in other core functions cannot realistically proceed below minimum-security thresholds. Since security is a continuum, pragmatic and context-specific decisions must be made about how much security is needed and where.

The provision of basic security is reinforced by the restoration of other core governmental functions, but cannot wait for success in those areas. At the same time, it is undesirable and unnecessary to wait until the entire territory is secured before commencing the process of institutional rebuilding. Expectations must be adapted to what can be attained in the immediate post-conflict period. Pockets of conflict may remain, including violence targeting international operations, or indirectly impacting on the ability of operations to function.

Some justice and law enforcement functions were likely performed even during the conflict, and the emphasis after the end of conflict should be to build on what exists, adapting expectations to what can be achieved in the immediate post-conflict period. This is especially the case for the resolution of routine disputes and social problems that did not relate to the cleavages of the central conflict and on geographic areas outside the main locations of conflict. If the existing dispute resolution mechanisms and the norms they apply have legitimacy amongst the broader population, in the immediate aftermath of conflict it is better to allow them to continue to function even if they are far from ideal. The risks of attempting to supersede them with new formal dispute resolution procedures are potentially serious, risking a vacuum of authority.

The emphasis should be on controlling major crime, whilst exhibiting rudimentary fairness to citizens, so as to build legitimacy and signal a break with the past. The most pressing concerns for the population in the immediate post-conflict period are likely to be the control of violent crime (murder, rape, robbery, serious assault), street crime (to allow for freedom of movement) and a return to 'normality' (where crime occurs, law breakers are dealt with in non-lethal ways). The most important role of the courts in the immediate post-conflict period is to deal with serious criminal cases.

The immediate post-conflict period requires compromises and special security or justice measures, particularly to support the evolving political settlement, with a premium on selectivity and pragmatism. The goal of external assistance is not only to immediately restore minimum security, but also to help local actors transition to a situation where they provide for their own security through durable arrangements that can address the underlying structural and social causes of the armed conflict. To be sustainable, security and law enforcement must be administered in broadly acceptable and reasonably even-handed ways, and without excluding large parts of the population.

## **2.4 The importance of gender**

The redistribution of power typically entailed by a post-conflict political settlement may offer an historic opportunity to reshape long-standing patterns of gender exclusion, by increasing women's representation in politics and the administration. On the one hand, achieving greater formal political representation is not in itself sufficient to improve the status and condition of women. In particular, an expansion of women's formal rights cannot translate into actual gains in the absence of security for women, especially in a context where the reach of the state is limited. On the other hand, even in cases where attempts to promote women were not immediately successful, significant results have been achieved in post-conflict countries.

Post-conflict reconstruction programs and donor pressure may also help open up new opportunities for women. The potential is especially significant in public administration, where donor financing in the immediate aftermath of conflict can encourage appropriate forms of gender-based affirmative action in government recruitment, as discussed in Chapter 5. The "political moment" may also bring in a larger pool of educated women from the diaspora, who have access to elite networks and international actors. Indeed, a number of countries that have seen peacekeeping missions in the last decade have significantly higher numbers of female parliamentarians than the world average. The issue of expanding opportunities for women ought to be viewed in the context of the general need to progress from accommodation among powerful groups to greater inclusiveness.

## Chapter 3. Executive Coordination at the Centre of Government

### 3.1 Objective

Few tasks are more important for the effective functioning of government than leadership and coordination from the top of the executive branch. When the centre functions effectively, collective expertise from across the public sector can be mobilized and brought to bear on the most pressing decisions confronting the country. Once policy decisions are taken, the executive office oversees and monitors their implementation. In post-conflict settings, reality often diverges from this ideal.

*The general goal is to progress from an environment where decision making is largely ad-hoc and based upon personal relationships and opaque processes, towards one in which the decision-making process is more structured, routinized and predictable.*

### 3.2 Executive coordination in a post-conflict setting

At the end of conflict, new governments may be formed on the basis of power sharing arrangements, or drawn from military or rebel organizations. Government leadership may not previously have had experience in public administration, and the skills necessary to successfully lead or defeat an insurgency may not readily translate into the management of the public sector.

Furthermore, executive coordination at the centre of government sits at the intersection between the political and administrative elements of governing. As in other areas, it can be difficult to identify whether apparent dysfunctions in the policy coordination process are rooted in low capacity, or reflect broader political contests. Typically, political authority is concentrated in individuals, who rely upon personal and patronage relationships to wield authority. Business is conducted directly and orally. Issues are addressed in an ad-hoc and informal manner as required. Advisors are chosen for personal loyalty, and trained administrative staff is present in modest numbers or absent altogether.

- Even in settled countries, decision-making procedures and approaches can vary significantly depending upon the style of the chief executive. Some heads of state prefer strict protocols and information flowing through dedicated formal channels; others prefer a more informal approach and multiple flows of information. Some prefer back channels and relying upon a small coterie of informal advisors; others prefer a broader and more consultative style.
- In governments of national unity, or transitional administrations, allocation of responsibilities is generally driven by the politics of accommodation and reconciliation, rather than on the optimal managerial distribution of functions. This may undermine the possibility of cabinet solidarity around decision-making. Ministers may be former combatants with primary allegiance to select constituencies; notions of the national good may be abstract and not widely shared.
- If elections or constitutional consultations are imminent, ministers may avoid the cabinet and seek instead to use their offices to favour various regional, ethnic, or religious constituencies. Political competition during the interim is likely to be intense, and there are usually only weak frameworks for regulating such competition with the “rules of the game” only emerging over

time. Holding a formal political position can be an important legitimizing tool in the struggle for power, as well as an opportunity to accumulate wealth and patronage which are often essential for electoral campaigning.

### 3.3 Principles

The following principles normally guide the strengthening executive or Cabinet offices; in a post-conflict situation, these need to be applied flexibly in a manner consistent with the political and security situation:

- Building a commitment to *discipline*. Cabinet decisions need to be collectively binding upon all actors or the efficacy of the institution will erode. This can be particularly challenging where a post-conflict cabinet is composed of former opponents or competing factions during the conflict.
- Cabinet processes should be *transparent*, if not to the general public than at least to ministers and the senior members of the government administration. In its simplest form, this requires proper management of cabinet papers and the production of cabinet minutes that are properly disseminated and archived.
- Cabinet processes should be *participatory*. At a minimum, it is essential that the ministries directly involved or affected by a particular decision be consulted prior to its adoption.
- Cabinet decision-making should be *consistent and in line with existing laws and policy guidelines*. Erratic or inconsistent decisions will create confusion within the administration and hesitancy among the broader public and other interested parties, including donors and investors.

While international experience on this aspect of core government functionality is limited, a few suggestions can be advanced to help create or restore an effective decision-making and coordination function at the centre of government in this particular context:

- *Recognize that major political struggles over roles and responsibilities will continue*. Executive coordination is not a technocratic exercise, but one that at its core one is fundamentally political.
- *Function over form*. There is no one “optimal” approach to structuring decision-making at the apex of government. Countries with effective and well-coordinated public sectors utilize a variety of different approaches to achieve the same outcomes. Countries emerging from conflict should focus on performing the key functions, rather than replicating specific organizational forms and structures from other countries.
- *Base reforms on evidence, wherever possible*. Before attempting any reforms, it is first essential to identify whether existing structures are “fit for purpose.” To the extent that data permits, the analysis should try to capture the existing institutions and flow of decisions before cabinet. It is particularly important to understand the source of the more dysfunctional practices, and whether they are linked to a lack of capacity or to broader political dynamics.

- *The use of delivery units.* There has recently been a proliferation of interest in the use of delivery units. However, the use of such mechanisms should not be viewed as a “silver bullet” for injecting performance and accountability into public sectors that confront fundamental challenges in the delivery of basic services. To be effective, the heads of such units need to be close to the president or prime minister and speak with his or her full authority. They need to be staffed with individuals who understand the various sectors in which they are working and have first-hand experience regarding the constraints confronted by line departments.
- *Start with the basics.* The more basic functions must be established before attempting more elaborate tasks. The immediate need is to establish a small but efficient office of the head of government to support the needs of the executive and cabinet, regulate the traffic of proposals, and ensure dissemination of meeting agendas and the communication of decisions to the main stakeholders. It is important to avoid creating parallel structures that will conflict with ministries, and building up an independent capacity for policy advice and analysis should be left to a subsequent phase.
- *Keep cabinet documentation straightforward and organic.* Cabinet manuals should build upon current decision modalities, perhaps tweaked and improved where possible, so that they are organically linked to existing administrative structures and practices. Documentation should be simple and accessible to ensure that it is read, digested and internalized. The temptation to design elaborate structures and processes based on notions of international “best practice” should be resisted.
- *Manage expectations and focus upon transitions over time.* In many circumstances, it will be unrealistic to assume that processes that may have historically been largely ad-hoc, secretive and informal will quickly become predictable, transparent and rule-based. The focus of the transition should be upon areas where early progress is possible, either because they are less contested or because no existing structures or personnel exist to resist progress.

### **3.4 Priorities**

#### ***3.4.1 Executive coordination functions***

Three basic capacities will typically need to be restored: the capacity to structure decision-making at the centre of government; the capacity to manage government records; and the capacity to communicate to the administration and the population.

*Structured decision making* - A structured decision-making process should perform at least five basic functions: (i) provide upstream information to ensure that government concerns and strategic priorities are identified and addressed in a timely manner (ii) ensure that the key participants in the policy process are consulted and have adequate time to review and prepare, and that meeting agendas have been prepared and disseminated in advance (iii) ensure that the cost of proposals is estimated, their legality ascertained, and viable alternatives are explored (iv) record and disseminate the decisions, and archive them in a readily accessible database; and (v) monitor their implementation.

*Records management* - To disseminate and monitor the implementation of decisions, the preservation, protection and retrieval of proposals and documents are required. Indeed, adequate records management is essential in all core government functions. A senior person within the

cabinet or president's office should be assigned responsibility and the office should adopt policies and procedures to guide the records management function. The responsible person or entity must have the influence and authority to assure that all government agencies follow the records management rules and to have access to all records repositories and systems, especially if there is some division of control of agencies along ethnic or political lines. For this reason, in a post-conflict situation, it may be appropriate to place responsibility for records management within the central executive office or in one of the core entities of public administration close to the centre of government. A fuller discussion of records management is included in Chapter 6 on public administration

### ***3.4.2 Leadership and outreach functions***

*Communications and dissemination* - Strategic messaging can play an important role in forging a stable political settlement and building the new government's legitimacy. It is therefore important that a communications capacity in the executive office should be established quickly. This can promote coherence in government messaging; help to dispel potentially destabilizing rumours; and raise the public profile and visibility of the nascent government. Care also needs to be taken to ensure that such a communications capacity does not simply become a propaganda tool for the regime.

### ***3.4.3 Political roles***

Beyond these basic functions, the executive's office may be given an analytical role, or be asked to help coordinate between the executive branch and the legislature. It could be given responsibility for overseeing strategic priorities, and for monitoring performance in areas of particular importance the government. Eventually, it can play a role in supporting the development of a national strategy, which can provide a common vision of development.

*Multiple paths to the same destination* - While effective policy coordination is grounded on the functions articulated above, there is no optimal approach to achieving them. The composition of the cabinet and the conduct of cabinet meetings can vary significantly, and will influence executive coordination structures. A manual and rules generally define the business that goes before the cabinet, but these vary in their level of guidance. Sub-cabinet committees can be used to identify and resolve contentious issues, develop policy recommendations, or oversee and coordinate implementation. Such committees can be formal or informal, as well as permanent or ad-hoc, with the latter typically being constituted to address one-off issues. Cabinet secretariats also vary considerably from very small, providing secretarial and administrative support, to those with a large policymaking role and many support staff.

## Chapter 4. Public Finance: Revenue and Expenditure Management

### 4.1 Objective

As a generalization, achieving a measure of expenditure control is the critical priority in very low-capacity situations. The likely priorities are two: (i) *introduce simple basic mechanisms to effect and control payments* - to foster stability, close off the easiest openings for bribery and corruption, and ensure payment of civilian and military salaries, and (ii) *manage government cash prudently* - not only to protect the money, but also to enable good budget execution. In post-conflict situations characterized by sufficient capacity and reasonably functioning systems, adequate expenditure control is likely to already be in place or can be restored relatively quickly, and the focus of the assessment should move to issues of resource allocation and, for selected services, operational efficiency.

### 4.2 Public finance in a post-conflict setting

Remedying key weaknesses in the basic structures and systems of public financial management (PFM) is critical. In addressing PFM, several broad generalizations can be made. First, *achieving a measure of expenditure control* is the critical priority in very low-capacity situations. Where basic capacity and expenditure control systems exist or can be restored quickly, the focus will shift more to issues of resource allocation and operational efficiency.

Second, there is a need for *public financial decisions to support the political settlement and consolidation of security*. This requires a close dialogue between government and donor agencies in charge of financial decisions, as well as the local entities and international organizations responsible for helping support a durable political settlement and restoration of order and security. This also calls for an unusual degree of inventiveness and sensitivity in implementing revenue mobilization measures and expenditure programs, while at the same time respecting the well-established principles of good fiscal and expenditure management.

Third, *given the role of rent-sharing in maintaining a political settlement, some corruption is to be expected*. Three difficult challenges have to be confronted. The first is to determine how much corruption can be tolerated in the initial post-conflict period. Second, when resources must be allocated to preferred individuals or powerful groups, there may be variants by which the allocation can *also* contribute to the economy and society. Finally, compromises and graft that may be necessary for political and security consolidation cannot themselves be allowed to become consolidated and jeopardize prospects for gradual improvements in governance and public sector integrity after the delicate and fragile period is over.

Fourth, despite the inevitable compromises, *revenue and expenditure policy and management should be broadly consistent with a vision owned by the government and supported by the donors*. This does not require a full-fledged development plan. However, a general sense of economic and financial direction is mandatory, and must flow from a genuine dialogue between the new government and the main donors.

Finally, *a formal and public budget, even if rudimentary, is essential* in order to reflect the financial implications of the reconstruction program; signal basic policy directions; make clear and transparent the intergroup and interregional resource allocation; create a *process* through which the practice of open debate and the habits of peaceful compromise can begin to be rebuilt; and as vehicle for government-donors dialogue.

### **4.3 Principles**

Following on these generalizations are several guiding principles for the introduction of an orderly budget process in the early post conflict period:

- *Selectivity and gradualism.* Owing to the low-information, high-uncertainty environment, trying to enact too many PFM reforms at once can risk backlash and institutional loss of credibility.
- *Maximum simplicity.* The limited capacity precludes the introduction of complex budgeting practices, and simple systems are more conducive to transparency.
- *Combination of pragmatism and efficiency.* The choice of systemic public finance and institution-building measures should be largely dictated by conditions on the ground, but must also be consistent with good practice lest state fragility be perpetuated.
- *Transitional means transitional.* When the situation demands emergency fiscal, procurement and financial management measures that may not necessarily be consistent with efficiency and integrity, these measures should be designed and accepted as strictly transitional, and a robust mechanism must be put in place to assure that they lapse after they have served their emergency purpose.

### **4.4 Priorities**

#### ***4.4.1 Legal and Organizational***

The following priority actions apply *at the start* of the post-conflict period. In very low-capacity countries, they may entail creation of new entities or promulgation of new rules.

- *Review the organizational legacy.* Nearly all post-conflict countries had fiscal and public financial organizations prior to the conflict. Using this legacy as the starting platform helps rebuild the organizations and reduces the need for changes.
- *Selectively and rapidly examine the legal and regulatory framework* for PFM. Revisions, if any, should be targeted and limited, with tax and customs legislation and regulations taking priority. This “legal consistency check” should be kept to the barest minimum necessary to assure a foundation for restoring state legitimacy in PFM.
- *Create a central public finance authority or strengthen the surviving one.* A critical requirement is to have a functioning entity with the capacity to lead for the government in all public finance and planning matters. Regardless of the specific organizational structure, the establishment of the central PFM authority should seek to: prevent ad-hoc fiscal decision-making; establish fiscal transparency; and align government spending with country priorities.

- *Establish and strengthen the revenue agency*: put in place the basic physical infrastructure for the tax administration; appoint key staff; establish registration and taxpayer identification; and set up basic filing and payment procedures.
- *Establish or restore the supreme audit institution*: it is fundamental to embed in government and the public the understanding that without independent external audit neither short-term stability nor progress toward sound public financial governance can be expected.
- *A medium-term fiscal perspective* is important even when capacity is extremely limited. However rudimentary and tentative, such perspective can provide the underpinning for donor pledges over a period of several years, thus improving the predictability of aid and the timing of disbursements with increases in local absorptive capacity.

#### **4.4.2. Revenue Priorities**

On the government side, the following are likely priorities for the immediate post-conflict period:

- *Rely on taxes suited to the limited capacity and conditions on the ground*. Indirect taxes, (especially customs), although regressive, are the most feasible source of early revenue.
- *Prevent the growth of tax exemptions and limit fraud and evasion*, particularly in customs.
- *Do not attempt to tax agriculture or the informal sector* as it is likely to be disruptive, inequitable, and cost-ineffective.
- Where extractive resources are important, *establish sound governance and monitoring systems, and strengthen the government in its interaction with multinational corporations*.
- *Do not view extractive revenues as a substitute for taxes*. Even when the government obtains sufficient revenues from natural resources, domestic taxes are necessary to counteract the tendency of extractive resource revenues to crowd out institution building, and to restore the citizen-state compact - “no representation without taxation.”

On the donors’ side, priorities include:

- *Investment in revenue mobilization* could have high returns in terms of the integrity, efficiency and macroeconomic prospects of post-conflict countries. Actively support efforts at levelling the playing field between extractive resource countries and corporations, while insisting on sound in-country governance of natural resources
- *Be more transparent* about their own aid practices and associated tax exemptions, and avoid practices that distort the pattern and efficiency of government fiscal operations.

#### **4.4.3. Expenditure Management Priorities**

Given the special risks in post-conflict countries, expenditure control is the key requirement. In countries of very limited capacity, two priorities are to introduce simple basic mechanisms to effect and control payments, as well as to manage government cash prudently. Four more *general budget preparation priorities* are:

- *Prepare various budget scenarios and formulate a procedure for frequent in-year budget amendments*. Single scenarios are not compatible with the uncertainties of the immediate post-conflict period. At the same time, without a clear and agreed procedure for amending the

budget, erratic, uncontrolled and opaque changes can compromise the credibility of the initial budget itself and provide corruption opportunities.

- *Initiate selected efforts for budgeting capacity in the major line ministries, and gradually scale-up to other ministries.*
- *Establish a simple and practical system for collection and dissemination of financial information, rather than a complex Financial Management Information System (FMIS).*
- *Put in place procedures for legislative consideration and approval of the budget.* The initial quality of the legislative debate is likely to be low, but the habits of formal legislative consideration and timely approval should be established early.

For budgeting **current expenditure**, four measures are priority in most cases:

- Carefully review the wage bill to protect against deliberate misclassification of personnel expenditure and uncontrolled hiring.
- Avoid underfunding operations and maintenance (O&M) expenditure.
- A fresh assessment is needed of whether a major government asset remains sufficiently valuable to warrant the allocation of budgetary resources for its maintenance, or has been so degraded by the conflict and prolonged deferred maintenance as to be best sold off or abandoned.
- Assure that subsidies and other transfers are based on adequate legal authority and, above all, are clear and public, even if, indeed especially if, such criteria are in part political.

Decisions regarding **investment expenditure** should be consistent with the general direction of the reconstruction and recovery program, as well as the need to support the political settlement. Major individual projects are usually designed by or in association with donors, and implementation is normally entrusted to special project implementation units. However, it is important to begin to build the government investment project preparation capacity, and thus to:

- Establish a small investment preparation/clearance unit
- Begin to formulate good-practice rules of investment programming and project appraisal and selection; and move away from “emergency” modalities as soon as it becomes feasible.
- Formulate an action plan to gradually strengthen the capacity of the major line ministries to formulate investment proposals and execute projects;
- Put in place early safeguards to prevent the emergence of enclave-type arrangements whereby a donor agrees with a ministry on investments in the sector without reference to the overall reconstruction program or development and fiscal sustainability objectives;
- Conduct a rapid review of the incomplete investment projects launched before the conflict. Decide which should be discontinued - placing the burden of proof on restarting a project.
- Selectively open initial channels of systematic feedback from civil society on investment needs and project implementation (as and when security and other circumstances permit).

Investment is the category of expenditure where the risks and the opportunities for supporting a durable political settlement are especially high. Investment priorities are determined differently from a stable country, where most projects should be appraised based on economic criteria. This reality does not at all imply a free-for-all abandonment of investment rules and criteria, but does require making distinctions between projects that must be identified and executed under special modalities suitable to their political/social objectives; other projects tailored to humanitarian or damage-control goals; and still other projects that must meet the standard rules of economic appraisal, readiness for implementation, monitoring, execution and evaluation.

For **special post-conflict expenditure programs** targeted to the needs of particular groups - internally displaced persons, child soldiers, and victims of gender-based violence - evaluation on economic grounds is neither possible nor appropriate. However, budgeting for these special programs should still meet certain standards, particularly: correct identification of the beneficiaries; estimate of expenditures on the basis of the actual activities envisaged; costs broadly consistent with prior experience in similar cases; and adequate monitoring and reasonable accountability for outcomes.

The design and implementation of **budget execution** modalities should be simple and encourage a culture of oversight, integrity and accountability. The first objective is to foster compliance with the approved budget (i.e. to improve fiscal marksmanship). Other objectives are adaptability and predictability of disbursements. To achieve these three objectives, priority areas are:

- As soon as possible, *replace cash payments with payments by check*. This will close off easy corruption opportunities and foster growth of retail banking, particularly in underserved regions.
- Set up a *mixed system of centralized and decentralized payments*. The appropriate mix will depend on regions' physical security, transport, communication and banking service conditions.
- In cash management, *gradually migrate to a single treasury account*, as conditions permit and the political and security situation allows.
- *Introduce controls at each of the three stages of expenditure* (commitment, verification, and payment). The ministry of finance can directly administer these controls. Later, progressively greater reliance can be placed on internal controls in the line ministries themselves.
- *Introduce an internal inspection function* (as opposed to internal audit) in the largest spending ministries.
- Establish a *simple cash-based bookkeeping system*. The reliability and timeliness of accounts are more important than the basis of accounting. Furthermore, the lack of data and limited supply of public accountants typical of the aftermath of violent conflict makes it unrealistic to adopt anything but the simplest accounting.
- Assure *regular financial reports* on budget execution, equally simple, but issued on a schedule and made public at the earliest practicable time.
- Assure *periodic reports on the physical execution of large investment projects*, with strong oversight by the planning entity and with assistance by independent expertise.

- Prepare a strategy to *develop the government's own procurement and FM capacity* consistent with established good practice. Procurement and financial management procedures need to be applied with the flexibility required to produce timely results. However, normal standards should be met as soon as security, capacity and market conditions allow.

## Chapter 5. Government Employment and Public Administration

### 5.1 Objective

The broad objective is to *put in place basic governmental capacity to define and administer regulations and provide public services in a manner that accommodates the need to restore stability and support the political settlement, but without jeopardizing the longer-term goal of an accountable, efficient and affordable public service.* The main priority should be the implementation of the key provisions in the peace settlement or political agreement.

### 5.2 Government employment and public administration in a post-conflict setting

In keeping with the general strategic choice of whether to “replace, repair or rebuild,” a first general question is whether a largely new civil service structure needs to be formed or the existing one can be improved. The main advantages of the former are to free the new government from the old structures and patronage networks, and permit a move to more efficient employment and compensation systems. The main advantages of the latter are to preserve institutional memory, and avoid the risk of heightening social tensions.

In post-conflict countries where income is comparatively high and administrative capacity adequate, the challenge is mainly to identify specific areas severely damaged by the conflict and to act rapidly and selectively to rebuild the capacity. Where per capita income is low and administrative capacity is severely limited or, in extreme cases, virtually nil, the challenge of helping to construct a minimally adequate public management capacity is far more daunting.

While the basic architecture of the public sector will be affected by prevailing administrative practices, institutional arrangements regarding the size and structure of the state are likely to be emerging rather than well established. This includes division between central, regional and local governments. At the same time, the imperative to deliver basic services is often acute, putting pressure on government to respond despite the fact that many of the organizational issues remain unresolved.

With regard to legal provisions, the challenge is to ensure that the principles of professionalism, independence, integrity, political impartiality, transparency, and service to the public are enshrined into the legal framework but implemented gradually and without rigidity - particularly during the immediate post-conflict period. An area where no exception should be permitted is in the definition of a clear and univocal mandate for each administrative unit established, which is needed to minimize jurisdictional gaps or overlaps, transaction costs and corruption opportunities.

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

## 5.3 Principles

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

- Conduct a rapid provisional count of permanent government civilian employees - including the police - accepting that ghosts or double entries may remain for an initial period. Concurrently, establish a robust database with provisions for data security, updating and maintenance, including provisions against fraud. Unlike the provisional count, it should be consistent with good practice from the start, even if the requisite information is not yet available.
- On the above bases, set up an initial payroll of government employees, and put in place a simple and realistic salary payments system (as mentioned in Chapter 4).
- Obtain information on the current location of government employees *relative to* the key public services that are to be restored and the location of the intended beneficiaries.

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

- Make an initial determination of the government requirements for non-permanent employees, however approximate and subject to change. Clarify the definitions of government employees, contractual personnel, and advisers.
- Conduct a comprehensive civil service census, including biometric verification, following the initial rapid count. This should be done in conjunction with implementation of strong recruitment controls, otherwise the problem of ghosts will quickly reappear.
- Review and revise, as needed, the recruitment criteria, rules and mechanisms, and establish a centralized entity for overseeing all permanent government recruitment.
- Review and revise, as needed, the practices for monitoring and controlling the behaviour of existing and newly-recruited employees, particularly those interfacing with the citizens.

## 5.4 Priorities

### 5.4.1 *Employment and compensation*

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

*Establishment control* - Control of the size of the government workforce helps set a ceiling on the aggregate wage bill, and is necessary to assure that the compensation structure is appropriate; that

positions are allocated to the various ministries and agencies of government in keeping with their functions and organizational architecture; and that personnel with the right skills are recruited, and in the right places. The choice of centralized or decentralized establishment control depends on several country- and context-specific factors, and no generalization can be made. In the immediate aftermath of conflict, however, when ministries tend to have low capacity and accountability mechanisms are at their weakest, establishment control is usually entrusted to the Ministry of Finance, through its management of the government wage bill.

*Management of the wage bill* - In general, the growth of the wage bill in the aftermath of conflict is due to the rapid growth in public employment rather than wage increases. Such an expansion of personnel expenditure raises serious concerns about long-term fiscal sustainability, as well as crowding out transfers, O&M and investment in the short term. It is also a major obstacle to administrative efficiency, with a labour force that is too large to be adequately compensated.

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

- Conduct a quick-and-rough assessment of the medium-term fiscal impact of government employment under alternative size/wage scenarios.
- Develop a sustainable wage bill budgeting approach including at least two checks: (i) is the number of employees consistent with authorized posts? (ii) have labour items been “misclassified” into capital expenditure? (Note: a labour cost component in investment projects is normal.)
- “Undershoot” on employment, by slight under-budgeting of the allocated posts.
- “Shoot straight” on wages, assuring full consistency of the budgeted wage bill with the established compensation structure.
- Budget under a single item - separate from the regular salaries and transfer items - transitional compensation for conflict-affected persons and transfers for special programs.

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

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

- Establish transitional policies for compensation of non-permanent employees, with careful attention to the need to avoid creating perverse incentives.
- Compensate government employees who have hazardous assignments or work in insecure locations, not by promotion or permanent advancement, but by special monetary compensation for the duration of such assignments or locations.
- Establish provisions for non-monetary allowances (e.g. housing) in special cases or locations, while preventing their migration to the overall compensation structure. Over the long run, there is a need to remove these in-kind allowances and add them to the base salary.
- Prohibit appointments of the same individual to multiple positions, with adequate sanctions for violations.

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

- Assure that guidelines for compensation of non-diaspora expatriates are established, and compensation is broadly consistent with that of international organizations staff as well as market norms.
- Assure that compensation of local experts is in line with national fees. (If the information is not available, expert fees in neighbouring countries may be used as reference norm.)
- For diaspora experts, set an acceptable compromise intermediate between the inequities of local and international salaries. There will be some resentment in any event, but experience suggests that there is no practical alternative if diaspora experts are to be attracted to technical assistance assignments in the country.

#### ***5.4.2 Human resource management and training***

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

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

The core challenge of personnel management in the aftermath of conflict is to prevent the interim practices that may be necessary to support the political settlement from becoming entrenched and preventing the eventual development of normal public administration. Thus, efforts should be made in the short run to establish or strengthen formal human resource and personnel management systems for implementation when circumstances permit. Pending the establishment of an adequate compensation structure and robust establishment controls, it may be helpful to consider fixed-term

contracts, at market-related compensation and with stronger accountability for performance, for specifically identified skills in short supply and required to deliver particularly urgent public services.

Consideration of gender must go much beyond possible compensation for the victimization of women during the conflict to recognition of their potential contribution to recovery in the post-conflict period. Such contribution should in the first place be explicitly considered in decisions on new government recruitment. In view of the long-standing structural and cultural barriers to gender equity in government employment in many low-income countries, some form of gender-based “affirmative action” in government recruitment should be contemplated, up to and including the setting of quotas.

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

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

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

#### ***5.4.3 Other issues in public administration***

*Records management* - As noted in Chapter 4, without structured records management, the government lacks the information to plan, implement, monitor, evaluate and audit its activities, and citizens do not have the evidence needed to protect their rights. An assessment should be made of whether pre-existing record management systems can be restored. Challenges to restoring adequate government records management will include general disruption of society and damage to buildings paired with a large number of requests for copies of documents relating to identification or property ownership, as well as absence of staff familiar with records management.

In general the principles for records management should be: (i) insulated from individual, organizational, political, or other biases; (ii) conducted through robust and repeatable processes;

and (iii) provided with suitable systems that protect the availability, transparency and integrity of the records, prevent unauthorized destruction, and ensure compliance with laws and agreements.

*The issue of parallel administrative structures* - A central tension in rebuilding public administration is between the short-term need to support the political settlement and protect aid money, and the long-term goal of developing sustainable capacity in the regular public administration. While normal functions of government ought to be exercised by normal organs of government, these short-term pressures have typically given rise to the creation of parallel administrative structures that can replace country systems and hold back their development.

While use of national systems is predominant in stable, middle-income countries that are comparatively free of widespread internal conflicts, parallel systems are predominant in low-capacity post-conflict situations. According to the evidence, the incidence and role of parallel structures appear to depend primarily on the bargaining power of donors in the initial post-conflict period - with the emergence of a parallel state if it is high; aid management arrangements - with capacity development fostered by integrating the management of aid into the government systems, and parallel structures proliferating when individual projects predominate.

The eventual result of the unchecked growth of parallel structures is *extreme administrative dualism*, with the public administration *de facto* consisting of two groups: a small, well-qualified and well-compensated group working in project implementation units (PIU) or as counterparts to aid projects, and the bulk of government employees left to perform the regular functions of government. There is a middle ground between the extremes of administrative dualism and of uncontrolled misallocation of aid, however. The two objectives of (short-term) integrity and (long-term) capacity can be reconciled over time, provided that the realities of the situation on the ground are confronted; and there is firm insistence by the government, with strong sustained support from the major donors, on systematically adopting measures to “twin” efficient project management with support for capacity development (see Chapter 8 for further detail).

*The boundary between politics and administration* - Setting an appropriate boundary between the political and administrative spheres is a difficult issue in any country. In post-conflict situations, most high-level positions are typically “political” in the sense that they reflect agreements and trade-offs between various factions regarding the division of administrative powers. It is not uncommon to find duplication in certain posts, to ensure that different religious or ethnic groups are represented, or that certain factions effectively control a particular ministry. Complicating the issue is the fact that there is no established good practice with regard to where such a boundary should lie. The virtues of a very restrictive approach to political appointments are consistency and continuity in administration; the costs of such approach are unresponsiveness of the administration and limited ability to introduce new ideas and programs.

In the immediate aftermath of conflict, a general approach to this problem could be to recognize the explicitly political nature of the settlement, but to try to limit it by formally designating some positions as political. What is always important, regardless of whether the country has minimal or adequate administrative capacity, is to recognize and insist from the start on the distinction between legitimate political instructions to government employees and unwarranted interference by individual politicians into specific administrative and technical decisions. The reality that such

interference is common in most countries adds to the urgency of measures to try and limit it in the immediate aftermath of conflict, lest it become the dominant norm in public administration for years to come.

## Chapter 6. Security Sector

### 6.1 Objective

The goal of external assistance to the security sector is multi-pronged, focusing on the immediate restoration of a minimum level of security for economic and social life to resume; helping local actors transition to a situation where they provide for their own security through durable arrangements which address the underlying causes of the armed conflict; and creating an institutional architecture that furthers, rather than detracts from, these ends. Security measures need to support, or at least be consistent with, a political settlement that can be sustained after the departure of an external security presence.

### 6.2 Security sector in a post conflict setting

By definition, a state emerging from conflict does not have a secure monopoly on violence within its territory. The restoration of public order and security of person and property is the single most important element of post-conflict consolidation and a precondition for sustainable longer-term development and building the state. In the immediate aftermath of conflict, there may be an extraordinary military intervention helping to maintain social order and territorial integrity but the key question is whether elites are forging a durable political settlement that can be sustained after the departure of the external security presence. The foundations for stability lie in the ability of major elite factions with the capacity to mobilize violence to forge sufficiently inclusive political and economic arrangements. Security sector institutions will in many ways reflect whether such a political settlement has been forged, rather than being an instrument or means of ensuring peace<sup>5</sup>.

At the same time, the security sector - primarily composed of defense and law enforcement institutions, but also corrections, intelligence services, institutions responsible for border management, customs and civil emergencies, and the criminal justice system - accounts for a large part of the public sector, in terms of budget and personnel. Restructuring or building these institutions is often a central tenet of any peace agreement and transitional political timetable, involving issues such as the integration of armed groups into one army financed by the state, the demobilization and reintegration of combatants, and the establishment of transitional justice mechanisms such as special courts.

A key concern is how to give ex-combatants or those that form part of the newly structured security sector, a role that takes them away from their previous alliances in the conflict and to align their loyalties to the new political order. Historically, the methods of accommodation can be through arenas in which international actors will be engaged (the demobilization, disarmament and reintegration process; development of formal civil and military institutions; distribution through public spending) or those that are wholly in the domestic political domain (the consolidation of informal political networks and alliances and the distribution of illicit rents).

In the aftermath of conflict, it is likely that formal security sector institutions lack civilian oversight and have weak institutional capacity, personnel, resources, training, and poor systems of internal and external accountability. These institutions may not have legitimacy or be trusted by the

---

<sup>5</sup> This concept of a 'political settlement' and security as an outcome are discussed in Chapter 2.

population, having engaged in human rights violations or war crimes in the course of the conflict. Historically, security sector interventions have focused principally on restructuring institutions, capacity building, financing recurrent costs or transitional justice measures. However, it must be understood that there is no linear path from the implementation of such blueprints for security sector reform and better security outcomes.

### 6.3 Principles

- *Function over Form.* Improved security is the aim rather than the creation of “best practice” security institutions, a process that involves trade-offs among the normative, the technical, and the political. More effective law enforcement or defence institutions, with improved command and control, cannot prevent a recurrence of violent conflict unless an “inclusive enough” political settlement has been reached.
- *From extraordinary external intervention to sustainable security outcomes.* The immediate post-conflict period requires compromises and special security measures but must also lay the foundation for the transfer of these functions to regular state organs and must be underpinned by a stable enough settlement that only local actors can forge. Security sector reform issues will be dealt with in peace agreements, but care should be taken not to overload formal documents with an unworkable level of detail. Steps should be taken to ensure that suboptimal trade-offs have sunset clauses so that they do not last beyond immediate need and become the root of further problems.
- *Inclusion is key, underpinned by an understanding that political accommodation is imperative.* Integrating formerly excluded groups into security institutions can increase their stake in the new political order and increase legitimacy and trust amongst the populace. However, this integration needs to be implemented in an incremental manner and not create new lines of exclusion for those who were formerly privileged. Similarly, while individuals suspected of being associated with war crimes and serious abuses should be excluded over time, it is inadvisable to ban from security or police employment members of the groups who were privileged by the previous political order. Doing so could affect political dynamics in unpredictable ways and perpetuate or rekindle further conflict.
- *Build on what is there in an incremental manner, to avoid a vacuum of authority.* Some security and law enforcement functions are likely to have been performed during the conflict; the risks of attempting to supersede them with new formal institutions are potentially serious, leaving a vacuum of authority. Necessary interventions should be problem-focused, kept as simple as possible, and aimed at producing quick results, reserving more ambitious reforms for later.
- *Expectations must be adapted to what can be attained in the immediate post-conflict period in terms of security and law enforcement.* Outcomes will have to be rudimentary and fall well short of the standards of the “rule of law” achieved in countries with competitive democratic political systems and a secure monopoly on the use of legitimate force.

### 6.4 Priorities

#### 6.4.1 Mapping the lay of the land: Information gathering

- *Undertake a security assessment.* An assessment of the security environment, which draws on a deep understanding of the nature, duration and intensity of the conflict and the emerging

political settlement is a prerequisite for identifying critical security measures and allocating resources.

- *Undertake an institutional and functional mapping of institutions* to better understand the types of actors and institutions that play security and law enforcement functions (state, non-state and hybrid; central government and local; international). Security actors may overlap in functionality, cooperate, compete, or be in open conflict. Since the immediate post-conflict period will be one of great flux, the mapping may need to be periodically revisited and updated.
- *Cost-effective efforts to develop survey and data collection capabilities should be made at an early stage.* An information gathering/survey mechanism could be used to gather two types of information: (i) immediate actionable information, such as the number and location of internally displaced persons (IDPs) and the number and disposition of armed combatants (ii) information for establishing baselines for assessing future progress in security, justice, and law enforcement, such as number of former combatants transitioned, respectively, to the military, the police, other civilian public employment, private employment, formally unemployed; degree of public confidence in the security/police organs; citizen perceptions of safety; and the extent to which security concerns curb the ordinary economic and social activity of citizens. It will also be important to formulate a profile of the frequency, nature, and regional distribution of crime - both the violence directly associated with the conflict, and the major crimes and disputes that are unrelated to it.

#### **6.4.2 Rebuilding formal institutions: Expenditure and Personnel**

*Avoid large and sudden spikes in security expenditure*, as this may lead to a distortion of incentives and compromise longer-term economic and political prospects, without proving to be a successful means of political accommodation. In particular, it may crowd out development spending and compromise the prospects for service delivery, in a situation where there needs to be shift of mind-set towards running a peacetime society and economy. A recent study of five conflict-affected countries indicates that while the expansion of the wage bill is inevitable (despite considerable variation in its scale), often forming almost half of total government expenditures and/or the government's own revenues, care should be taken to avoid wage expenditures being largely in the security sector.

Large and sudden spikes in security sector staffing should be avoided, as they may compromise longer-term prospects, often without improving security in the country. Incorporating large numbers of militants into security forces is often not successful as a means of accommodating parties to the conflict and is indeed correlated with two countries where conflict persists after over a decade, Afghanistan and South Sudan.

*External actors should avoid financing programs* that introduce distortions and may take security spending to unsustainable levels, with no improvement in security.

*A quick count of former combatants should be conducted early on, with adequate status verification to prevent the number from expanding as soon as benefits are announced.* This has been a typical occurrence in most post-conflict situations in the past and can put a heavy financial burden on the government, as well as to become a source of severe instability that complicates the challenge of forging a political settlement and rebuilding state credibility.

*Similarly, it is important to conduct an early, quick count of the police force - particularly when donors are considering financing government salaries for an initial period.*

Even when circumstances make it inadvisable or impossible in the immediate aftermath of conflict to delve into the contents of the security expenditure “black box”, *at a minimum* the total amount of such expenditure must be ascertained, included in the budget as an explicit item, and made public - both for transparency and to aid the assessment of the sustainability of overall government spending. At a later stage, when the political and security situation permit analysis in detail, the corresponding budget item can be unbundled to provide genuine accountability and spending efficiency.

*To address fiscal sustainability and more transparent allocation of security expenditures, a related priority is to consider carrying out a Security Sector Expenditure Review (SSR) in conjunction with a Public Expenditure Review, to deal with interrelated sets of issues of civilian and security expenditure management. These instruments are aimed at understanding government expenditure policies as well as the functioning of the institutions and systems by which the expenditure (financed by aid or domestic revenue) is programmed, budgeted, implemented and accounted for - and have aimed to recommend reforms and improvements.*

*Strengthening internal controls over budgets, recruitment, and procurement have modest expectations.* The emphasis in the immediate post-conflict period should be on modest and achievable reforms rather than ambitious overhauls, with an understanding that anti-corruption efforts often fail in post-conflict environments.

#### **6.4.3 Support for disarmament, demobilization, and reintegration (DDR)**

The DDR agenda is complex, with a long record of experience and lessons to be drawn from past experiences. The agenda is extensively handled in other documents, recommendations and programs, and is therefore not elaborated in this report. However, it is appropriate to underline here the necessity of coherence and, ideally, integration of the three dimensions of disarmament, demobilization, and reintegration. It is important to assess the fiscal implications of the compromises that may be necessary, e.g., DDR-related compensation that is funded outside the regular budget.

#### **6.4.4 Legitimizing the security apparatus**

The immediate post-conflict period requires compromises and special security measures, but there is a need to reconcile the immediate urgencies with long-term sustainability.

When the situation on the ground has developed adequately, *there is important symbolic value in demonstrating that civilian society is re-establishing oversight of the security sector.* The process would signal that there is movement away from an extraordinary external intervention and stopgap security measures to the ordinary provision of security as a core state function under the control of the state.

- An important measure is establishing a *ban on holding simultaneously military office and civilian office*, whether executive, legislative, or judicial. Strengthening of command and control is necessary to prevent security forces from preying on civilians, and to improve the legitimacy of security institutions amongst the population. Security institutions require popular

cooperation to be effective, but may have difficulty gaining that cooperation because they are not trusted or not seen as legitimate

- *Mechanisms to vet members of the security forces should be established to exclude individuals accused of serious crimes: human rights abuses, war crimes or crimes against humanity.* However, it is inadvisable and dangerous to exclude from security or police employment all persons from *groups* who were privileged by the previous political order, as doing so could affect political dynamics in unpredictable ways and perpetuate or rekindle conflict. Transitional justice mechanisms need to be adapted to the particular needs of the country.
- *Structurally, it is important to change the composition of the police force through the integration of previously excluded groups, but to do so gradually. Steps should be taken to ensure that security institutions are “inclusive enough” of previously excluded and marginalized groups.* Integrating persons from formerly excluded groups into the security forces can increase legitimacy and trust, as well as provide some guarantee of physical security to groups who have been targeted by the state in the past (and thus reduce their incentive to take up arms).

#### **6.4.5 Criminal Justice**

*Controlling major crime, whilst exhibiting rudimentary fairness to citizens is a priority, so as to build legitimacy and signal a break with the past. The most pressing concerns for the population in the immediate post-conflict period are likely to be the control of violent crime (murder, rape, robbery, serious assault), street crime (to allow for freedom of movement) and a return to “normality” or a context where crime occurs, law breakers are dealt with in non-lethal ways. Through allowing a return to normal social and economic life, primarily in the cities, police play a large role in building the legitimacy and credibility of the new government and its authorities.*

*Restoration of order and normality can be a critical ingredient of rebuilding trust in state institutions, while widespread police abuse can prevent the new government from acquiring legitimacy. Police are the public face of governmental power and reflect upon the state’s ability to project its authority. It is important that, on balance, citizens see the police as providers of safety and order rather than as primarily predatory.*

*Longer-term goals in policing relate to increasing police availability to citizens and responding effectively to their reports and requests. Even in the early days, some mechanisms can signal greater responsiveness. For instance, in some urban areas where cell phone use is high, simple information and communications technology initiatives (such as free SMS messages to a hotline number) can allow the police to respond in a targeted manner to geographical hotspots (without the burden of investigating individual petty crimes) and provide citizens initial opportunities for engaging in positive interaction with the police.*

*The most important role of the courts in the immediate post-conflict period is to deal with serious criminal cases. Without a functioning judicial and penal system, police are left with the choice to either let suspects go or to take punishment in their own hands. While courts rarely deal with more than a fraction of disputes even in developed country contexts, there is important symbolic value in establishing a judicial presence in the main cities to signal that things have changed since the end of the conflict and normality is returning. Where a judicial system is being built from scratch (for instance, in a new state, where the local population had previously been largely excluded from these offices), the process must be gradual. It is better to augment domestic capacity in the short*

term than appoint inexperienced and ill-trained judges and prosecutors to positions where they are likely to fail in the most basic of tasks.

*The focus must be selective.* Ambitious efforts to make courts in the image of those in developed countries, and expectations that they perform the same functions, are ill-advised. Rule of law institutions in the latter require the subordination of political power to law and provide an arena for genuine political contestation. Courts generally cannot function in this way in most developing countries, let alone in the immediate aftermath of widespread conflict, and cannot prevail over powerful economic and political actors in a society.

## Chapter 7. Local Governance

### 7.1 Objective

The immediate objective to pursue is to *extend the legitimacy of the state through outreach and engagement of central government through sub-national administration; build confidence in the public administration by enabling resource distribution at the local level; signal efforts by the state to respond to pressing service delivery needs, in particular through engagement of communities in local recovery processes; and address drivers of insecurity or conflict by expanding engagement of the population in processes for decision making and the distribution of public goods.*

### 7.2 Local governance in a post-conflict setting

Centre-periphery dynamics can be a key driver of responsive and inclusive governance, but also of violent conflict. Sub-national institutional arrangements take shape gradually and in some contexts they may not be in place for several years after a peace agreement is brokered and a political transition is underway. Yet, systems of local governance hold a unique set of opportunities and challenges in the immediate aftermath of conflict. On the one hand, sub-national institutions may have continued to function during the course of armed conflict. They may hold potential to serve as a nexus of the citizen-state relationship and for addressing some of the underlying drivers of fragility by projecting authority, distributing resources, and incorporating citizens into an evolving political settlement.

On the other hand, there is a risk that sub-national institutional arrangements exacerbates fragility by promoting factional interests or by creating conflict between state and non-state authorities, between levels of government, and among groups vying for control of a particular jurisdiction. It also increases the arenas of contest - demarcation of sub-national territories can be especially contested in fragile settings and additional tiers and entities of government may provide new arenas for rent-seeking. Further, devolved local government systems have often struggled to meet expectations because of constraints on capacity and resources (fiscal, human, and even physical) at sub-national levels due to a lack of political will. These types of reforms do not deliver quick results but take at minimum a decade to function, whilst the need to build the social contract and legitimacy after a violent conflict does not allow for such timelines.

A number of contextual factors influence the extent to which sub-national institutions are able to meet expectations and deliver perceived benefits:

- *Peace may be slow to reach the ground.* Conflict may continue at local level after national peace agreements have been signed, as local groups may not have the incentives to abide by these provisions. Localized grievances can trigger local, or even national, insecurity even years after a national level settlement has been brokered. There is also a risk that sub-national institutional arrangements can exacerbate instability by promoting factional interests or conflict between groups vying for control of a jurisdiction; or if distributive mechanisms are operating on the basis of patronage it may lead to perceptions of inequality between groups.
- *Severed connections between local and national.* Transportation and communication networks are frequently cut or militarized, and support from central government is diverted to from

civilian administration to security and military forces. At the same time, local revenue generation collapses as trade and commerce decline, whilst aid flows to the local level mostly skirt local governments and fund non-state actors instead. At the same time, local governments are often the first responders in supporting populations, whilst dealing with damage suffered by public infrastructure and s during conflict, a thin asset base (office, mobility, communications, technical services), and a decimated workforce (killed, fled, attrition).

- *Social capital.* Even in relatively stable contexts, citizens often face numerous obstacles to holding local authorities (formal or informal) to account. These obstacles are often exacerbated in the immediate aftermath of conflict; communities may be deeply divided as a result of conflict; violence can sever ties at all levels (family, community, state) and disproportionately impact on specific groups. The social foundations of local government can be destabilized by the displacement of populations, the presence of armed actors, and/or militarization.
- *Contested legitimacy of local governments.* Civil and political conflict can undermine accountability and discredit even highly effective/capacitated governing institutions. Local elected and legally-approved authorities may be ignored or become illegitimate during or right after conflict and new *ad hoc* decision-making bodies and informal leadership can take control of assets and authorities of local administrations.

### 7.3 Principles

- *Function over form.* The resumption of minimal levels of service delivery and the facilitation of participation in decision-making where possible is critically relevant in creating or re-instating formal institutional arrangements or agreeing to best-practice options for the future sub-national institutional arrangements of the state.
- *Avoiding the capacity fallacy.* Weak technical capacity of local governments can be a constraint on resuming service delivery, but this should not be a deterrent to promoting post-conflict local governance solutions; laying the foundations for longer-term capacity building through learning-by-doing in the short term can be important.
- *Accountable decision-making to restore confidence in the state.* Local elections may not be feasible in the immediate post-conflict situation, and the existence of mechanisms for accountable decision-making at the local level cannot be assumed. Yet, an emphasis can be given to building and strengthening what institutional and social accountability mechanisms do exist, especially with regard to revenue and expenditures of local governments. In the absence of agreed laws, these may be informal.
- *Recognizing local diversity.* “One-size-fits-all” packages of support may be needed in the immediate aftermath, for the sake of rapid response, but support should shift to differentiated approaches as soon as possible. Urban areas in particular require a different approach to more dispersed rural populations.
- *Reducing the distance between the national and the local.* Building linkages between local and national governance early on, including by rebuilding intermediary levels of government, ensuring communication capacities and enabling resource flows, is key to rebuilding the viability of the state. Investing in community-driven interventions may increase in the short-term the provision of services, but can delay the rebuilding of functional intergovernmental relations, important for state-building and long-term recovery.

## 7.4 Priorities

### 7.4.1 Immediate post-conflict priorities

- *Map local governance realities.* Conflict periods can make post-conflict *de facto* local governance situations significantly distinct from *de jure* formats. Mapping the physical and functional presence of local governments and the *de facto* decision-making arrangements is a prerequisite to any assistance framework.
- *Explore whether it is desirable to stabilize and empower transitional forms of local leadership until local government is restored.* Whether a local government leader is an acceptable partner will need to be established and specific criteria should be agreed between partners.
- *Restore basic functionality of sub-national governments.* Directly related to the above, immediate measures may be required to restore basic working environments and stop attrition of staff. This may include provision of basic equipment, resumption of payroll payments, and rehabilitation of facilities, as well as ensuring basic security to local government staff. It is important to restore the basic functionality to delivery services and not de-couple services from the functionality of the government.

### 7.4.2 Peacebuilding through local governance

- *Prioritization of geographic constituencies.* This requires identifying areas of the country with the greatest ability to destabilize the political settlement, and rapidly assessing whether conflict risks warrant engagement in specific areas, through ad-hoc stabilization or early recovery programs.
- *Sequencing of security and civilian support.* It is critical that expansion of local security provision is prior to but closely coordinated with deployment of civilian administration. Locations with higher risks (e.g. where demobilized fighters resettle, large internally displaced populations, urban centres) should be prioritized.
- *Enabling outreach and engagement by local government.* Local authorities should be supported to reach out to marginalized groups in local politics (women, youth, minorities, ex-fighters). This can help tie potential spoilers into the local political process, as well as mobilize social capital of customary leaders, and other civil society actors, around local governance arrangements.
- *Foster effective communication and exchange between local levels of governance and national political processes.* Creating avenues for sustained participation in national politics may take time, and in their absence expectations have to be managed, often through using local platforms to enable direct dialogue between national and local actors.

### 7.4.3 Local recovery and service delivery

Planning for and implementation of reconstruction and recovery of the periphery provides opportunities to strengthen local government systems, build capacities and contribute to legitimacy of the evolving political settlement through delivery of public services.

- *Participatory needs assessment and preparation of local recovery plans and budgeting.* As much as possible, plans should be strategic and identify overall objectives and investment needs. Plans should also have financing.
- *Systematization of planning process.* Ideally, local plans should be informed by national sector priorities using simple standardized guidelines developed by central government. It should aim

to align with responsibilities for service delivery between levels of government and with non-state actors.

- “Emergency” zoning and urban planning for towns that suffered significant infrastructure damage or have a high influx of IDP populations. This may lay the ground for more strategic urban planning when capacities and conditions improve.
- Support role of local governments in local economic recovery. First to manage labour-intensive employment schemes for public works, then by developing and coordinating mid-term local economic recovery strategies.
- Establish monitoring and evaluation system on local service delivery to identify immediate gaps and plan long-term capacity development of service delivery. These systems can be ad-hoc and depend on the presence of international peacekeeping or other forces as part of efforts to monitor citizen’s perceptions of the recovery process.

#### **7.4.4 Core capacities and access to finance**

*First, a local government workforce needs to be stabilized or re-established.* In addition to the following points, a number of issues related to public employment are laid out in Chapter 5.

- Regularize employment status of local government staff for an interim period to guarantee a minimum of stability in workforce. This could include establishing temporary local government organograms, and working to allocate responsibilities assigned for service delivery and recovery, but where available may also link to job descriptions and corresponding salary scales.
- Gradually increase regulatory control over local government recruitments.
- Selective capacity development of local government staff for information management, coordination, participation, planning and budgeting, and project development and management.

*Second, create or strengthen central government support structures to local governments.* Effective capacity in central government to dialogue with, regulate and provide support to post-conflict local governance structures is essential.

- Identify which agency or authority has responsibility for communications with local governance structures, undertake the mapping exercise mentioned above and organize an immediate support package to restore their operational capacities and basic service delivery.
- An early review of the constitutional, legal and organizational framework may be important, to facilitate an understanding of what aspects of the pre-existing system still exist and can be built on. Even in “clean-slate” contexts, efforts should be made to build upon elements of past systems.

*Third, securing financial resources for local governments* is both a matter of political survival and legitimacy, as well as an opportunity for capacity development. These measures should be designed and implemented consistently with the diagnosis and recommendations for central government public financial management – PFM, as discussed in Chapter 5.

- Fiduciary risks are high in the immediate post-conflict period at the local level, but risks of weakening support for peace is even higher if local governments are devoid of means to deliver.
- *Early measures to strengthen local revenue generation.* Local revenue generation with an emphasis on a direct link between tax payments and increased service delivery can prove effective, particularly in cities and resource-rich areas. Non-regulated taxation practices that appeared during conflict, whether by state or non-state actors, should be addressed.

- A review of the legal and regulatory framework of fiscal federalism should be initiated.
- Measures should be considered to assure financial transfers to local governments. This should plan for gradually building local government financial management capacity including gradually shifting to a single bank account system and upgrading of accounting systems.

## Chapter 8. Aid Management, Financing and Donor Relations

### 8.1 Objective

Many fragile and conflict-affected states are aid dependent, especially in the immediate post-conflict period when GDP and tax revenues are particularly depressed. *While the long-term objective is to foster economic growth and raise the domestic revenue to GDP ratio, the short-term objectives are to support the political settlement, consolidate security, set in motion the beginning of an economic recovery, and lay the initial foundation for long-term capacity development.*

### 8.2 Aid Management in a post conflict setting

Given that most post-conflict countries see a large influx of aid, it is important that aid flows be effectively managed by the government, and that donors closely coordinate their assistance. In the immediate post-conflict period, high aid-dependence may be inevitable, and the short-term objectives are to support the political settlement, consolidate security, set in motion the beginning of an economic recovery, and lay the initial foundation for long-term capacity development. For all this, it is important that the government effectively manage aid and that donors coordinate their assistance and interventions closely

### 8.3 Principles

Experience has shown there are certain basic principles of good aid management in post-conflict settings. Among others, these include:

- design and manage aid to support a common program consistent with national priorities and agreed between government and donors
- reflect all economic, financial and technical assistance in the government budget, even if programed through arrangements separate from the annual budget process
- enable transparency
- avoid creating “aid orphans” i.e. neglected regions or groups
- facilitate agreements between donors to avoid inconsistent action
- ensure a functional government-donor interface

### 8.4 Priorities

#### 8.4.1. Organization of aid management function

The government-donor interface is normally provided through a government aid management unit. Experience suggests the following requirements for the aid management function:

- There should be a single aid management unit (AMU), responsible for interfacing with the donors on all economic and financial aid and technical assistance to the government. Military and humanitarian assistance may be handled through different channels, but should also be reflected in the government budget. Aid to local NGOs can be provided directly, with updates to the AMU.

- The AMU should interact closely with the line ministries, but should “*function to facilitate,*” without interfering in their decisions. In the immediate aftermath of conflict, the unit may temporarily have a major advisory role in project selection decisions.
- The unit should eventually be placed under the Ministry of Finance or Planning, but in the short run may need to be directly under the head of government or a self-standing entity.
- In order to develop constructive contacts with donors, and build knowledge of their varying procedures, the unit should be internally organized along donor lines.
- For good aid management, reliable and timely information is critical. The aid information system should focus on the basic requirements of recording and tracking commitments and disbursements according to type of assistance and beneficiary sector.

#### ***8.4.2 Transitional aid and program management arrangements***

Where regular government agencies have virtually ceased to operate, a transitional government body may need to be established to manage aid and the programs it finances while the rebuilding of the regular agencies proceeds. The structure and modalities of such a transitional agency must necessarily be country and situation specific, but in general it can play the following roles:

- Function as the primary source of initial government ownership and the bridge between donors and government, interfacing with donors to regulate aid “traffic” and monitor aid activities.
- Be the government’s focal point to formulate the reconstruction program, and perhaps even directly implement a number of projects and activities.
- In extreme cases, when government institutions have been destroyed by the conflict, serve as a proto-government to incubate initial capacity in the various sectors that will eventually transform into regular ministries of government.

These roles should be progressively relinquished as the regular organs of government begin to function. A key lesson is that government and donors should agree from the outset on a clear sunset clause, by which the special entity will be closed and its functions absorbed into the regular structure of government at a specified time. To do so meaningfully, however, institutional capacity must be built at within the regular organs of government to create a sound alternative to the AMU.

#### ***8.4.3 Financing recovery: the need for fungibility and predictability***

The largest projects, humanitarian relief and security-related programming can be financed individually. In all other areas a *unified* budget, reflecting a *unified* agreed program, requires a *unified* financing mechanism. There are four main requirements for effective donor financing of the budget: (i) prior agreement between the government and the donors on a program of activities; (ii) systematic interface between government and the donors; (iii) an administrative mechanism that minimizes transaction costs and delays; and (iii) a robust system for timely reporting of expenditures without undermining the fungibility of the assistance.

A variety of aid sources and channels exist for countries in the aftermath of conflict. In many post-conflict countries, untied budget financing has been channelled through an “umbrella” multi-donor trust fund (MDTF), usually administered by the UN or the World Bank. An MDTF can avoid aid fragmentation and duplication; helps the predictability of aid flows; builds a close link with the budget; protects against fiduciary risk; and provides the basis for a robust government-donor

dialogue on recovery, peace-building and development policy. A well-designed and well-run MDTF can also significantly reduce transaction costs for both donors and the government. The key features of an effective MDTF are as follows:

- It should fulfil both a fiduciary and an executive function - legal custodian of the resources as well as manager of their effective use.
- It should cover both investment and current expenditure, including a part of the wage bill, based on understandings on the size and compensation of the government workforce.
- It should include incentives for individual donors to contribute, providing donors with a degree of comfort that their money goes for their preferred purposes while avoiding earmarking. This is facilitated by co-mingling all contributions in a common pool, while acknowledging donor preferences and reporting to donors along broad expenditure categories.
- The governance arrangements usually include a steering committee composed of the principal donors and chaired by an administrator, meeting frequently and regularly to review funding proposals endorsed by the government. Once approved, the project is managed under the responsibility of the administrator, based on rules for procurement, financial management and other functions, pre-agreed with the government and the main donors.
- The steering committee reports periodically to the larger group of all contributing donors, and the trust fund resources are replenished from time to time as previously negotiated.

#### ***8.4.4 Country systems, technical assistance and donor generated distortions***

*Using country systems.* The importance of using country systems in aid-financed programs has been well established, but is not always possible in the immediate aftermath of conflict when weakness of national fiduciary systems can limit implementation of projects, as well as facilitate corruption and loss of government legitimacy. Progressively engaging with government systems over time has emerged as a practical way to manage the risks associated with low capacity institutions in a post-conflict environment.

For most countries, there are existing reviews of the quality of the pre-conflict national systems for procurement, financial management and monitoring and evaluation, and there is no need for a fresh diagnosis. The central diagnostic need is to assess how existing systems can be made operational, and how quickly this can be done. Complementing the diagnosis, priorities are to

- assure that the procurement and FM systems used by donors are themselves based on sound principles and good practice, and are thus uniform among donors;
- implement the donor procurement and FM procedures in a manner consistent with the realities on the ground and with the maximum possible flexibility;
- in general, support the strengthening of the country's own procurement and financial management systems, with a view to increasing their later use in donor-financed activities;
- in particular, twin investment assistance with appropriate technical assistance to develop the country's own systems; and,
- to the extent possible, design the project implementation units also as incubators of local capacity and training of national civil servants.

*Dealing with technical assistance.* Self-standing technical assistance, normally for institutional development has made significant contributions in some contexts, but has also too often been the source of conflicting advice, and inappropriate solutions, as well as conflicts of interest and integrity problems. To maximize potential benefits while mitigating risks, the government should aim to avoid both duplication of advice as well as gaps; guarantee quality with regard to technical advice and its suitability to the local context; find innovative and cost-effective ways to mobilize experts of demonstrated high competence and experience; and implement contractual provisions to assure the transfer of knowledge, rather than merely the provision of one-off advice.

The issue of capacity is not limited to recipient side; donor processes for providing the right assistance can be lengthy, with recruitment periods lasting nine months or longer. Possibilities should be explored for expediting procedures to obtain sound and timely technical advice. Furthermore, it is important to be aware of the persistent tendency of external actors to recommend the introduction of complex public management practices unsuited to local circumstances, and carrying high transaction costs with uncertain benefits. This tendency is either generated by lack of understanding of the local circumstances, or is deliberately intended to create a future demand for the consulting advice necessary to implement those practices.

Finally, while core government functions cannot be re-established without some external advice and direct involvement by a few competent individuals or firms, persistent dependence on external technical assistance is lethal to long-term capacity development. As soon as the immediate post-conflict urgencies have been surmounted, it is advisable for the government to begin formulating a strategy for gradual exit from external technical assistance and its replacement with national expertise with support from the donor community.

*Donor-generated distortions.* National donor interests inevitably come into play. The close links between a bilateral donor's foreign policy and commercial interests and its aid policy are well known, but less well analysed. These links will influence what a given donor will, or will not, finance, and under what conditions. Further, at a practical level, the time perspective and objectives of individual donor agents are not necessarily congruent with those appropriate to post-conflict recovery and overall development impact.

A major manifestation of this disconnect is evident in the practices relating to the hiring of national staff. Donors have an understandable incentive to make their own project succeed, including to attract the best local staff by paying whatever salaries are required. In the process of facilitating individual projects, the already-limited capacity of the government is thus weakened, compromising both short-term recovery and long-term development. The incentives of both the individual donor staff and managers and the local staff and government officials concerned are too strong to be able to fully eliminate the distorting effects of certain donor practices in post-conflict situations. However, it is possible to reduce and minimize these effects by attempting to change the risk calculus:

- Donors should openly agree on and abide by clear provisions to avoid creating incentives for government employees to leave government service. These provisions should include public guidelines for compensation of local staff and experts, which should be roughly comparable to the compensation of permanent government employees, and should be embedded in formal multi-donor agreements with consequences for violation.

- “Topping up” of civil servants salaries by donors should be prohibited, with appropriate and meaningful sanctions on both the donor agency and the individual civil servant concerned. A formal public declaration by the government that this practice is illegal is essential.
- The risks that individual donor practices weaken government capacity can be mitigated, in part, by channelling as much external aid as possible through a multi-donor trust fund that is managed in accordance with standards and provisions agreed to by all major donors.

#### ***8.4.5 Beyond post-conflict: transitioning out of emergency aid modalities***

Aid to post-conflict countries tends to be at its highest when the country’s absorptive capacity is at its lowest. By the time the country has become capable of absorbing substantial aid, donors may have “lost interest” and moved on to the next crisis hotspot. At the same time, as the political settlement is consolidated and recovery takes root - including domestic revenue mobilization - there ought to be a gradual reduction in aid dependency.

As the country moves out of the immediate post-conflict period, the mix of aid modalities ought to shift progressively away from “emergency” to ordinary modalities, and reliance on the use of national fiduciary systems ought gradually to increase. Because of the greater simplicity and rapidity emergency aid procedures, staff and managers may be reluctant to switch to normal and lengthier procedures. It is useful therefore to consider organizing, toward the end of the early post-conflict period, a review and dialogue among donors and with the government on how and when to begin transitioning out of emergency projects implemented through emergency modalities.

## Chapter 9. Diagnostic Questions – Context and Core Government Functions

### 9.1 Context: Capacity, Politics, and Security

#### *Understanding the drivers and intensity of the conflict*

- What are the long term and proximate causes of the conflict? Describe the role of resource competition, ethnicity, religion, ideological disputes, regional cleavages or other relevant drivers.
- Prior to the onset of the conflict, how were the following functions performed: external security (i.e. protection from foreign enemies); internal security (i.e. protection from internal threats); law enforcement; and dispute resolution? To what extent did these functions continue during the conflict and how?
- Describe the regional dimension of the conflict. Did it occur across the country or was it confined to a region?
- Was the conflict related to a struggle for autonomy or for independence?
- What was the extent of external involvement – from neighbouring countries or elsewhere?
- How were combatant groups funded? What was their portfolio of licit and illicit activities?
- What was the approximate number of violent deaths during the conflict period (combat and non-combat, military and civilian): absolute number and relative to population; distribution among different regions; incidence across ethnic, religious, or ideological groups?

#### *Understanding the nature of the political settlement*

- Describe how the conflict ended. Was it through the acknowledged military defeat of one party, outside intervention, or negotiated compromise?
- Does the formal peace agreement address state structure and core functions?
- What is the timeline for the evolution of formal processes, e.g., constitutional convention, elections?
- Does the formal peace agreement exclude key players or groups? Do they have power to mobilize violence?
- How inclusive are provisions of the formal peace agreement in terms of ethnic or religious groups, regions, gender?
- What is the political settlement (i.e. informal arrangements) between political and economic elites that order power and distribute resources? Are any groups excluded from these arrangements? What pressures will these arrangements put on the core functions of government?
- Does the de facto political settlement differ markedly from the formal peace agreement? In what ways?
- Is the formal settlement out of step with the reality of power in the country, such that there is a threat of organized violence being mobilized through internal (militias, disaffected former security sector actors, gangs or organized crime elements) or external actors (neighbouring countries)?

***Understanding the parameters of the security situation***

- Who are the main security “players”? Is there a formal national military or just a series of militias? What territory do they control; how are they funded; what is their ethnic or political base? To whom do they report? How cohesive and disciplined are they?
- What formal or informal agreements were made in order to establish “negative peace” (i.e. combatants to put down their weapons) and how consistent are these with arrangements necessary for establishing “positive peace” (i.e. economic growth, state consolidation, development)
- Are there other potential spoilers who can mobilize organized violence?
- Is disarmament/demobilization to be full or partial? Cantonment of combatants vs. dispersal or immediate reintegration?
- Do geographical features (topography and population dispersal) constitute particular challenges in terms of securing territory and policing?
- If there are residual regional pockets of violence, is the preferred approach to eliminate them or tolerate them temporarily (at a continuing human cost to the locality concerned)? In the absence of firm data, can one obtain a general sense of the major sources of grievance other than the main drivers of the conflict?
- Do ordinary citizens approach police? If yes, for which types of crimes?
- Are there functioning channels for grievance and redress of police abuse?

## 9.2 Executive Coordination at the Centre of Government

### *Broader legislative and policy framework and cultural context*

- What formal system of executive government has historically existed in the country (i.e. Westminster, Presidential, Continental, Soviet, Monarchical or other)? Will these traditions serve as a point of departure for the post-conflict regime?
- What style of executive coordination existed during the conflict - in rebel groups, political parties, in regions administered by competing groups?
- What does the peace or ceasefire agreement say about the centre of government, power-sharing arrangements, electoral timelines, etc.?
- What is the background of key counterparts within the government? How much previous experience do they have within government or in running other large organizations?
- Is there a document that sets out a comprehensive national vision, such as a national development plan or strategic compact? If so, when and how was it developed? How much political and social buy-in does it enjoy?
- Does a clear structure for the public sector exist? Are the roles and responsibilities of line ministries and departments carefully structured? Are the reporting relationships of subordinate agencies and state owned enterprises clear?

### *Political structure and timeline*

- What is the political system underpinning the centre of government? Are there multiple political parties, a single party or no parties?
- Is there a political roadmap agreed upon between the parties? What are the major milestones (i.e. national dialogue, constitutional convention, other)? What is the electoral timeline?

### *Institutional framework at the centre of government - general background*

- Are there any existing offices or units that perform core government functions, including cabinet support, ministerial coordination, policy or legal coordination or strategic communications?
- What staff are currently performing core functions at the centre of government? What are their capacities? Are donors supplementing any of these key functions?
- It is particularly important to understand the roots of any particularly dysfunctional practices surrounding operations at the centre of government. Are they linked to capacity constraints or to broader political resistance?
- Who are the main advisor of the president / prime minister?

### *Nature of decision-making at the apex of government*

- Do regular formal meetings exist for the president/prime minister and his or her cabinet? Or is most decision-making informal or ad-hoc?
- Are there other ministerial decision-making and/or coordination bodies in areas such as national security or economic policy? What is their relationship with the cabinet?
- Are there laws, regulations or executive orders that guide the work of the executive offices (i.e. interim regulations, codes of conduct, religious or customary law)? How widely are they promulgated and understood by the relevant parties?

- Is there an existing cabinet manual that sets out the processes for running the cabinet and making decisions? Is there a cabinet submission template that ministries must use in order to submit issues to the cabinet for decision?

### ***Cabinet or Supreme Council meetings***

- How many decisions flow to and from the cabinet for decision each month? Is the workload manageable?
- How frequently do these formal meetings take place? How long do they last?
- Who chairs the meeting? Does the chair rotate or stay constant?
- Who participates? Is it principals only, or are staff allowed? Are informal advisors present?
- Is an agenda prepared for cabinet meetings? If so, who prepares it?
- Is the agenda circulated beforehand? Do ministries, agencies and departments have a chance to comment on it and propose changes?
- Are all ministries with a stake in a particular issue consulted beforehand?
- How seriously is the agenda taken? Can ministers introduce items that were not on the formal agenda? Does this happen frequently?
- Are proposals before the cabinet with financial implications adequately reviewed and costed? Is their consistency with the constitution and other laws reviewed? Are they checked for consistency with established policy?
- Are minutes prepared that record the decisions taken at the meeting? Are they circulated? Are they archived and retrieved later on?

### ***Cabinet offices and other coordination bodies***

- How large is the office that supports the cabinet? Who does it report to, and how is it structured?
- Does the office serve as a source of independent technical advice? Or does it simply manage the workflow?
- Does the office follow up on the implementation of cabinet decisions? How are they monitored or followed up?
- Are there other mechanisms for policy coordination (such as interagency working groups) at the sub-cabinet level? How effective are they?
- Who handles communications for the senior executive?

## 9.3 Public Finance: Revenue and Expenditure Management

### *Legislative framework and capacity issues*

- What key elements of the legal and regulatory framework for revenue and expenditure management are missing?
- Does a central tax authority exist, and is it functioning? What is needed as the basis for adequate tax collection capability beyond the immediate post-conflict period?
- Does a central public financial management authority exist, and is it functioning? Which parts need strengthening to ensure strong expenditure control and minimally adequate allocation and use?
- Is there a dedicated unit for preparing and proposing government investment projects?
- Have key staff members been appointed in the revenue and expenditure management agencies?
- When and how can plans be put in place for strengthening line ministries capacity, especially for investment project preparation, procurement and financial management?

### *Revenue*

- What is the current structure of the tax system? How do rates compare to neighbouring countries?
- Are extractive revenues important? If so, what provisions can be put in place for sound governance to protect the resources and allocate them appropriately?
- What is the extent of exemptions and allowances, in particular in indirect taxes?
- What is the state of the customs agency, in terms of integrity and efficiency, and what plans can be made to strengthen it? What is the state of taxpayer registration and identification?

### *Budget preparation*

- Does a formal budget process exist, even if simple? What types of public spending are not included, if any?
- Is a medium-term macro-fiscal forecast in place, even if aggregate and tentative at first?
- Are aid funds integrated in the budget?
- Is a preliminary budget calendar available?
- Are there procedures for beginning to involve the legislature in the budget approval process?
- Do adequate provisions exist for cooperation between the finance and the planning functions, whether located in a single ministry or separate ones?
- How is proposed capital spending integrated into the budget?
- Is there an agreed approach for selecting a few of the “legacy projects” for completion and for the orderly disposition of the others?
- Are large personnel expenditure misclassified as investment?
- Are budgeted expenditures for O&M adequate to assure initial operational requirements?

### *Budget execution*

- Are minimally effective controls in place at the commitment, verification and payment stages? Are these controls implemented centrally by the ministry of finance or decentralized to line ministries and agencies?

- How are payments for wages, contracts and other purposes implemented? What approximate proportion of government payments are made in cash?
- How quickly can cash payments be phased out?
- How does the government manage its cash? Are all government bank accounts under the control of a central authority?
- What procedures exist for amending the budget?
- How and when can effective wage bill controls be introduced in the Ministry of Finance?

### ***Monitoring, accounting and reporting***

- Is a basic system for collection and reporting of financial information in place?
- Is there a reliable accounting system, even if initially simple single-entry bookkeeping?
- Is there a reliable schedule for financial reports on budget execution, including on the financial implementation of investment projects?
- How and when can a system for reporting on the physical execution of investment projects be put in place?
- What provisions can be quickly put in place to make key budget information public in understandable formats?

### ***External audit***

- What is the state of the existing Supreme Audit Institution-SAI?
- How and when can it be strengthened sufficiently to exercise its external audit function (even if specific audits may need to be contracted out)?
- How quickly can INTOSAI become involved into assisting the development of external audit?
- Are there possibilities for twinning with another country SAI?

## 9.4 Government Employment and Public Administration

### *Legal and organizational issues*

- What is the pre-conflict legal framework that governs public employment? Is there separate legislation, or does general labour law cover government employees?
- Is there a central agency, such as a public service commission, and is it functioning? Is there a ministry of public administration or equivalent and is it functioning?
- Does the legal framework specify a general managerial cadre that rotates across various agencies and departments, or is it expected that employees will spend their entire careers in a particular ministry? How does this play out in practice?
- Are there provisions to attract diaspora returnees to government service in appropriate capacities? How are diaspora experts likely to be received by civil servants already in their post?
- Are there staff who have been working in specific regions, like provinces or districts, for their entire career?
- Do accurate human resources records exist, or were they destroyed in the conflict? How can they be rebuilt? And what are the attitudes of civil servants as to rebuilding them?

### *Employment, compensation and the wage bill*

- Does accurate information exist regarding the size and composition of public employment? If not, how can a “quick count” be organized, prior to an eventual comprehensive census?
- If the information exists, how does the number of government employees compare with that in neighbouring countries and countries at similar income levels - as a broad measure of the appropriateness of the size of government employment?
- What is the breakdown of regular, contractual and daily employees?
- What is the breakdown of managerial, technical, administrative and support staff?
- What is the breakdown of central and sub-national government employees?
- What is the breakdown between sectors? (i.e. service delivery, security, etc.)
- What is the gender composition of government employment?
- What has happened to government employment during the conflict? Approximately how many employees have left the country, and from which functions? Are certain ministries or regions particularly lacking in staff?
- How large is the government wage bill as a proportion of GDP, central government expenditure, own source revenue, and investment expenditure? How does it compare with neighbouring countries or countries at similar income levels?
- What is the breakdown in salary grades and steps for higher-level personnel? How compressed is the salary structure?
- Is there information on government compensation compared with the private sector for various categories (managers, technical, administrative, manual labour)? Can a quick survey be conducted to establish the orders of magnitude?
- At the current compensation structure, is the government likely to be able to attract and retain staff with the requisite skills, particularly in key areas such as management and IT?
- Are non-monetary allowances offered to employees? What is their approximate estimated value as proportion of basic salary? Is there scope for simplification and/or rationalization – after the immediate post-conflict period?

- What form of additional compensation is provided for especially hazardous jobs or temporary assignments to hardship locations?
- Are all salaries paid by check or direct deposit and, if not, how quickly can cash salary payments be phased out?
- Are there large salary (or pension) arrears and, if so, how and when can plans be made for their settlement?

### ***Human resource management***

- What provisions can be made to assure that recruitment and other policies embody a realistic compromise between the need to support the political settlement and the need to foster merit and efficiency?
- What provisions can be made to facilitate the recruitment of women in the government workforce - including at higher ranks - or, at a minimum, remove de jure and de facto barriers to their employment?
- How was recruitment practiced before the conflict? What central government agencies were responsible for its oversight?
- Have certain ethnic, religious, regional, or political groups historically been disadvantaged in terms of government employment?
- Did manpower planning take place at either the centre of government or within line ministries or both, and does such capacity still exist?
- What are the criteria and practices for promotion, discipline, and terminations of government employees? In particular, is career advancement based primarily on seniority?
- Are contracts mainly “indefinite duration” (tenure) or fixed-term?
- Do a code of conduct and/or code of ethics for government employees exist? Are there prospects for its enforcement?
- At what levels in government employment are political appointments made?
- Is lateral entry from the private sector into high positions possible?
- Is there partisan political interference in individual personnel decisions (other than the previously-mentioned goal of representativeness and support for the political settlement)?

### ***Training/Capacity building***

- What existing public sector training initiatives are in place? What government agency do they sit under, what skills do they target, and how are they funded?
- What are the existing training institutes for public administration, and what is their actual capacity?
- Are professional credentials required for government employment in selected categories? Are these requirements enforced?
- Have skill gaps been identified for key functions in core agencies and departments? If so, how and when can a targeted training strategy be formulated for rapid filling of these gaps, through either local and diaspora personnel?
- Do twinning relationships exist between expatriate staff and government employees in key managerial and administrative positions?
- How are training contracts structured to assure effective transfer of knowledge?

### ***Parallel administrative structures***

- How common are separate project implementation units (PIUs) in aid-financed projects?
- How does the salary structure in PIUs diverge from that within the broader public sector?
- What proportion of PIUs has training and/or transitional plans in place to build local capacity? Are there any particularly effective examples of such programs?
- Are there concrete plans for support to strengthen parts of the country's own procurement and FM systems?
- Do aid-financed projects incorporate appropriate technical assistance to gradually develop the country's own institutional capacity?
- Are PIUs systematically designed also as incubators of local capacity and training of government employees in fiduciary and in monitoring and evaluation systems?

### ***Boundary between politics and administration***

- Where did the division lie between political and administrative appointments throughout the civil service? What were the established practices prior to the conflict?
- Is the current public service heavily politicized?
- Are there variations between line ministries in terms of the ratio between political appointees and career civil servants?
- Do certain parties, groups or factions currently control some ministries? Do these arrangements help support the political settlement and consolidation of security, or are they motivated by other considerations?
- Are there provisions to provide a realistic boundary between appropriate political instructions to administrators and inappropriate political interference with specific administrative/technical decisions?
- Are there provisions to protect individual civil servants from inappropriate political interference?

## 9.5 Security Sector

### *Understanding the parameters of the security situation*

- Who are the actors involved in the provision of security - governmental and non-governmental, national, local, and foreign? Is there a national military or just a series of militias? If the latter, how much territory do they control? How are they funded? What is their ethnic or political base? To whom do they report? How cohesive or disciplined are they?
- Are there other potential spoilers who can mobilize organized violence?
- Which of these actors is critical for addressing immediate security needs? Which of them pose threats to national or civilian security?
- Is disarmament or demobilization to be full or partial? Are combatants to be cantoned (cf be dispersed or immediately reintegrated)? How do disarmament/demobilization/reintegration mechanisms for weapons collection interact with local weapon markets?
- What amnesty provisions are available?
- Are there residual regional pockets of violence? Are they being tolerated or is there a strategy to tackle them?
- What international sanctions operate on key actors? Are there conditions/procedures for lifting those sanctions?
- Which actors are key to a durable political settlement? In light of this, what role can security reform play in terms of political accommodation of these groups?

### *Functional mapping*

- What are the functional boundaries of security sector actors, groups or institutions? What relationships if any exist among the security actors? Do they cooperate, compete, or are they in open conflict? Do the same people belong to more than one of these groups or institutions?
- Do these groups operate in accordance with legal constraints, for example with respect to use of force?
- What is the de facto relationship between political and military leaders? Do factions of the military, security or police report to non-government actors? Are there effective mechanisms for the oversight of military and security personnel, and for civilian supervision and control of police and prisons personnel?
- Are there effective mechanisms of internal control and oversight? Do the groups or institutions have effective command and control?
- How inclusive are the security institutions? Are they dominated by one warring faction, one ethnic or religious group, one political party, one region? Are women and marginalized groups represented or excluded?
- For each institution, what is its budget and where does its funding come from?
- How actors in the institution are compensated and how adequate is their compensation? To what extent do actors in the institutions pay themselves through rent-seeking?
- How are actors recruited into the institutions?
- Do military actors simultaneously hold civilian office?
- If new groups are to be integrated into the security institutions, is there an individual vetting process to exclude those accused of serious crimes? Are the groups maintained as separate entities in the institution or are individuals integrated?

- Are there mechanisms for symbolic rite-of-passage transition from combatant to post-combatant?
- Is there a clear security sector strategy? Does it provide an evaluation of the country's security context, broad policy guidelines based on a legal and political consensus around how security is managed and detailed elaboration of mission, doctrine, force structure, human resource, and capital needs?
- What external actors are providing support for security institutions and personnel? What type of support are they providing?

### ***Public order and the state-citizen interface***

- Has the police force been newly established and recruited, or are there sizeable remnants from the force that was operating before or during the conflict? If the police force is a hybrid, are there major tensions between “old-timers” and “newcomers”? How are the tensions managed?
- Are there significant fractures in the police force along ethnic, religious, ideological, regional lines? Are there police factions aligned to political factions?
- What are the accountabilities and the main formal and informal “rules of the game” for the police?
- Is police compensation adequate and in line with overall government employee compensation (and the private sector)? What is the manner of compensation?
- Do the police enjoy special de facto “rents”? How decentralized is their collection? How is this likely to distort the manner in which they undertake their duties?
- Do police have the equipment necessary to perform their function? Are geographic challenges (of geography and population dispersal) particularly problematic for keeping public order?
- Have basic processes been established for the reporting of security incidents and serious crime?
- What formal and informal mechanisms, if any, does the population have to protect itself from abuses by security or police personnel, or report such abuses when they occur?
- How does the public view the groups or institutions? Do they enjoy broad legitimacy?

### ***Expenditure***

- What percentage of the budget does the wage bill constitute? What percentage of wage expenditures supports the security sector? How might the employment composition be re-balanced to deliver services?
- Are resources devoted to the sector efficiently used for their intended purposes? Are there leakages or inefficiencies, for example in procurement or payroll to remedy?
- Are the objectives outlined in sector strategies being met? How is sector performance measured?
- Are resources being used transparently and accountably with adequate oversight and control?
- How is the security sector treated differently than other sectors? Is it exempted from oversight and accountability practices to assure value for money? How are budget justifications handled in comparison to other government sectors? Are security budgets expenditures included in the budget? Are security expenditures disaggregated? Is it subject to legislative scrutiny? Is it subject to external audit?

## 9.6 Local Governance

### *Mapping the pre-conflict and conflict environment*

- What was the nature of intergovernmental or centre-periphery relations prior to the conflict? What was the role of subnational institutions, both de jure and de facto?
- What were the sources of state capacity, authority and legitimacy at the regional and local level? How do these map onto traditional structures for the exercise of power and authority? Have the social foundations of local government been destabilized by the displacement of populations or the infiltration of armed actors?
- Are there lagging regions in the country? Are there areas where certain groups are excluded from local governance and what was the impact?
- Did local coalitions prevent/reduce the collapse of subnational structures during conflict or take over local governments' functions in the course of conflict?

### *The post-conflict enabling environment*

- Are federalism, subnational governance arrangements and/or decentralization part of the peace agreement or a central part of the political transition? And if so, what role (if any) will decentralization play in the emerging political settlement?
- What is the legislative framework for sub-national governance? How clear are formal legal provisions on the roles and responsibilities allocated to each tier of government?
- Is there an ongoing policy process or constitutional debate directly relevant to the functioning of subnational institutions, including local elections?
- Are there pockets of significant support or resistance to the idea of reforming the intergovernmental system? Among political elites, in particular parts of the country, from within civil society, or among a popular constituency?
- Is there a likelihood of renewed conflict if there is no rapid signalling by the central government of a willingness to change intergovernmental arrangements?
- Are there any issues with border delimitation for subnational units and how they are handled?
- What is the importance of local elections in the peace agreement? How likely are these to serve as a source of legitimacy or accountability on the one hand or a source of conflict?
- Has peace been slow to reach the ground in some regions? Which regions are still impacted by day-to-day violence even after the formal cessation of the conflict? What are the drivers of this violence (i.e. unaddressed grievances from conflict, crime, disputes between groups?)

### *Mapping the presence of subnational institutions*

- Where are local governments operational, at which levels and to what extent?
- What is the general state of repair of subnational government infrastructure and assets (buildings, mobility, communications, and technical equipment). If not all subnational government have re-established a presence, what are the main constraints?
- What are the de jure responsibilities and functions of local governments? What functions are local governments actually capable of carrying out?
- Are subnational governments fully, partially or barely staffed? Are target staffing levels known?
- Is the subnational governments' payroll handled by the central government partially or totally?

- What is the local governments' capacity for handling basic PFM functions?

***Mapping the relationship between central government and regional governments***

- How well connected are the local and national networks? This includes physical infrastructure (i.e. roads, flights between regions, etc.) and ICT connections (mobile network, internet connections).
- What, if any, are the de jure links between provincial and local (municipal) government structures? What are the de facto links and how functional are they?
- What are the most common forms of communication between local and central governments? Do subnational government leaders have to take their issue directly to central level or is there an established protocol through intermediary levels?
- Is there a central government ministry, department or agency responsible for coordinating local governance? If so, what are its mandate and responsibilities? What is its de facto ability to carry these out?
- Is guidance provided to subnational governments by the central regulatory authority? Is the central authority capable of verifying the legality of the actions of local governments, to what degree and how?
- Which measures did central government take to tackle logistical issues of subnational governments, such rebuilding/repair of facilities, transfer or procurement of equipment, etc.?
- Does the central government have the capacity to provide direct technical support to subnational governments in the delivery of their functions through its deconcentrated services and/or provincial governments and/or sub-contractors?
- Which are the main non-state actors having a marked influence on local governance processes (peacebuilding/conflict management/reconciliation, local security, service delivery, representation/voice)? What is their legal status? Which resources (human, financial, technical) do non-state actors rely on to perform their roles, and in particular the importance of donor support and community support?
- How are relations between subnational governments and informal governance institutions organized? Are there overlaps between the role of subnational government and informal institutions with regard to leadership and legitimacy, service delivery and taxation? Are traditional structures (where relevant) officially recognized by the state and what support from the state does this entail?

***Review of service delivery by local governments***

- What is the division of responsibilities between the central government, subnational governments, and non-state actors as laid out in legal provisions and as carried out in practice? How clearly has the allocation of responsibilities been established? What are the overlaps and other issues?
- Are immediate needs of populations for these services hardly/partially/fully met (qualitative assessment using benchmarking)? Are all sectors/regions of the population reached equitably - if not, which have less access? Are all geographical areas covered?

***Capacity and resource gaps for subnational governments***

- Do local executives (mayors, village heads, governors, etc.) have leadership experience before the conflict? And how were they selected? Have local tiers of government continued to function during the conflict?

- Are local councils considered to be legitimate by the population? And how were they selected? Level of previous experience with local legislative function? Are local councils able to play an active role in conflict resolution, policy formulation and oversight of local executive branches? What kind of technical support do they receive to assume their functions?
- Did the majority of subnational governments produce annual plans and budgets in the last fiscal year? What was the process for developing these plans?
- Is local and sectorial planning integrated? Is infrastructure planning in cities linked to longer-term urban planning process?
- What was the share of current expenditure as compared to investment expenditures? What was the breakdown between capital, operational and salary expenditures? How does this compare with pre-conflict data?
- What is the percentage of the overall national budget allocated and expended through subnational governments' pre-conflict and post-conflict period?
- What are the amounts of intergovernmental fiscal transfers (i.e. from the centre to subnational levels)? What are the formulas used to calculate allocations? How much funding is actually reaching subnational units? Compare these questions pre and post-conflict.
- With regard to intergovernmental fiscal transfers, do these issues benefit from predictability, flow of resources between levels of government, and transparency? Are any measures envisioned or under way to reform these processes?
- Is there a block granting systems and local development funds? Does it function?
- What is the share of donor assistance directly expended at local level and breakdown between allocations to subnational governments and to NGOs/CSOs?
- With regard to local revenue generation, what are the de jure sources of subnational governments' revenue? How much has been collected (as a percentage of local government budgets) during the pre and post-conflict period? What has been the breakdown between different sources (taxation, fees, investments, others)? Does the central government collect taxes and other revenues on behalf of subnational governments?
- What is the rate of execution in the last fiscal year? Are subnational governments directly responsible for financial execution of their budget? Which procurement practices are followed and their legality? What accounting systems are used? What constrains internal financial controls?
- Are subnational governments' financial reports debated before new budgets voted by local councils? Does the central authority require financial reports on the past year before funding new budgets? Are subnational government accounts regularly audited by the central government auditing body?
- Are civil service positions common in the subnational governments' workforce? Is it common for subnational government staff to work without contracts and if so, are measures taken to phase out practice? Do recruitments involve a selection process and if so, is the central government involved in any way in it? Do subnational governments use organograms and job descriptions?

### ***Inclusion and participation***

- What is the overall status of mechanisms for participation and accountable decision-making at the subnational level? If they exist, how effective are participatory governance practices at including the needs of marginalized groups, in particular those that did not have access to local governance before conflict?

- What is the overall status of mechanisms to promote participation (information-sharing, participatory planning, permanent local development committees, social accountability, etc.)? Where they exist, are any of these structures parallel to subnational government decision-making rather than connected to it?
- Have local elections taken place? Were they competitive? What was the quality of these elections in terms of providing a mechanism for holding government officials accountable?
- If local elections have taken place, what is the data on women's turnout rate and women's presence in local councils and among elected mayors/governors? Are there significant differences in representation between local and national governing structures? Reasons?
- What is women's enrolment among subnational government staff? What are the main hurdles? Is the issue of women's representation in local councils and administrations present in the central government's discourse on local governance? Which measures are taken or are hurdles to implementation? Are some municipalities (especially in larger cities) making efforts of their own to increase this representation?
- Are women's CSOs actively involved in local committees and participatory structures? In service delivery? Is funding made available to women civil society organisations (CSOs) by subnational governments (in cities)?

## 9.7 Aid Management, Financing and Donor Relations

### *Aid and the economy*

- What percentage of GDP does aid account for? How does this compare to (i) the pre-conflict levels (ii) other post-conflict countries and (iii) neighbouring countries?
- Are major distorting factors present, e.g. a large military intervention that is itself a source of major spending, contracts and inflationary pressures?
- What are the main geographic challenges (topography, population dispersal, local insecurity) to channelling aid to where the needs are greatest?
- What are the main sources of aid? Is there one large donor whose contributions dominate external financing?

### *Organizational framework*

- Is the pre-conflict framework for aid management still in existence? Where in the government is it located? Is there any continuity in structures or personnel?
- Which among the various linkages between aid management and other government structures is currently operative and which needs to be restored as a matter of priority?
- How and when can provisions be established for the normal interaction between the aid management unit and the line ministries?
- How the aid management unit is internally organized (by donor or by sector)?
- Is the government effectively in charge or is most aid in practice driven by the donors?

### *Information and systems*

- What are the information and communication technology (ICT) infrastructure assets that survived the conflict?
- Was there an adequate aid information system before the conflict and, if so, is it functional?
- Was there before the conflict a comprehensive and reliable database of information on economic and financial aid and, if so, can it be restored?
- Do the technical and human resources still exist to update and maintain the aid database?
- Does a simple but reliable system exist for linking aid information to the budget?
- When and how can formal understandings and protocols be put in place for donor reporting to the government on their aid commitments, disbursement plans, and actual disbursements?

### *Financing the recovery*

- To what extent is aid “on-budget”?
- What are the sources of untied aid?
- Is there a need for an “umbrella” multi-donor trust fund?
- Is there a donor consensus on the need for a multi-donor trust fund?
- How are humanitarian and emergency aid handled?

### *Progressive engagement with country systems*

- Are there pre-existing reviews of the quality of the pre-conflict national systems for procurement, financial management and monitoring and evaluation?
- Are the major gaps in procurement or in financial management?

- When and how can plans be made for the eventual transition to country systems for financial management and procurement?

### ***Technical assistance and capacity building***

- How are technical assistance experts mobilized? What are the plans for utilizing diaspora experts?
- Is there tension between diaspora and national experts, and how is it likely to be managed?
- What provisions can be put in place to assure the competence of the expatriate experts and the quality/relevance of their advice?
- Have capacity gaps in key functions been identified?
- How can genuine transfer of knowledge be assured between expatriate advisors and local staff for key positions?

### ***Donor-generated distortions***

- What are the existing donor practices with regards to compensation for local staff?
- Are there incentives for civil servants to leave government employment to work in aid-financed projects or organizations?
- Is there evidence of salary “top-ups” of government employees as counterparts of aid-financed projects?
- Are there other donor practices with the potential to distort the local economy or undermine capacity-building?
- What are the concrete prospects for clear and binding agreements among donors to avoid capacity-destroying practices?