Public Service Reform in Post-Conflict Societies

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Abstract

Building a capable public service is a key component of post-conflict state building. An effective public service is fundamental to the regulation of society, management of public funds and implementation of public infrastructure. Yet in post-conflict environments there is typically a tradeoff between short-term stability and this long-term objective. To buy peace, political elites hand out public jobs and resources to constituents regardless of merit. To address citizens’ pressing service delivery needs, donors may primarily rely on “parallel” project delivery structures, rather than public servants, potentially undermining state building. In face of these trade-offs, how can capable public services be built in post-conflict societies? This paper aims to frame the research agenda for building the evidence-base on this question. It does so (i) by offering a (political economy) framework that outlines the key incentives constraining reform initiatives; (ii) by reviewing the evidence from post-conflict settings, in particular a forthcoming comparative study on this question on Afghanistan’s, Liberia’s, Sierra Leone’s and South Sudan’s and Timor-Leste’s post-conflict reform trajectories; and, (iii) by discussing the validity of findings on civil service reform from non-conflict settings.

1 This note draws on (Blum, Christia and Rogger, 2015) and ((Blum, Ferreiro-Rodriguez, & Srivastava, 2016). We appreciate the useful discussions we have had with Fotini Christia, Vivek Srivastava, and the Fragile and Conflict State White Paper Development Group. This work is a product of the staff of the World Bank. The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent.
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1 Introduction

1. Public service reform serves to improve the management of human resources within the public service, which in turn ensures the running of a functioning state. The public service is here understood to comprise civilian government employees at the central and subnational levels, excluding the armed forces.\(^2\) It is part of building government effectiveness through enhancing the capacity of state institutions, with anticipated positive effects on governance and service delivery.

2. Creating a competent and accountable body of public servants is a challenge in any context. It is, however, particularly difficult in countries that are emerging from conflict. There, the needs for reliable service delivery are acute, but the levels of institutional capacity and professional competence are notably low. Political elites may lack incentives to bridge this gap by investing in public servants’ capacity. To stabilize fragile coalitions, they may prefer to hand out public jobs to constituents or former combatants (as private goods), rather than recruiting the most capable (to serve the public good). Peace agreements often set specific expectations about the number and affiliation of these public service posts, handing out public jobs with no regard to merit or a fiscally sustainable wage bill. As a result the civil service that gets formed post-conflict is often weak and remains rooted in an institutional legacy of conflict.

3. Government actors are not the only forces determining civil service reform in the post-conflict context. Donors also have a critical role in shaping public service delivery. Urgent needs for reconstruction and service delivery (and the payment of civil service salaries) are often met only through donor money. To rapidly meet these goals, donors often prefer to bypass rather than build the state, by creating donor-initiated parallel structures\(^3\) or relying on nongovernmental organizations (NGOs). Such parallel structures of donor-run or -financed units that perform government functions are almost three times more prevalent in fragile and post-conflict countries than in non-fragile countries.\(^4\) This means that short-term stabilization and service delivery goals

\(^2\) More precisely, this includes the core civil service, front-line staff in core sectors, the police forces, and employees in autonomous agencies. It comprises both public servants, who typically have a long-term contractual status and are paid from the government payroll, and temporary staff, often paid outside the payroll. Temporary staff often shape a significant share of government employees post-conflict.

\(^3\) “Parallel structures” are understood as functionally bounded units—supported at least in part by donors—that perform activities typically managed by the public administration and that are using systems and procedures that differ from (or add to) country systems, or human resources that are (partially or fully) paid, recruited, or managed by donors.

\(^4\) In a survey carried out in 2011 to monitor the Paris Declaration, it was found that donors made use of an average of 11 parallel project implementation units (PIUs) for every $100 million in aid disbursed for the government sector in these countries, compared with a global average of 4 parallel PIUs per $100 million of disbursed aid across all 78 countries that participated in the survey (OECD, 2011b).
trump long-term capacity building in the civil service, putting sustainability at risk. In a market depleted of skilled labor following conflict, rapidly inflowing aid often skims the cream of the most competent staff out of the civil service, directly undermining the administration’s capacity.

4. There is a relatively broad consensus amongst donors on what the ambitions of post-conflict states should be. Reforms are typically focused on improved governance, effective service delivery, and enhanced stability. In practice, this means sustaining the peace agreement, reducing corruption, and increasing the reach and quality of public services. A secondary set of concerns typically includes ensuring equity of services across citizens and reducing political interference in the bureaucracy. Whilst this note assesses the feasibility of reforms directed towards these aims, it also questions the extent to which there are tradeoffs between them. It may be that donors are increasing the constraints on post-conflict states by pushing too expansive an agenda. The conditions and focus of donor support may in fact be a burden on the core aim of sustaining the peace agreement.

5. In contrast to more incremental reform paths elsewhere, the disruption caused by conflict may open a window to high institutional “malleability” in its immediate aftermath. Delegitimized or destroyed pre-conflict institutions, weak checks and balances (for example, no parliament), and strong international influence often permit major changes to be made to civil service institutions. But recognizing that these institutions take several decades to take root and that they remain layered with formal and informal pre-conflict norms raises a question on the appropriate balance between continuity and disruption in post-conflict civil service reform.

6. This applies both to institutions and to personnel. The generation of civil servants who have worked throughout a conflict may be perceived as representing the “old” regime, and may find it difficult to rapidly adjust to changes. But that generation may hold a set of skills and institutional knowledge that new recruits lack. Thus, a key concern post-conflict is how to find the right mix between old and new personnel.

7. In post-conflict settings, the degree of institutional change that can be achieved through changes in formal rules is very limited. Under extreme capacity constraints, the center of government often has very limited ability to influence the civil service and to enforce changes introduced through formal rules. First, the central state often has unreliable data on such basic questions as how many people it employs, how they are paid, and how they are recruited at the periphery. This lack of information limits its ability to effectively govern the public workforce. Second, reform may be constrained by the need to sustain a post-conflict agreement between
opposing parties. Third, centrally driven, de jure civil service reforms may simply not get adopted: subordinate agencies may evade them, while the costs of enforcement are prohibitive.

8. In sum, post-conflict civil service reform trajectories differ markedly from those observed in non-post-conflict states. They face multiple additional constraints, such as a reduced capacity for policy implementation and oversight; lack of human capital; institutional legacies of conflict; and donor mandates.

9. In the light of often competing objectives, how to rebuild public services⁵ in post-conflict societies? This paper aims to frame the research agenda for building the evidence-base on this question. This amounts to surveying a greenfield explored only by scant academic research (e.g. (Barma, Huybens, & Viñuela, 2014)) – but situated at the intersection of closely related bodies of research.

10. On the one hand, there is a significant body of research on public service reforms in other (non-post-conflict) settings. This comprises a mature body of research by public administration scholars on public service reform trajectories in OECD countries (e.g. (Pollitt & Bouckaert, 2011)), but with limited coverage of developing countries. Political scientists have shed light on the political economy of public service reform in different settings (e.g. (Merilee S Grindle, 2012); (Geddes, 1994); (Schneider & Heredia, 2003)). Recently, micro-economists are conducting field experiments on “personnel economics of the state” (see (Finan, Olken, & Pande, 2015) for a recent survey of this literature, 2016) in developing countries. Yet, as this paper will argue, there are serious questions around the validity of the findings from this research in post-conflict societies. Indeed, available evidence calls for great caution in transplanting “good practice” public service reform interventions from other contexts to post-conflict societies ((Blum et al., 2016)).

11. On the other hand, there also is a significant body of research that sheds light on the origins of conflict (see for example (Blattman & Miguel, 2010) for a survey) and the distinctive nature of post-conflict settings, while exploring policy questions that are not or only indirectly related to public service reform. This research for example underlies the World Development Report (WDR) 2011 on Conflict Security and Development (The World Bank, 2011).

⁵ The public service is here understood to comprise civilian government employees at the central and subnational levels, excluding the armed forces. These include the core civil service, education, health, the police forces, and employees in autonomous agencies. It comprises both public servants, who typically have a long-term contractual status and are paid from the government payroll, and temporary staff, often paid outside the payroll. Temporary staff often shape a significant share of government employees postconflict.
12. Surveying the (greenfield) territory at the intersection of these literatures therefore primarily is a task of contextualization. What does a post-conflict setting imply for the distinctive ends and means of public service reforms? We approach this task in four steps.

13. We start by laying out the ends of public service reform in post-conflict societies (section 2). We argue that post-conflict contexts sharpen the trade-offs between different ends. The “politicians’ dilemma” (Geddes, 1994) between handing public jobs to constituents (as private goods) or to the capable (to produce public goods) has marked public service reforms throughout the world. Yet, post-conflict, the need to use public jobs as currency for buying a fragile peace (arguably) leaves particularly tight margins for investing in the capable. In other contexts, improving service delivery and building public service capacity are typically considered as aligned objectives. But post-conflict, aid-fueled parallel project structures often assume a major (at least transitory) role in service delivery, bypassing the public service, rather than building its capacity.

14. Second, we sketch out a political economy conceptual framework that we consider useful as a primary “lens” for considering public service interventions in post-conflict societies (section 3). This lens is not new. It draws on a well-established models of elite bargaining, as proposed inter alia by (Bates, 2001), (Siverson, Morrow, de Mesquita, & Smith, 2003) (Acemoglu & Robinson, 2005) (Siverson et al., 2003) and (North, Wallis, & Weingast, 2009). We use this lens to help explains observed patterns in public service reforms in post-conflict (and how this bargaining situation is distinct from other settings). We argue that this lens helpfully explains distinctive public service reform patterns in post-conflict societies, as well as significant observed heterogeneity of paths and outcomes within this group of countries.

15. Within our framework, we seek to identify contextual variables that can explain such heterogeneity (and the mechanisms through which they may explain distinctive outcomes for similar interventions). The premise of this paper is that it is useful to consider “post-conflict” societies as distinctive with regards to public service reform given the intensity of the constraints faced in these environments.

16. Third, we review and contextualize the evidence on public service interventions in post-conflict societies (section 4). We group interventions as concerning three broad (and non-exhaustive) sets of institutions: (i) institutions for controlling the size and structure of the public workforce; (ii) institutions for paying and selecting public servants; (iii) institutions for building a coherent public service identity; and, (iv) institutions for building public servants’ capacity. In each domain, we use (a) the lens of our analytical framework and (b) draw on the scarce existing
evidence from post-conflict contexts to identify priority policy and research questions. We heavily rely on a forthcoming study (Blum et al., 2016) which undertakes a focused, structured comparison of public service reform trajectories in five post-conflict countries (Afghanistan, Liberia, Sierra Leone, South Sudan and Timor-Leste). We then ask (i) whether the existing evidence from non-conflict settings speaks to these questions, and (ii) flag validity concerns we expect in post-conflict societies.

17. We conclude by summarizing the substantive research agenda and by drawing implications for the research methods suited to address it (see section Error! Reference source not found.). Experimental research on public services in post-conflict has a lot of promise, but in a peculiar domain: in shedding light on the impact of design variations in aid-funded parallel structures on public servants and service delivery. The scope for experimental learning within the public service is constrained by a conundrum of control: experiments, by definition, involve a high degree of control – but the very challenge in post-conflict administrations is exactly the low degree of control over reform implementation, often entailing vast gaps between de jure policies and de facto realities. Although experiments are certainly feasible with external scaffolding, this raises a systematic caveat regarding the external validity of experimental findings. By contrast, parallel structures have major influence on public services, are a domain where these caveats do not apply, and are in dire need of a better evidence base.

2 Competing Objectives

18. In post conflict societies, public service institutional choices serve three broad objectives: They serve to build a capable public administration, they serve to improve public services (including policies) for citizens and they serve to enhance and preserve stability. What is distinctive about post-conflict societies is not the nature of these objectives, but the nature and severity of trade-offs between them.

19. In the post-conflict setting, service delivery needs are typically acute. Basic services are typically operating at a reduced level and public infrastructure is frequently in need of substantial rehabilitation. Developmental aims are best served by building a capable civil service to manage the required investments. Existing levels of public service capacity are usually unsuited to these needs, having been undermined by conflict itself. However, to mitigate the threat of a return to conflict, political elites may prefer to hand out public resources, and particularly jobs, to
constituents or former combatants, rather than recruiting the most capable civil servants. (to serve the public good).

2.1 Public Service Capability

20. We can judge the capability of the state by its capacity to produce outputs and outcomes (‘the ends’), or by an evaluation of its procedures and systems (‘the means’). For example, we might judge a ministry of water resources by the number of functional wells it creates for citizens, or by the bribes it pays to build them. Both sides of this debate (characterized by authors such as ; (Andrews, 2010), (Fukuyama, 2013),(Holt & Manning, 2014) and (Rotberg, 2014) have lessons for the post-conflict environment.

21. Advocates of an “ends” view argue that focusing on ends is the only option to avoid loading measures with assumptions about the “right solution” that may not “fit” the respective country context. (Andrews, 2010) for example argues that “governance institutions, processes, ‘regimes’ and such that ascribe and distribute and shape authority can vary across countries and sectors for legitimate, contextual reasons” (Andrews, 2010: 6). In post-conflict settings, one would expect public service institutions to deviate significantly from OECD averages and thus avoid measuring them by standard yardsticks. Say a researcher compared the quality of two recruitment mechanisms (say for the Senior Executive Service) by “meritocracy” standards alone – i.e. merely based on the quality of applicants selected (qualification, motivation etc.). (S)he would risk telling an incomplete story if the qualified get isolated and slide-lined in their jobs, (e.g. because the minister only trusts members of his own clan / circle). On balance, less-qualified members from inside the circle might outperform highly qualified outsiders.

22. On the other hand, critics of an ends-view, like (Fukuyama, 2013) highlight the difficulty of attributing outputs and outcomes to government actions as “the public sector interacts with the environment around it and the society it is dealing with to produce results” (Fukuyama, 2013: 8). Thus, a corrupt ministry of water is a public dis-service through its interactions with the society it interacts with, for example by distorting contracting markets.

2.2 Public Service Delivery

23. Public service delivery is a key objective of the majority of citizens in post-conflict settings, and of many international development partners. It may also be incentive-compatible for local elites as a means of gaining support amongst their constituents. Delivering services through core government organizations is both a means to satisfying this objective as well as a longer-term
investment in the capacity of government to provide those services in the future. However, building that capacity frequently comes at a cost due to the limited capability of the contemporary civil service.

24. In recent post-conflict settings, donors have therefore tended to “bypass” the state by channeling investments through “parallel” delivery mechanisms, such as NGOs and donor-led aid projects. These have often resulted in significant improvements in key social and human development indicators. However, these gains need to be weighted against the costs in terms of building sustainable state capacity for delivering these services.

2.3 Stability

25. For political elites, stabilization may often be the primary concern in their choices over civil service institutions. Though service delivery is one means for securing the buy-in of all citizens, it is typically hindered by the low capabilities of delivery agencies. Stabilization may be better achieved by handing out public resources and jobs in a way that incentivizes powerful elite members (or armed individuals) from reverting to violence. This ensures that the most dangerous factions in society benefit more from the resulting peace than from the resumption of conflict.

26. On one hand, such policies undermine both the capability of the public service and its capacity to deliver services. On the other, it ensures that warring factions do not revert to violence which would likely do the greatest damage to the state’s capacity to deliver services to its citizenry and effectively build the capabilities of the state.

27. We now take this set of competing objectives and embed it into a bargaining framework that illustrates the trade-offs between the objectives of capability, service delivery and stability, and highlights why these trade-offs are more pronounced in post-conflict settings.

3 Conceptual Framework: A bargaining equilibrium

28. We present here a basic framework of the political economy of civil service reform in post-conflict societies to guide the discussion in the remaining sections of the paper. The dynamics of civil service structure and reform can be characterized by the competing interests of elites at the centre of the service and a decentralized periphery. Those responsible for centralized control mechanisms, such as restrictions on the total civil service wage bill, must design a set of de jure rules for the civil service. Decentralized actors can stick to these rules, or ignore them and attempt
to de facto force a new bargaining equilibrium. The centre must then decide whether it should renege on the rules it has set for the service as a whole to avoid conflict with decentralized actors who have deviated. Donors are restricted to impacting this bargaining game by offering a reform and funding package in a first stage which aims to influence the de jure rules offered to the periphery.

29. The framework is in the spirit of the new institutional economics literature, and related to work such as (Acemoglu & Robinson, 2005) and (North et al., 2009); henceforth NWW). For example, NWW’s central question is how to ensure peace within societies where the state lacks a monopoly of violence and where multiple elite groups can resort to violence to advance their interest. NWW’s central framework is a game between rivaling elites which face choices between “cooperating” with one another or “defecting” (resorting to violence). In their game, elites’ access to rents and capacity to distribute them is key to ensuring cooperation and relative peace. Rents directed toward a specific elite group make the payoff from cooperation higher than the alternative gains from resorting to violence. Intra-elite bargaining center on the distribution of these rents.

30. In the civil service setting, an essential function of public jobs and revenues in post-conflict societies is to buy peace. Public jobs and their corresponding salaries are a key mechanism through which elites distribute rents, with the consequence that the public sector wage bill often consumes half or more of total government spending. The distribution of public jobs and the determination of salaries is therefore the central matter of elite bargaining. Other considerations, such as the distribution of the remaining budget targeted at government activities, follow a similar logic.

31. In such a setting, de jure rules over pay and employment must balance core constraints at the centre, such as finite revenues, with a contract to opposing parties that they will benefit sufficiently from the service structure to sustain the stability of the peace agreement. These benefits could arise from public employment and pay or from service delivery. Frequently, service organisations are not perceived to be effective enough for these benefits to arise solely, or even dominantly, from improved service delivery. Rather, parties with sufficient power in the post-conflict state typically gain access to public employment as a part of the post-conflict ‘bargain’.

3.1 The Framework

32. In the post-conflict civil service setting, central and decentralized players compete for discretion over public jobs, salaries and resources. Central players comprise the chief executive (typically the President) and central agencies reporting to him, such as the Ministry of Finance
(MoF) or the central human resources body. Decentralized players comprise line-ministries, departments and agencies (MDAs). Decentralized players are assumed to have incentives to maximize their discretion over public jobs, salaries, and resources, whereas central players have incentives to restrict this discretion, either in the public interest (to contain the wage bill or protect merit) or to maximize their own control over jobs.

33. Central players’ choices comprise setting and enforcing de jure civil service rules (such as establishment control, pay and recruitment policies), conditional on decentralized players’ (potentially heterogeneous) responses. To enforce these de jure rules, they can exercise their de facto power to withhold payments emanating from central authorities such as the MoF. Decentralized players’ can choose to comply with or reinterpret and evade centrally set rules. Evasion varies in intensity from small deviations in the number of employees hired above that designated, to a full exit from the government and the resumption of armed conflict.

34. Players accrue utility through their discretion over public jobs and resources in three ways. First, they maximize the contemporary payoff to holding office by consuming government resources themselves. Second, they care about future access to government resources, and thus invest in rewarding the constituents that keep them in power. Third, to the extent that they have preferences for service delivery or believe it an effective mechanism for staying in office, they gain from any public services provided by their domain of government. Each of the decentralized players has a benchmark participation constraint defined by the utility they receive from exiting government and returning to violence, with some probability that they will then win and become the centralized elites themselves.

35. We introduce donors as a pre-cursor to this bargaining game, and assume their preferences are to maximize the welfare of citizens through the effective delivery of basic services. We restrict their action set to offering the centralized elites a reform program and associated funding. For example, a donor may propose to provide funding for public salaries if the government introduces a meritocratic recruitment system. This introduces a preceding stage to the bargaining game between elites and decentralized agencies. Elites must decide whether they will take up the reform and bind their hands in subsequent bargaining. They can renege on the agreement with the donor

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6 Centralized actors are typically made up of agents from the winning party in the conflict, as they take key positions of control in any new government. It is quite common, however, for decentralized line ministries and other agencies of government to be ‘carved up’ amongst warring factions. Abstracting for this paper from internal party conflict, it is these sets of agents that make up the key actors in post-conflict civil service settings.

7 It is often a rational survival strategy for political leaders to focus the distribution of rents to a narrow group of elite clients than to invest in providing public goods for a broader public (see for example (Siverson et al., 2003), (North et al., 2009) and (Acemoglu & Robinson, 2012)).
once the assistance is provided, but this introduces a dynamic aspect to the game, since it affects the willingness of donors to provide further funds in the future. Since donors know the structure of the game, they will refuse to offer assistance unless they perceive there is a credible chance that the government will stick to the reform agreement.

36. Figure 1 provides a formalization of this game in a sequential tree-form. In a first step, donors offer financial assistance in the hope that the promise of future aid will incentivize reform. Central elites then choose whether to reform, making choices over the civil service rules in line with the donor’s request, or renege and define those rules without additional constraints. If *complied with*, the civil service rules have implications for the amount of discretion that line-MDAs retain over public jobs and for the costs of non-compliance. However, decentralized agencies can choose not to comply with centrally set rules, and in the extreme setting laid out in Figure 1, to exit government and revert to war.

*Figure 1. Stylized game between donors and country elites*

37. The resulting equilibrium is then defined by the relative power of the central and decentralized actors, their preferences over service delivery, their outside options, and the nature of the assistance package donors offer. For example, if the centralized elites are powerful, in that decentralized agents are small in number or have limited options to revert to violence, the centralized elites can design civil service rules that offer the periphery limited discretion over public
employment. In response, the centre has scope to control government resources either for their own consumption or service delivery. If centralized agents place a high priority on service delivery and thus an effective state, this also increases the credibility that they will not renege on donor assistance, making reform offers more likely. On the other hand, if centralized agents are focused on corruption, there is little scope for donors to approach decentralized actors independently.

38. Let us use this framework to illustrate a number of points about post-conflict civil service settings. In environments where decentralized agents are relatively powerful, the capacity of the state to coordinate service delivery is frequently diminished. The centre must delegate discretion for public employment to decentralized agencies to ensure peace, increasing the wage bill and reducing the available resources for services. Decentralized agents must decide to stick with the rules and maximize service delivery, or use their power to hire from within their constituency. If donors respond by setting up a parallel state to reach citizens directly, they may diminish the capacity of the service further, for example by recruiting the best qualified civil servants or reducing accountability demands by citizens. This reduces the capacity of the state to deliver services, one means through which constituencies of government are satisfied, however ineffectively. This increases the incentive for the post-conflict bargain to be settled through expanded public employment, as the constituents of decentralized agents demand more direct rents as service delivery fails. At a certain point, the centre no longer has the resources to satisfy the bargain, leading to the resumption of violence. Thus, donor action towards service delivery can unravel the peace agreement.

39. Neither centralized nor decentralized actors are a priori more able to generate public services. Suppose the centre weighted public services more highly in their utility function than decentralized actors but was relatively weak due to the periphery’s easy access to violence. It must then delegate discretion to decentralized agents and cannot use de facto force to discipline them. Both preferences and bargaining strength must align for the centre to be service-focused. Similarly, if there are decentralized agents with a relative preference for public services (through citizen accountability or internalized preference for services), we in fact want a weak central state which cannot enforce distortionary de jure rules designed to maximize the centre’s rent extraction.

40. Central players have incentives to ensure that the “job rents” accruing to each decentralized player are sufficient for preventing defection choices. The capacity of decentralized agents to resume conflict is therefore a key determinant of the centre’s control over funds. Since centralized funds are fungible across sectors, there are negative externalities of access to violence by one
agency over the resources available to another. Donor reforms that target agencies aligned to the centre may further distort the position of rival agencies. As cost-savings free up resources for the central purse, rival agencies can credibly increase their claims on these fungible resources and expand their recruitment activities.

41. The systemic nature of the service relationships between central actors and the range of decentralized actors makes context key to understanding the validity of any specific study’s findings. As outlined in the introduction, the agencies researchers have sufficient control to undertake experimental work in may not be good comparators to those where central control is weak given the differing nature of the bargain there.

3.2 An Example

42. An example from Afghanistan may illustrate and motivate this framework. Competition between different, fragmented elite factions over the control of the state has shaped Afghanistan’s history. Such power struggles also marked the 2001 Interim Administration under President Karzai. In the eyes of many observers, the 2001 Bonn Agreement hardly provided a balanced elite settlement.8 This, in turn, “set into motion an internal war between two opposing elite networks”4, – between the (mostly Tajik) Northern Alliance members led by the Jihadi factions and the Karzai-led Western-supported Pashtun faction.

43. The distribution of cabinet posts and intra-cabinet rivalries reflected this skewed elite settlement. Under the Interim Administration, as Sharan documents, the NA dominated most Cabinet posts (17 out of 30)5. Ministers – or decentralized players - considered their respective MDAs as their chiefdoms. For the civil service, these identity politics of rivalling elites (at Cabinet level) implied that, in particular, senior appointments served as a key patronage currency. As Sharan documents, NA ministers used their influence in senior appointments, entailing an over-representation of Tajiks in grade 3 and above by 2005. President Karzai himself (as a central player) over time sought to achieve a rebalancing in favor of his own Pashtun faction. Recognizing these intra-cabinet rivalries, an early World Bank report noted that “even within central government, current political divisions and rivalries render impossible any meaningful consensus on even the

8 Rather, it failed to “codify de facto power-sharing” and entailed “the monopolization of powe r” ((Rubin, 2002:155)) by the Northern Alliance factions in a “winner takes it all” logic.3
key policy elements of a comprehensive administrative reform program, let alone practical implementation of such a program” ((Hakimi, Manning, Prasad, & Prince, 2004:12)).

44. In this context, the fate of a heavily contested donor-push for merit protection in senior civil service appointments illustrates the incentives and strategies of the different players. The Bonn Agreement had envisaged the establishment of an “independent civil service commission”. Subsequently, the international community pushed for Presidential degrees (Decrees Nr 25 and 26) that provided a newly established “Independent Administrative Reform and Civil Service Commission (IARCS) with a strong mandate for protecting merit in senior appointments, in order to reduce the risk of patronage. As was to be expected, the proposals met with fierce opposition by Cabinet members (the decentralized players). Under international pressure, President Karzai (the central player) however pushed the decree through cabinet. When it was initially tabled in Cabinet, “the Cabinet was surprised and did not approve it. In the next cabinet meeting the president told [the Cabinet]: ‘If we don't approve this regulation and other decrees the international community will not continue supporting [us].’ Then they were forced to approve it.” At the same time, President Karzai’s chose to appoint an IARCSC Chairman with weak influence in the coalition and the Northern Alliance.

45. Within the first years of its establishment, the Appointment Board became the target of hefty criticism from most other parts of government, including the Presidency, OAA, MoF and key line-ministries. “During this period, the ministers were very upset [with the recruitment process]”. The criticism primarily targeted (i) bureaucratic and inadequate appointment procedures and lack of respect for them; (ii) lacking competency and experience of the commissioners; (iii) and ethnic and political biases favoring Tajiks and representatives of the Northern alliance. This very serious allegation questions the whole “fairness” of the merit-based appointment process.” (Michailof 2006: 16).

46. Since 2003, the Appointment Board’s strong mandate has provoked decentralized players (including line-MDAs, but also members of parliament) to use a range of strategies by for resisting and evading its influence over senior civil service appointments. Decentralized players have (i)

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9 The PRR designers concluded that “under such difficult circumstances, the only option, other than total inaction, is to stimulate modest, targeted incremental reform of key functions within government departments and agencies.”

10 According to the Decree Nr. 25 (03/20/1382) and the associated regulation in form of Decree Nr. 26 of 10 June 2003, the IARCS was to comprise an Independent Appointment Board tasked to “identify and propose senior level civil servants to the President, based on impartiality, merit and competence.”

11 “Except the President no one, [not] the vice president, [not] the ministers, [not] the members of the parliament and [not] the governors, no one likes this system [of merit based recruitment].”
attempted to interfere in its recruitment decisions12 (ii) bypassed it for recruitments, disregarding its mandate; (iii) reclaimed influence, by ensuring that line-MDAs are presented on senior recruitment panels, up to (iv) attempting to abolish it.

47. As a result, development partners’ attempt to institutionalize merit-based appointments through the Independent Appointment Board has largely failed. While it continues to exert its mandate de jure, de facto decentralized players have regained significant discretion over senior appointments.

3.3 Distinctive Features of Post Conflict Contexts

48. Our framework captures three central themes in the literature on the political economy of public service reform: (i) politician’s dilemma between appointing based on merit or patronage; (ii) the reinterpretation or evasion of centrally set public service rules by decentralized agents, widening the de jure – de facto gap; and (iii) the influence of development partners. Relating post-conflict contexts to the literature on other settings along these dimensions helps identify what makes them distinct – or, more formally, how the parameters under which the above game occurs differ in post-conflict settings.

3.3.1 Politician’s dilemma

49. Throughout history, politicians have had to navigate a central trade-off in designing public service reform institutions: choosing between merit and patronage in appointment decisions. Barbara Geddes (1994) has called this trade-off the “politician’s dilemma writ large” – “between using the appointment resource as a political or an economic investment.”13 (Geddes, 1994), p. X. In appointing an individual, politicians need to choose between appointing capable technocrats based on merit (as an “economic investment” into public goods) and patronage appointments of candidates whose loyalties ensure political support (as a “political investment” into private goods). Post-conflict countries are distinct not in the nature of this trade-off but in a lopsided incentive structure that favors patronage over merit institutions.

12 “The head of IAB as well as some commissioners complained heavily to the mission about constant attempts to interfere with standard merit-based appointment processes by members of the government, the President’s office, members of parliament, individual commanders and influential political personalities of all origins” (Michailof 2006: 14).

13 Geddes illustrates this dilemma using the example of the choices by Chile’s former President Allende of managers for Chile’s nationalized mines and industries is a particularly consequential instance of what I call the politician’s dilemma. “The president’s survival depended on both economic performance and political support. “No one had more to lose from the additional economic strain that would be caused by mismanagement, and yet, with his survival in office immediately threatened, he could not afford to disregard short-term political considerations by choosing managers on the basis of technocratic expertise. […] This is the politician’s dilemma writ large.”
50. [attraction of patronage] Patronage is attractive for politicians in all countries as a tool for rewarding constituents with public jobs. “The distribution of jobs can mean more votes for a candidate or a party or can be used to pay off political obligations after an election” ((Merilee Serrill Grindle, 2010: 1). Patronage, if used well, can also serve performance ends. It ensures “loyalty and commonality of purpose” among those appointed, “centrally important to accumulating and deploying power” ((Merilee S Grindle, 2012)).

51. Meritocratic civil service institutions, by contrast, as they historically emerged in OECD countries, are, in essence, designed to help politicians (collectively) tie their own hands against the use of patronage. If, following (Reid & Kurth, 1988), “the power of patronage is no more than the power to hire and fire an employee at will,” then the “distinguishing feature of the merit system” (Horn, 1995) is that it restricts politicians’ power over their administrative agents. For these reasons, even in the OECD countries, patronage systems only gave in to reformers slowly.  

52. Why would politicians be ready to cede control over appointments? Historically, the key to adopting meritocratic systems was arguably that patronage had become a politically salient issue that mobilized voters. In response to such pressures, politicians may have incentives to adopt meritocratic institutions in order to offer their constituents “a durable solution to the problem of corruption inherent in patronage” (Horn, 1995). For example, the United States’ 1833 Pendleton Act—which established merit as the basis for government appointments—was backed by a middle-class coalition that had grown frustrated with widespread patronage, and politicians responded to these electoral pressures.

53. By contrast, in post-conflict societies, centralized elites typically lack both the power and the incentives for “tying their own hands” by enforcing meritocratic institutions. Elite coalitions are often fragile with weak cohesion, as the Cabinet under Karzai’s administrations, limiting the bargaining power of centralized elites. Consequently, as part of the peace bargain, centralized elites often have to cede decision-making power to powerful decentralized players. Besides Afghanistan. Liberia’s and South Sudan’s peace agreements illustrate this. Under Liberia’s interim administration, control over line-MDAs was carved up among conflict factions. In South Sudan, delegating HR autonomy to the 10 states was a key part of the peace agreeing.

14 For example, after the famous Pendleton Act in the United States had been passed in 1883, it took several decades to overcome resistance and professionalize the majority of the public service (Grindle 2012).
15 As Horn (1995) further maintains, politicians may also want to enhance the credibility of their commitments to adopted policies beyond their own time in office by protecting sympathetic appointments in the public service from removal by future legislatures.
In addition, centralized elites’ can rationally expect that patronage will do more for their prospects for staying in power than meritocracy. With the risk of resurging violence, elite time horizons are short. Whereas patronage appointments yield immediate payoffs to clients, investments into civil service capacity take a long time to translate into notable public services improvements. Furthermore, the pressure on the state for delivering services is often diminished by the influential role of parallel delivery structures, which are at least partly removed from political control (such as health NGOs). Not least, public demand for merit in public appointments tends to be weak, in contexts of largely clientelistic politics.

In sum, weakly powered centralized agents and low payoffs from investments into meritocratic institutions make bargains in favor of such institutions even less likely in post-conflict societies than they already are in other settings. As highlighted for Afghanistan’s IARCSC, it is not domestic coalitions, but the influence of international donors that exogenously increase the payoffs from such reforms.

3.3.2 The De Jure-De Facto Gap

A second key feature of the above bargaining framework is the emphasis it puts on the possibility that decentralized players may attempt to evade of centrally de jure rules de facto. Historical institutionalists focus on such dynamics, emphasizing that incremental institutional change is expected to emerge “precisely in the ‘gaps’ or ‘soft spots’ between the rule and its interpretation or the rule and its enforcement” (Mahoney & Thelen, 2009: 14). According to (Sheingate, 2010), rules are seen as “ambiguous and therefore themselves the objects of political skirmishing” (Mahoney and Thelen 2009: 12). The literature on public management reform highlights patterns of partial compliance by decentralized actors in many different contexts. What is distinctive about post-conflict settings is that these “soft spots” are particularly large, for a number of reasons.

As (Merilee S Grindle, 2012) compellingly shows, the OECD and Latin American countries’ public service histories are replete with such response strategies of reform opponents. [develop 1-2 examples of such evasion from LAC] As another example, (Donald P. Moynihan & Lavertu, 2012) shows that two decades of performance management reforms (GPRA, PART) centered on the Office of Management and Budget in the US federal government have not delivered on their promise, because line-managers complied “passively” with requirements to provide performance information, but did not “proactively” use such information to improve performance. [add other examples, non-FCS]
58. A related line of research builds on (DiMaggio & Powell, 1983) theory of isomorphic change, which emphasizes that leaders may symbolically mimic and adopt public service institutions for the sake of legitimacy, rather than for improving performance. (Donald P Moynihan, 2008) for example documents that performance mgt reforms in US state governments were only partially adopted, holding managers to account for results, but failing to cede them sufficient discretion over managing money and staff. While the push for results made for politically attractive headlines, taking on the unions to make hiring and firing easier was not. For public financial management reforms in developing countries, (Andrews, 2011) argues/shows patterns of adoption that suggest that seeking legitimacy in development partners’ eyes has been a key motive for adoption. The (i) de jure (ii) central, and (iii) visible parts of PFM systems perform distinctively better than the (i) de facto, (ii) decentral, and (iii) invisible parts. In a similar vain, (Pritchett, Woolcock, & Andrews, 2010) argue that unrealistic expectations about the speed of change can harm state capability. [PC] These claims may be of particular validity in post-conflict settings given the low levels of technological and personnel capacity and varied constraints on Western style reform.

59. In post conflict societies, the space for decentralized players to evade centrally set public service rules is particularly large because they (i) have strong veto possibilities (see above), but also because they (ii) have high levels of discretion and (iii) isomorphic pressures on central players are strong. This opens space for institutional “drift” and “conversion”. Drawing on (Mahoney & Thelen, 2009), Figure 2 provides a schematic representation of the different expected types of public service institutional changes, depending on the power of veto players and their veto points (characteristics of the institution).

![Figure 2. Outcomes of De facto Contestation over Public Service Institutions](image-url)
60. Post-conflict, decentralized players’ discretion is often high because of major information asymmetries. Under substantial technological and human capacity constraints, the central state is often partially blind (Scott 1998) with regard to such basic questions as how many employees it has, how they are paid, and how they are recruited at the periphery, thereby limiting its ability to effectively govern the public workforce. For example, in South Sudan vast numbers of ghosts on the payroll made clear how little control the central government had over who it paid. Similarly, in Afghanistan, salaries were initially distributed in “bags of cash” to all public servants, making it impossible for the center to control who gets paid. For at least a decade after the Second Liberian Civil War, the Liberian Civil Service Agency was unable to determine the number of civil servants in the country because of decentralization of hiring responsibilities to the Ministries of Health and Education and the limited information shared between them. [other examples]

61. In addition, development partners influence in post-conflict settings is often particularly strong, motivating centralized players to adopt reforms in a logic of isomorphic mimicry. Recognizing this, we introduce development partners as a precursor to the above bargaining game. In line with (DiMaggio & Powell, 1983)’s theory, centralized players may symbolically mimic and adopt the public service institutions advocated by development partners to seek legitimacy in their eyes. However, they may try to avoid paying the domestic political price by failing to follow through with regard to implementation or enforcement vis-a-vis decentralized players. President Karzai’s reluctant decision to adopt the IARCSC’s recruitment mandate is one example. Similarly, donor-advocated systematic pay and grading (PandG) reforms have frequently been subject to this logic. A central question in the subsequent chapters will be how donors can use their bargaining power to gain real traction and reduce the risk of provoking isomorphic compliance.

62. In sum, a second distinctive feature of post-conflict societies is that the bargaining spaces decentralized players have for evading central rules are particularly large – because of their veto power, high discretion, and adoption of reforms in an isomorphic logic.

3.3.3 The Role of Donors and the Parallel State

63. While we aim to center the above bargaining game over public service reforms on the role of domestic elites, it would be incomplete without explicitly including the role of development partners. A third distinctive feature of post-conflict settings is indeed the major influence donors have exerted over public service reform trajectories. Such influence has been particularly pronounced in highly aid dependent countries, alike Afghanistan, Liberia, and Sierra Leone, and
has been significantly lower in countries with high resource rents, such as South Sudan and Timor-
Leste.

64. It is useful to distinguish two major channels of donor influence: donors influence (i) public
service institutional reform choices and (ii) they finance and staff so-called parallel structures that
perform government functions and play a central role in capacity building.

65. The major influence donors have exerted over the de jure adoption of public service
institutional reforms is manifest across the five countries studied by Blum et al. (2016). In Timor-
Leste, the UNTEAT administration was build and run by international bureaucrats. Joint
Assessment missions by donors have often had major influence on early pay setting decisions.
Donors have designed public service institutions, such as Afghanistan’s and Timor-Leste’s
IARCSC/public service commission. They have set ceilings for the seize of the public workforce
in Timor-Leste and Sierra Leone, and continue to massively finance salaries, not only of the
uniformed forces in Afghanistan. In all five countries, donors have pushed for pay and grading
reforms in the public service. This channel of donor influence is well- captured by donors’ role of
offering reform programs and associated financing to centralized elites.

66. Donors also exert influence through so-called “parallel structures” to the public service—
that is units partially supported by donors that perform government functions.16 Donor financed
and staffed with well-paid technical assistants (TAs), such parallel structures help ensure that basic
functions of government are performed in the aftermath of conflict. The proliferation of such
parallel structures is a third major distinctive feature of fragile and post-conflict societies. They are
almost three times more prevalent in these countries than in nonfragile countries.17 Parallel
structures respond to the dilemma that post-conflict countries are characterized by strong demand
for services, and governments that are incapable of supplying them.

67. Reliance on parallel structures especially in the immediate post-conflict period gives rise
to a peculiar trade-off between delivering public services in the short run and building a capable
public service in the long run. In Afghanistan, for example, parallel structures have helped achieve
great results, through well-known programs such as the Basic Package of Health Services or the

16 Parallel structures are here defined more precisely as at least partially donor-supported, functionally bounded units that perform
activities typically managed by the public administration (excluding security and defense functions) and that are using systems and
procedures that differ from (or add to) country systems, or human resources that are (partially or fully) paid, recruited or managed
by donors. Project implementation units (PIUs) are an example of parallel structures.
17 In a survey carried out in 2011 for monitoring the Paris Declaration, it was found that donors made use of an average of 11 parallel
PIUs for every USD 100 million in aid disbursed for the government sector in these countries, compared with a global average of 4
parallel PIUs per USD 100 million of disbursed aid across all 78 countries that participated in the survey (OECD 2011).
National Solidarity Program. But parallel structures risk being unsustainable and can undermine efforts to sustainably strengthen the government’s own legitimacy and capacity, in particular by driving up salaries and by increasing competition for competent staff in the local labor market. Afghanistan’s Budget Department, nearly entirely run by highly paid project staff is an example: “Without the Making Budgets and Aid Work (MBAW) project, there is no Ministry of Finance (MoF) Budget Department.” A central question in post-conflict societies thus is how parallel structures can be designed in view of balancing the competing goals of service delivery and sustainable capacity building / transfer within the administration. Section 4.5 will focus on this issue.

3.4 Heterogeneity within Postconflict Contexts

68. Despite these (distinctive) commonalities, post-conflict countries are very heterogeneous. What are the major dimensions of this heterogeneity and how do they impact the “parameters” and outcomes of the above bargaining game? The bargaining strength and choice sets (or payoffs?) of any party in the above game is determined by conflict (the extent of disruption and the terms of its resolution in the peace agreement ) and by historical legacies.

3.4.1 Nature of Conflict

69. Conflict acts as a shock, punctuating the pre-conflict elite bargain equilibrium and opening space for change after a conflict. Conflict affects the nature of post-conflict elite-bargaining through two main channels: (i) the extent of disruption of public services by conflict shapes the choice sets of central and decentral players; (ii) the political settlement emerging from conflict influences the bargaining power of different players.

3.4.1.1 Disruption

70. Secession and independence wars have done more to disrupt public services than have civil wars that did not result in a redrawing of borders. Consequently, after secession, central and decentral players typically have a larger margin for personnel and institutional renewal in the public service than in civil war settings. South Sudan and Timor Leste, for example, emerged from conflict as new countries. Secession implies that they had to build their own administrations nearly from scratch, entailing a major influx of new personnel. South Sudan forged a new public service out of two forces, namely the Khartoum Coordination Council of Southern States (CCSS)

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19 [need to define civil war here]
administration and the SPLA Civil Authority for the New Sudan (CANS). In Timor-Leste, between 1999 and 2002, the United Nations Transitional Administration in East Timor (UNTAET), heavily staffed by foreigners, literally took the place of the national administration. Following the 1999 referendum for independence, nearly all Indonesian public servants left, and the public service had to start over from square one.

By contrast, in civil war cases, the pre-war generation of public servants has played a more dominant role. This is most clearly seen in Sierra Leone, where a peripheral conflict only reached Freetown, the capital, for a short period of time, leaving the central administration largely intact. Even in Afghanistan and Liberia, though the central administration had largely been destroyed, a significant stock of public servants remained (even after many had fled abroad, were displaced, or had died). These countries faced the challenge of restoring morale and skills in a civil service that had deteriorated due to long-standing underpayment and patronage, representing a fundamentally different set of problems and associated choices than rebuilding public services from scratch.

### 3.4.1.2 Political Settlements

Post-conflict political settlements are typically fragile deals between formerly warring factions. They carve up political power—and access to rents—in deals that, if adhered to, compel the factions to refrain from reverting to the use of arms. These settlements vary in (i) the players they include and exclude; (ii) in the distribution of power between central and decentral players and (iii) in the time horizons of these players. Overall, the weaker central players are and the shorter players time-horizons, the more likely it is that public jobs will be needed as currency to buy peace. Conversely, the more factional political elites are, the less likely they are to collectively tie their own hands by enforcing controls on public service appointments. A few examples may illustrate heterogeneity along these dimensions.

Whether or not former fighters emerge as part of the governing coalition for example helps explains whether ex-combatants are included in or excluded from the public service. If a country is governed by former fighters, as for example by the SPLA in South Sudan, ex-combatants may be regarded as heroes and absorbed in the public service as a reward for their services. The SPLA military hierarchy permeated the ranks of South Sudan’s public service—with former generals becoming director generals, and uniformed services absorbing tens of thousands of combatants. By contrast, in Liberia and Sierra Leone, ex-combatants were excluded from the political settlement. They were feared and even despised and not included in the public service.
74. If power-sharing formulas carve up MDAs among ministers from competing factions (decentralized players), they weaken central players ability to exert discipline over the public service. A contrast between Liberia and Sierra Leone may illustrate this. In Liberia, under President Johnston Sirleaf’s first cabinet (2006-2010), central players (the President and the Ministry of Finance) had relatively limited bargaining power vis-à-vis a powerful set of ministers representing different factions. By contrast, President Kabbah in Sierra Leone benefitted from a relatively cohesive governing coalition and a powerful central Ministry of Finance. This difference may explain the divergent distribution of “high pay islands” in Liberia and Sierra Leone. Whereas in Liberia they were spread across line-ministries, given them discretion to pay staff at their will, in Sierra Leone they were concentrated in a few central agencies.

75. Lastly, the shorter the leaders’ time horizons for staying in power after the conflict, the less likely they are to have incentives for building a capable state, which is a long-term public good (see, for example, Bates 2008). Transitional governments, as in Afghanistan, Liberia, and South Sudan, by definition had set expiration dates. Transitional periods thus can, but need not, shorten leaders’ time horizons for staying in office. Explicitly prohibited from reelection, the leaders of Liberia’s transitional administration engaged in large-scale rent-seeking between 2003 to 2005, ultimately pushing development partners to enforce an external cosigning authority for government finances (through the so-called Governance and Economic Management Assistance Program, GEMAP). By contrast, Afghan president Karzai and South Sudan president Garang had good reasons to believe that they would stay in power beyond the transition period.

3.4.2 Legacies

76. Besides the nature of conflict, variation in pre-conflict legacies explains divergent public service trajectories among post-conflict countries. Such legacies comprise administrative traditions, with the basic structure of the rules governing the public service frequently based on those of the colonial-era power(s). But they also refer to broader questions of state structure and organization. For instance, many post-conflict countries inherit a co-existing set of traditional local governance structures, such as paramount chiefs in Sierra Leone or warlords in Afghanistan, with a formal central state that is weak or absent at the periphery. These power holders often heavily influence how services can be delivered locally.

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20 President Karzai did capitalize on the international community’s backing and won Afghanistan’s first presidential election of October 9, 2004, with 55.4 percent of the votes, three times more votes than any other candidate. Had John Garang survived (he died in on July 30, 2005, in a helicopter accident), he might have led South Sudan becoming a unified country. The Sudan People’s Liberation Army (SPLA) would with near certainty shape the government of an independent South Sudan.
77. Such legacies influence the distribution of bargaining power between different players primarily through two channels. Legacies (i) can serve a source of legitimacy and (ii) can stifle change because of inertia (high transaction costs).

78. For example, in Sierra Leone, former glory provided a platform for the Public Service Commission to be rebuilt - in contrast to Afghanistan, where such a precedent was lacking and the IARCSC remained a “foreign implant” with little legitimacy. Sierra Leone’s (independent) Public Service Commission, inherited from British rule, was held in high esteem by civil servants after independence, before its decline to a rubber-stamping body under the Siaka Stevens dictatorship, a memory that reformers could capitalize on when rebuilding it. Conversely, institutional legacies may lose legitimacy if they played an important role in fomenting conflict. Entities identified with such legacies are more likely to be disbanded or purged, and their functions may be dispersed to other bodies.

79. Second, mere inertia can also play a major role in explaining the persistence of public service institutions after a conflict. Under extreme capacity constraints, the costs of enforcing compliance with new formal rules may simply be prohibitively high for the center of government, especially given the above-mentioned weakness of the central state. [example]

4 Evidence

4.1 Overview

4.1.1 Questions

80. The bargaining framework and the distinctive features of post-conflict settings raise a number of (a priori) central policy questions that evidence ought to shed light on across civil service policy/intervention domains:

81. First, if domestic political elites have weak or no incentives for building a capable public service (in the absence of exogenous influences from development partners), how and to what extent can external development partners use their leverage to encourage progress towards these ends? Put differently, in post-conflict societies the main problem is the competing interests of different principals (central and decentral players, development partners). Principal-agent problems between employer and employees only playing a secondary role. Yet, “standard” civil service interventions – often focused on the means of selecting, motivating and overseeing public servants
– (as for example discussed in (Finan et al., 2015)), are concerned with solving this principal-agent problem. A research agenda on public service reform thus needs to pay at least equal attention to the motives of principals as to agents.

82. Second, if centrally set rules are subject to evasive responses by decentralized players, how can such rules be designed anticipating that they will be evaded in implementation? More specifically, central players (such as Civil Service Commissions or ministries of finance) could adopt three distinct strategies. They can (i) avoid “overplaying their hand” – i.e. opt for institutions that grant a significant amount of autonomy to decentralized players, knowing that attempts at tighter central controls would be evaded anyway. They can (ii) seek to design “second-best” institutions that are easy to enforce and focus on developing corresponding enforcement mechanisms (for example payroll controls). And they can support (iii) asymmetric reform approaches, which target efforts to selected decentralized players, such as reform-minded line-ministers, pragmatically working with the willing.

83. Third, if conflict opens a “window of institutional malleability” in its immediate aftermath, how can the long-term path-dependent consequences of early choices be anticipated? How can donors design support packages that best plan for an uncertain future? Where malleability arises from elite agreements having not yet been formed, there is an argument for donors to prepare their support packages early, and influence the chosen equilibrium by rapidly responding to the end of conflict with designs for the service. The resources of these projects need to be flexible enough to respond to new information or new bargains amongst strategic players, whilst sufficiently limited in their fungibility so as to credibly restrict the future outcomes.

4.1.2 Interventions

84. In this section, we focus on four main sets of public service interventions, as summarized in Table 1. The first set of interventions are primarily concerned with managing the aggregate size and structure of the public workforce. Mechanisms and interventions for controlling the size and structure of the public service are a major function of centralized players (ministries’ of public service and MoFs). Second, we conjointly discuss interventions related to the selection and pay (financial incentives) of public servants, arguing that both are closely interrelated in post-conflict settings. Third, we focus on interventions aimed at integrating the public service, recognizing that conflict often polarizes identities within the public service. Forth and finally, we focus on capacity building interventions. This forth set of interventions is distinct from the preceding ones in that it focuses primarily on how the design of parallel structures impacts the capacity of the core
administration. It thus focuses on interventions over which development partners have a high degree of control.

Table 1. Overview of Public Service Interventions by public service policy domain

<table>
<thead>
<tr>
<th>Public Service Policy domain</th>
<th>Interventions</th>
</tr>
</thead>
</table>
| Managing the Size and Structure of the Public Service | • Establishment and Payroll controls  
• Payroll audits  
• Pension systems  
• Salary financing (by donors) |
| Selection and Pay            | • Pay and Grading Reforms  
• Capacity Injection Schemes  
• Ad hoc pay increases  
• Asymmetric reform |
| Integrating the Service and Public Servants’ Identities | • Managing Intergenerational Divides |
| Capacity Building            | • Independent Service Delivery Agencies  
• Contract Designs for TA |

85. In each of these policy domains, we use the findings of a (Blum et al., 2016) as a starting point for identifying a relevant research agenda. We identify to which extent the relevant evidence from non-conflict contexts speaks to these questions in post conflict societies.

4.2 Managing the Size and Structure of the Public Service

4.2.1 Controlling the Wage Bill and the Payroll

86. A major function of centralized players—typically a central public service body—a PSC, personnel office, or Ministry of Public Service (MoPS)—and the (respective) MoF is to exercise wage bill (or establishment) and payroll controls over decentralized players (line-MDAs). Such controls serve to (i) enforce ceilings on the overall wage bill and staff numbers\(^{21}\) and they (ii) help ensure that staff meet the eligibility criteria for the positions they occupy and are paid accordingly. A standard intervention therefore is for centralized agencies to issue rulings on the resources available for wages across public service organisations or on the number of posts available for recruitment. Enforcing ceilings on staff numbers and wage expenditures through central bodies is crucial because line-MDAs aim to maximize the number of staff they control and their compensation without regard for the aggregate wage bill.

87. In the immediate aftermath of conflict, these controls are typically defunct, as conflict not only disrupted the public workforce itself, but has led to the destruction of government records and

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21 That is, they ensure that government expenditures on wages do not surpass politically set aggregate ceilings. These are frequently expressed as some proportion of the total expenditures of government.
personnel files, or has rendered them outdated.\textsuperscript{22} Even as control over the payroll gets gradually restored (e.g. through payroll audits, see section X) (Blum et al., 2016) find strong patterns of evasive responses by decentralized agents to such controls in the decade post conflict.

88. First, the effectiveness of these controls has been undermined by a rapidly growing number of “temporary” (but in fact often permanent) employees paid outside the payroll in a number of countries.\textsuperscript{23} Such employment outside the payroll leaves centralized players with very little control: central agencies typically do not know the number of such staff, who they are or what their qualifications are. Consistent with our bargaining framework, the evidence suggests that such “temporary staff” has often grown as an evasive response of decentralized players to central controls over the payroll. In Timor-Leste, for instance, a tight establishment ceiling provoked line-MDAs to excessively rely on temporary staff. In Liberia, line-MDAs recruited temporary staff from general allowance “slush” funds in order to avoid the CSA’s cumbersome recruitment processes.\textsuperscript{24} As an official from Liberian’s Grand Basa county notes: “The institutions have to function and we cannot wait indefinitely for the CSA to exhaust its bureaucracies.”\textsuperscript{25} Similarly, in Sierra Leone, rural health clinics paid numerous volunteer nurse aids from informal user fees, after getting fed up with the PSC’s lengthy recruitment processes. The proliferation of such temporary employees has often been followed by later “regularization” attempts, such as for nurses in Sierra Leone.

89. Second, coordination/cooperation between the centralized players in charge of these controls – the central HR body (typically in charge of managing personnel records) and the MoF (typically in charge of the payroll) – has often remained weak. In several countries, the payroll – equipped with the “power of the purse” remains the central instrument of control – but payroll changes are not systematically informed by prior HR actions, with central personnel bodies being bypassed in adding names to the payroll.

90. One reason for this is that post-conflict administrations lack the information processing capacity required for making traditional control systems function – until today, personnel records in many cases are not kept up to date systematically. Perhaps more importantly, power struggles between MoFs and central personnel bodies over who “keeps the gate” to the payroll – an influential

\textsuperscript{22} In Afghanistan and South Sudan, for example, initial estimates of the actual size of the public service varied by tens of thousands of employees. By 2008 in Sierra Leone, only about 6,000 civil servants out of a total of 16,500 had personnel files.

\textsuperscript{23} In Sierra Leone in 2013, salary grants to semi-autonomous agencies amounted to 15 percent of total salary expenditures for civilian government. In the same year, Liberia spent 30 percent of expenditures on temporary employees on the so-called “secondary payroll”. Timor-Leste is the most extreme case, with 44 percent of expenditures dedicated to professional services budget lines for paying consultants in 2013.

\textsuperscript{24} In Liberia, having new workers work in the place of the deceased on the payroll, is a similar way of short-cutting central processes.

\textsuperscript{25} Authors’ interview with official from Grand Basa county, Government of Liberia, 2013.
role and an opportunity for rent extraction – have hindered co-operation between these central players. In Liberia, for instance, line-MDAs have until recently had every incentive to evade the CSA’s controls, which reduce MDAs’ discretion and caused delays. They have on occasions directly requested payroll changes from the MoF.

91. This raises the question whether, in post conflict settings, control over human resources should be centralized within a single central agency. This deviates from standard practice of creating checks and balances or “redundancy” and of “curb[ing] excessive concentration of authority for civil service management” (Nunberg 1995). However, it is consistent with Shleifer and Vishney’s (1993) argument that in high corruption contexts, extortion will be reduced if complementary goods (HR action and payroll update) are “sold” by a joint monopolist, rather than by two independent monopolists.

92. These findings (in our view) suggest three promising directions for research on post-conflict state’s basic capability to control the number of identify of its employees. First, can reducing the degree of central control actually be beneficial? The above cited patterns suggests that central controls over the establishment come with major costs – the risk of provoking evasion, major bureaucratic transaction costs (delays for formalizing recruits) and not least rent-seeking risks by centralized players. It is therefore not clear a priori that relaxing central controls – e.g. permitting local clinics to hire their own staff within centrally set ceilings or wage envelopes – will necessarily entail worse outcomes (quality, motivation and timeliness of staff recruited). Our conceptual framework suggests that such decentralization could lead to heterogeneity in service quality, with some ‘islands of success’.

93. Second, it raises the question how less information intense control systems can be designed that are manageable in low capacity contexts. One successful example of such a simplified system is Afghanistan’s so-called Verified Payroll Program (VPP), first piloted in December 2004, in 13 ministries in Kabul. Its purpose was to restore basic control over who got paid in Kabul, in a situation where salaries were distributed in cash. The VPP essentially required each employee to appear in person before a representative of the MoF, of the disbursing Bank and of the respective

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26 To simplify, or above framework only distinguishes between central and decentral players, abstracting from the fact that “central players” (central personnel body, MoF) are not a single agent and can fail to cooperate, as described here.

27 See Landau (1969) on the need for redundancy in organizations.

28 On the downside, distributing the establishment control function can cause (i) blockages, because of unclear responsibilities and competition between the central CS body and the MoF. The involvement of multiple central agencies in HR decisions can (ii) increase the complexity and number of communication needs steps in decision-making processes. It also (iii) risks diluting responsibilities for irregularities in HR actions. Not least, (iv) concentration of power in a single agency can help reinforce that agency’s authority relative to line-MDAs.
line-department to collect his or her monthly salary. These three supervisors would verify the recipient’s identity (against the payroll). Since 2004, the VPP has rapidly grown in coverage and has become increasingly automatized. This ex ante control mechanism reduced information intensity, by merely focusing on employee identity – whether the respective person had been legitimately employed, or possessed the right qualifications was not part of the control. This line of research relates to experiments conducted in other fields of public management. Das et al. (1996?) for example compares block and capitation grants for schools in Zambia. They find that block grants resulted in much lower dissipation per student than capitation grants, because the former were easier to monitor.

94. Third, there is scope to better understand interventions by which centralized control agencies might expand their discretion and control at low cost. Beyond requiring less information, the Afghanistan VPP program leveraged technology to better monitor the payroll. In what other ways can technology expand the capacity of centralized agencies to monitor the public service? Beyond technology, how can centralized agency staff improve the quality of recruitment, for example by ensuring their presence on recruitment committees? How can donors develop the capacity of centralized agencies to actively monitor and identify discrepancies in recruitment processes by decentralized agencies? There is likely to be avenues for research in both high-tech and very low-tech means of extended control.

4.2.2 Reintegration of Ex-combatants

95. Disarming and employing ex-combatants is at the heart of the post-conflict challenge. Whereas some countries have successfully implemented Disarmament, Demobilization, and Reintegration (DDR) programs, others have absorbed tens of thousands into the public service or armed forces. (Blum et al., 2016) find that DDR programs based on golden handshakes have only been an option when conflicts were completely over. Where external and internal threats prevailed, they brought forth large armies and eliminated the political space for implementing DDR

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29 By the end of 2012, it comprised 504,000 out of 666,000 general government employees, or about 75 percent. It has been rolled out in three stages. Stage 1 simply consisted of independent staff witnessing the monthly payroll distribution. In a second stage, employees’ identify and employment were verified, they received identity cards and were registered in an centralized identity card database maintained in the MoF. In stage 3, Bank accounts were opened for government employees, first only in the Central Bank (which acted as a retail Bank) and starting in 2006, in private Banks.

30 Disarmament, demobilization, and reintegration (DDR) programs are applied strategies for peace-building operations. They entail the physical removal of arms and ammunition from ex-combatants, the disbanding of armed groups, and the integration of former combatants into civilian society. Integration efforts often include vocational training and compensation packages in the form of lump sums and/or land for rehousing (the so-called golden handshake).

31 In Liberia, for example, 90 percent of the ex-combatants went through the DDR program (Jaye 2009), whereas in South Sudan coverage barely reached 3 percent (HSBA 2013). The Liberian public service hardly absorbed combatants, whereas the South Sudanese public service absorbed at least seventy thousand (HSBA 2013).

32 In the sense that either the government or international peacekeeping forces were able to contain violence within a country’s boundaries. This has been less likely the larger the country, as vast territories are harder to control.
When the threat was internal, in the form of local/subnational unrest, governments bought off potential spoilers by providing jobs to militia members. Ex-combatants’ social status also affected the final outcome. The higher their status, the more generous the awards they received.

96. At least in the case of South Sudan, the absorption of thousands of ex-combatants in the public service has had highly problematic consequences. Providing them with permanent public servant status has locked the GoSS into long-term salary liabilities that will necessarily slow public service renewal. As “generals” became “secretary generals”, managerial skills in senior positions is often completely lacking. Not least, this approach has reportedly created perverse incentives for further unrest. As an official in South Sudan stated, “Anyone who is dissatisfied with the system can pick up arms, run to the bush, do some damage and will be given amnesty. When they come back, they bring a huge army that has to be integrated as part of the deal. Besides, they are promoted to the higher rank. Because they came through compromise, they cannot be reshuffled, creating immobility or rigidity in the civil service.”

97. This raises the question how to find an optimal mix of interventions (DDR, public employment, public works programs), especially in contexts with persistent conflict and high status ex-combatants. To avoid locking governments into long-term fiscal liabilities, an – empirically unprecedented – option could be to employ them under contract regimes, and later on facilitate their reintegration into the private sector.

98. More generally, what are the characteristics of positions that ex-combatants can be given that allows the wider service to recover from conflict? Do ex-combatants require particular titles, but perhaps not specific duties? Can they be provided with a new identity that reduces the likelihood of their resumption of violence? What training format best suits officials who have most recently known military life? Whilst some of these issues will be touched on below, these are significant issues for choices around recruitment.

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33 This was the case in South Sudan’s ongoing conflict with Khartoum, as well as with Afghanistan’s armed struggle with the Taliban.
34 This was the case for South Sudan’s “big tent,” and for the absorption of warlords and their militias in Afghanistan’s uniformed forces.
35 In South Sudan the “freedom fighters” were rewarded with public jobs. In Timor-Leste, the high social status of the ex-combatants (who were considered national heroes) favored the implementation of an expensive pension scheme for veterans.
36 Authors’ interview with an official, Government of South Sudan, 2013.
4.3 Selection and Pay

4.3.1 Pay as a Targeting Problem

99. The “politicians’ dilemma” reflected in the above bargaining framework implies that pay reform in post-conflict societies, is, at core, a targeting (or selection) problem. From the perspective of an efficiency focused leader or development partner, the first-best targeting strategy for pay would be straightforward: To optimize delivery of public goods, pay resources should primarily used to fill the “missing middle” in the civil service with professional staff based on merit criteria. By contrast, in the above bargaining game, the players have incentives to target scarce pay resources to the respective constituencies that are crucial for ensuring their survival in office as patronage (or “private goods”). Specifically, two types of such targeting strategies to distinct constituencies can be distinguished: (i) targeting of elites in high pay islands and (ii) indiscriminate increases for frontline staff.

100. The dynamics of pay reform in post-conflict societies are at their core driven by contestation over these competing targeting logics between different principals. Pay and individual selection problems therefore need to be considered jointly. On the one hand, decentralized players may have competing preferences over which constituencies to target. On the other hand, development partners often exert significant influence over pay reform, especially if they directly finance salaries. This contestation occurs at two levels: (i) over the targeting of pay reforms i.e. which types of positions/individuals are in principle eligible for pay increase; and, (ii) over the selection of specific individuals for these positions.

101. Contestation over the “fair” targeting of pay will also arise because of the mixed sociology of post-conflict civil services. They are typically marked by a “generational divide” between an old generation of civil servants who remained in office during the war, and a new generation of young recruits, often from the diaspora. And they may, in some countries, comprise ex-combatants, who are rewarded with public jobs. In such a context, applying a classical technocratic set of job valuation criteria (qualification, performance, and so on) may be at odds with prevailing norms of “fairness” – such as the need to recognize former fighters for their role in the struggle for

37 Players may want to offer a small number of well-paying and influential jobs to a relatively small inner circle of politically connected elites on “high-pay islands” within the administration. Such jobs can for example be a means of rewarding loyalists for campaign contributions.

38 At the same time, politicians may also face pressures from the mass of frontline public employees demanding better pay. These may include soldiers, the police, health workers, teachers, and the lower ranks of the civil service. In the context of elections, political leaders may use broad pay increases to “buy votes” or send a signal of change. Catalytic events such as public protests or strikes can also generate pressure for immediate responses, in particular where collective action is facilitated by unions. Competing claims from different staff groups can snowball into cascading pay increases.
independence, or an old generation of civil servants for keeping up government during conflict and their missed opportunities compared to a young generation of performing diaspora recruits. Pay can express valuation for many aspects of civil servants’ identity, capability, seniority and (past and present) work.

102. In addition, as laid out in (Blum et al., 2016), several contextual factors in post conflict settings heighten the need for selection in targeting pay increases. First, the pay and grading structure inherited at the end of conflict is often “messy”, in the sense that individuals’ pay levels may have little to do with their job content or qualifications (due to grade creep or uncontrolled appointments during conflict). Re-establishing a rational pay structure (i.e. one where pay is based on a set of consistently applied criteria) thus involves a sorting task of jobs and individual civil servants into pay categories (typically achieved through job evaluations and classifications). Second, government budget constraints are often tight while outside wage comparators are high, making it necessary to ration pay to selected priority functions. Rapid influx of large amount of aid in post-conflict situations typically creates intense competition between development agencies for a small pool of qualified professionals, driving up reservation wages. As governments cannot compete with pay levels offered by donors, the consequence risks to be brain drain from the civil service to aid projects. Third, development partners may set up selective financing schemes for salaries, for example in the form of asymmetric reforms or of capacity injection schemes for scarce skills from the diaspora.

103. The overarching policy question that arises with regard to pay in post-conflict settings thus is: How to design pay strategies that optimize public service capacity and ability to provide public goods, under the peace / or stabilization constraint of bargaining over competing targeting logics?

104. A growing strand of the existing literature pay and selection has focused on the supply side question how higher pay influences the pool of applicants to public jobs (and recruits). The basic idea is that applicants self-select into the civil service based on their perception of the opportunities that the new service structure provides, comprising pay. The first-order question is whether higher pay attracts higher quality candidates in a particular setting and enables government to recruit them (the labor supply elasticity). But beyond that, a particular concern in this literature is whether higher pay comes at the cost of attracting individuals with less desirable personality traits, i.e. that are less prosocial / have weaker public service motivation or are more corruptible. This point is made theoretically for example in Delfgaauw and Dur (2007), Francois (2000), Prendergast (2007).
Ample empirical evidence suggests that pro-social motivation is positively correlated to the performance of public servants on the jobs.\textsuperscript{39}

105. As summarized in (Finan et al., 2015), a number of recent experimental studies have explored this question, yielding mixed conclusions. Two studies - (Dal Bó, Finan, & Rossi, 2013)\textsuperscript{40} and (Ashraf, Bandiera, & Jack, 2014)\textsuperscript{41} - find evidence that suggests that higher pay does not attract an applicant pool with lower prosocial motivations. (Deserranno, 2014) by contrast finds that higher pay offers can lead to a less prosocially motivated applicant pool. As Finan et al. argue, such inconclusive findings are hardly surprising, as they depend on how prosocial motivation and “quality” correlate within the sub-population of interest in the respective context. This is clearly an area that requires further research, particularly in a post-conflict framework.

106. A second related strand of literature explores the optimal screening mechanisms for public servants. (Hanna & Wang, 2013) show that the Indian civil service examination system does not eliminate negative self-selection towards dishonesty in the applicant pool. [other studies on this?]

107. A third related strand of the literature asks whether higher pay (unconditioned on performance) improves performance and why. One theoretical argument is that rational agents might fear losing their well-paid job if they underperform {Becker, 1974 #1}. However, this argument may only weakly apply to public sector jobs, given strong labor protection in most public sectors. A further behavioral economics argument that that “behavioral” agents might reciprocate the employer’s generosity ({Akerlof, 1982 #2} {Fehr, 2000 #3}). (Van Rijckeghem & Weder, 2001) provide cross-national evidence that countries with higher civil service wages have lower levels of corruption. In a study on hospital staff, {Propper, 2010 #4} show that lower real wages are associated with worse hospital performance. Perhaps closer to our context however, and in contrast to the pre-existing literature, (Foltz & Opoku-Agyemang, 2015) provide evidence that higher wages for Kenyan police officers increases efforts to collect bribes and the value of those bribes. Where corruption is embedded in a ‘hierarchy of extraction’, a frequent characteristic of

\textsuperscript{39} [Summarize major studies here.]

\textsuperscript{40} (Dal Bó et al., 2013) randomly assign different wage offers to different recruitment sites for community development agent s in Mexico. They find that “in the places that announced a higher salary, the average applicant was smarter, had better personality traits, had higher earnings, and had a better occupational profile (e.g., more experience and white collar background)” (Finan et al. 2016: 8). Their performance on Perry’s Public Service motivation index (Perry 1996) however suggests that in this case the motivation of public servants was no lower.

\textsuperscript{41} Ashraf et al. (2015) randomized how positions were advertised for community health workers in different districts in Zambia, emphasizing career prospects in some districts and the social importance of the job in others. They find that the applicant pool responding to career-centered job ads were more qualified and had a similar degree of prosocial motivation as applicants in the other districts.
bureaucracies in weak states, higher wages for frontline staff have an ambiguous effect on bribe taking. More empirical evidence on this issue would be of significant value.

108. Although these supply-side questions are certainly salient in post-conflict environments, the above-described contestation over the targeting of pay puts the demand-side into the limelight.

109. 

4.3.2 Selection Mechanism Design

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4.4 Integrating the Service and Public Servants’ Identities

111. Our framework has focused on the distribution of power to control public jobs and resources. A recent literature in economics ((George A Akerlof & Kranton, 2010), (George A. Akerlof & Shiller, 2015); (Collier, 2016)) and public administration ((Balfour & Wechsler, 1996); (Heintzman & Marson, 2005)) emphasizes the role of identities (for example, as public servants), and their interaction with social norms (the constraints on internalizing specific identities) and narratives (the implied links between actions and outcomes). (Seabright, 2016) presents a formal model that integrates these three constructs, and highlights key aspects of their interactions.

112. For example, a long-serving public official in a post-conflict state may regard himself as a means of continuity in the face of significant change. Social norms can reinforce this identity, with a common respect for the ‘old guard’, or undermine it by branding these individuals as ‘stuck in the past’ and resisting needed reform. The resolution of tensions between identities and norms is then a function of how officials narrate the effect of their actions. Even in the face of an adverse social norm, an official may believe a narrative that resisting change is the only way to ward off further conflict, irrespective of empirical evidence to the contrary.

113. Within our framework, a common identity among public officials as servants of their country can be a platform for strengthened state capacity (Besley & Ghatak, 2008). When a public service identity overlaps the centralized and decentralized actors in our model, it aligns incentives, reducing transaction costs. In contrast, a peripheral official with an identity hardened to reform and suspicious of activities arising at the centre creates further challenges to service delivery beyond bargaining considerations.
114. Conflict frequently polarizes identities - between warring factions, perhaps along ethnic lines; the “old” and the “new” regime; diaspora returnees and those who stayed throughout the conflict; and, elites and non-elites. Civil servants with “hostile” identities often have to work with one another and these identities are often more salient than that of the nascent and weakly defined civil service. The result is disruption of the collaborations needed for efficient civil service functioning. In a Kenyan private sector setting, (Hjort, 2014) finds that conflicting ethnicities can have a significant negative impact on production. However, he also highlights the importance of the institutional environment on mitigating potential conflict from contrasting identities. Supporting this interpretation, (Rasul & Rogger, 2015) provide indicative evidence from the Nigerian public sector that mixed identities can in fact have a positive effect on public sector output within the right institutional setting.

115. A specific variant of the identity problem is the gap between civil servants recruited pre- and post-conflict. For example, Afghanistan’s civil service comprises civil servants in their 40s and 50s recruited pre-Taliban and a younger generation of post-2002 recruits. Both groups of staff contribute very different endowments to their functions. The old generation may often hold valuable institutional memory, may have developed acceptance, authority, and extensive networks - and seniority - that facilitate getting things done. But they often have great difficulty adjusting to change, in particular to acquiring the English and IT skills that new recruits have. Both generations may see each other with resentment. The old feel that they deserve recognition and reward for keeping things running during the conflict. They may in particular resent it if diaspora returnees who studied abroad during conflict get appointed to senior/leadership positions. The young are frustrated by resistance to new ways of working that the old guard may not be used to. Finding the appropriate institutional arrangements to capitalize on the assets of both generations and help them work together effectively is thus key to building state capacity.

116. The discussion above motivates a research agenda into those institutional mechanisms that can mitigate potential tensions between conflicting identities in the post-conflict environment, and optimally use the diversity of perspectives to better confront complex problems. Interventions may be able to shift social norms and narratives in a way that undermines identities that present a bottleneck to effective reform, but this logic is predicated on a clear understanding of the

42 In South Sudan, civil servants from the Khartoum’s garrison town administration were merged with staff of the Sudan People’s Liberation Army’s Civil Authority for the New Sudan (CANS) in South Sudan (many of them former liberation fighters). Liberia’s interim administration carved up different ministries between warring factions.

43 Similarly, in frontline services, polarized identities may lead to inequalities in access to services, with civil servants privileging friends and discriminating against foes.
interactions between these concepts. Identifying interventions that can forge a common identity across civil service factions, or heighten the salience of service-wide missions, may be an effective means to reducing the conflicts outlined in our framework.

4.5 Capacity Building

117. Capacity building within the state in post-conflict environments can take two forms. One, the focus can be on civil servants within the core bureaucracy. These programs take a standard form of officials being invited to workshops or training sessions, or being provided with subsidized access to training at institutions of higher education, frequently outside the country. The other, which has received substantially more attention, is the use of parallel structures (PS), where public services are provided by organisations that are using systems and procedures that differ from (or add to) country systems, or human resources that are (partially or fully) paid, recruited, or managed by donors.

118. The question of how development partners can better balance service delivery and capacity building objectives through the design of parallel structures (PS) is a highly promising area of research for post-conflict state building. Programs delivered through parallel structures, such as Afghanistan’s National Solidarity Program, have had major impacts in post-conflict countries, both on service delivery and public service capacity outcomes.

119. Yet, little rigorous evidence is available on how parallel structure design choices have influenced these competing objectives. Such evidence will be crucial for driving institutional and normative change in aid agencies, where prevailing incentives often favor short-term delivery objectives over long-term state building. Not least, the high degree of control donors can exert over parallel structures provides an enabling environment for research, and in particular experimental research. This is in contrast to the core administration, where low levels of control diminish such prospects. Design choices for parallel structures involve macro choices, including the overall aid architecture, and micro choices concerning individual parallel structures. We will focus on two selected design questions regarding PS here: (i) the role if Independent Service Delivery Agencies and (ii) the design of contracts for TA.

4.5.1 Independent Service Delivery Agencies

120. Collier et al. (2009) put forth theoretical arguments (rooted in principal-agent theory) for why Independent Service Delivery Agencies (ISAs) can be expected to fare better as an institutional arrangement for service delivery than their two main alternatives in post-conflict settings: (i)
delivery by civil servants; or, (ii) uncoordinated provision by NGOs. The basic argument is that
ISAs outperform the civil service because they do better in holding their agents to account; and
they outperform NGO provision without central management because they better coordinate
efforts. Real-world precedents, such as the contracting out of Afghanistan’s Basic Package of
Health Services, are now available that open opportunities for testing these arguments empirically.

121. Experimental research can play a major role in testing the service delivery impact of ISA-
type delivery arrangements, comparing the cost-effectiveness of (i) different delivery modalities
(see AFG example) and (ii) exploring design variations in provider contract design. The dramatic
improvements in health outcomes due to Afghanistan’s Basic Package of Health Services for
example speak in favor of ISA models. [add examples here: NSP evaluation, etc.]

122. Complementing such experiments, research ought to explore the long-term political
viability of ISA-type delivery arrangements. The fact that many post-conflict countries - including,
for example, Timor-Leste, Sierra Leone, and Liberia - revert to delivery by public servants after an
initial emergency phase dominated by NGO delivery suggests that NGO-delivery and ISA models
may remain the exception, perhaps because it is not politically attractive enough. The friction in
transitioning between different delivery models is often enormous. For example, Sierra Leone (with
a government-provision model in health) faced the challenge of reabsorbing nurses employed by
emergency NGOs into the public service and of regularizing informal nurse employees.

123. Not least, consistent with our above bargaining framework, evidence on Afghanistan’s
Basic Package of Health Services (BPHS) suggests that ISA-type arrangements can only be
sustained under tight external oversight by donors. In Afghanistan, the units responsible for
contracting health NGOs remain run as parallel structures. Persistent attempts of political
interference in their contracting decisions make it likely that their performance would drop
dramatically if they were mainstreamed into the administration. Not least, as shown in recent
research, NGO delivery may undermine government capacity for gaining legitimacy through
service delivery.

4.5.2 Parallel Structure Design Choices

124. How individual parallel structures are designed influences their performance on two
competing objectives – getting the job done and building sustainable public service capacity. Based
on a small sample of parallel structures that they review, Blum et al. (2016) find that they have
evolved along two stylized paths, depending on their design and contextual factors: “declining”
versus “chronic” dependency on Technical Assistants. In the former case, TAs gradually help build the capacity of civil servants, hand over their tasks to them, and decrease in numbers. In the latter case, reliance on technical assistance remains strong with little transfer of skills to civil servants. When project financing ends, governments face pressure to either absorb TAs into the civil service at higher pay levels or risk a severe loss of institutional memory and performance.  

Box 1. Examples of two stylized paths of parallel structures

The contrast between Afghanistan’s treasury and budget departments epitomizes these different paths. Afghanistan’s treasury department, led by a civil servant, has successfully reduced reliance on TAs, to the extent that today “we could probably do away with local consultants that are still there, if we had some way of compensating these civil servants in line with the market.” Civil servants perform almost all operational tasks, with TAs mainly performing advanced reporting or reconciliation tasks. This has been achieved through a combination of factors, including committed leadership, continuous support from the World Bank, and significant investments in training civil servants.

By contrast, Afghanistan’s budget department continues to depend heavily on TAs and project financing. The budget department is headed by a national TA, and practically all professional positions are filled with TAs funded by a series of United Nations Development Programme (UNDP)-executed projects. After attempts to train civil servants failed because of large capacity gaps, national TAs were recruited. Capacity was primarily transferred from international to these national TAs.

125. Although both transferring skills to public servants and absorbing TA into the public administration are, in principle, suited to building capacity, the second path bears distinctive risks. Government may not be able to afford the high pay of TA staff at scale; absorbing TA onto the government payroll has demotivated other civil servants, who perceive the high pay differentials to be unfair; and patronage may threaten the absorption of capable staff, as for example in Afghanistan.

126. The central question for further research thus is how initial and later design choices of parallel structures influence their performance on the competing objectives of building public

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44 In practice, both paths are not mutually exclusive. TAs might mostly hand over to civil servants (path I), but a few may still be absorbed.
45 Authors’ interview with World Bank task team leader for PFM project, Afghanistan, May 2013.
46 “Whatever operational tasks relate to […] data entry, running reports or reconciling reports, these are being done by the civil servants. We [the TA] are looking for the reconciliation after them, whatever data is imported by them. Here in our unit we are reconciling bank statements, reconciling, preparing financial statements. We look after those cases which […] are new or complicated for them then they will come to us and we will find solutions” (Source: Authors’ interview with national TA, Treasury department, Ministry of Finance, Afghanistan, May 2013).
47 “There was a lot of capacity building and training, in terms of on-the-job training, duty-specific training, general management training, computer literacy. So all of these things led to the growing participation and reliance on civil servants” (Source: Authors’ interview with World Bank task team leader for PFM project, Afghanistan, May 2013).
48 “Training was a big problem, because [of] the knowledge [gap] between the local civil servants and the expats here. The civil servants knew things which were probably updated in the 1960s, but the international TA, they knew something of the 21st century. Even if the language was not a problem, […] civil servants and international TA somehow did not know what each other were talking about” (Authors’ interview with senior official, Budget department, Ministry of Finance, Afghanistan, May 2013).
49 “If you are doing the same but the other person is being paid ten times what you are paid, of course you don’t have the enthusiasm for work. There is nothing an accountant or an economist does that I am not able to do.” Authors’ interview with an official, Accountant General’s Department, Government of Sierra Leone, March 2013.
servants’ capacity and getting the job done (through TA). Key PS design features that Blum et al. identify as relevant will be hard to vary in experimental designs. These include for example (i) the leadership of PS (is the unit headed by a civil servant, or a TA); (ii) the contracting modality for TA (is the project contracted in or out?); or the (iii) human resources composition (How many international and national technical assistants [TAs], civil servants, and other staff groups are working in the unit?). The impact of these and other PS design features as well as contextual factors on performance can probably best be explored through more systematic observational studies. They could combine quantitative large-N comparisons, as well as more in-depth qualitative analysis that seeks to explain the evolution of PS over time.

127. We will here focus on one central PS design features that may be amenable to experimental research – the nature of contracts for Technical Assistants. Blum et al.’s findings suggest that the design and monitoring of TA contracts have often biased their incentives toward doing the job themselves, rather than showing public servants how to do it. TA contracts have been fraught with three sets of problems.

128. First, TA contracts are inherently incomplete. Whereas TA’s own deliverables are relatively easy to measure, the extent to which they succeed in transferring capacity to public servants is both harder to measure, materializes only longer-term and can be difficult to attribute to TA efforts. Typically, the assessment of TAs’ performance was based primarily on hands-on deliverables, with contracts often only referring to capacity building in vague terms. This has often biased TA efforts towards doing, rather than teaching to do. In the words of one international TA who worked in South Sudan’s Ministry of Finance, “Donors say they care about capacity building but then evaluate our performance based on getting the work done properly and timely. If my contract clearly stipulated specific capacity building outcomes, and were ready to sacrifice quality and/or speed of the work, things would be very different.” This points to the value of experiments that vary the weight given to measurable progress in capacity transfer in TA contracts, for example by regularly testing the level of autonomy public servants have achieved in performing their tasks.

129. A second challenge is that there often is gap between TA’s explicit and implicit contracts. During contract execution, TA’s own principals—development partners and governments—may be the first to ask TAs to focus on getting things done, despite good intentions to build capacity.

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50 Authors’ interview with an international consultant to the Ministry of Finance, Government of South Sudan, 2013. Similarly, the 2011 IEG report notes that for Timor-Leste “transfer of skills to local staff was also not part of the performance monitoring and evaluation system for foreign advisors in most cases” (Independent Evaluation Group 2011).
For example, Liberia’s PFMU was explicitly required “to help build FM skills capacity.” But “as
the number of projects under the unit’s purview grew, the demands of complying with fiduciary
requirements of donor-funded projects ‘crowded out’ the capacity-building mandate of the unit”
(Dappah 2013). This raises the fundamental question how development agencies can
institutionalize a sufficient focus on long-run institution building internally, especially in post-
conflict contexts, given the often high turnover and short-run incentives of their own staff.

A third challenge is that especially national TA face a conflict of interest between building
capacity and staying on the job. If they do a good job and teach civil servants to do their jobs, they
ultimately make themselves superfluous and risk losing their own job. Strategies for
counterbalancing this conflict of interest could comprise (i) excluding the option for contract
extensions and/or (ii) providing alternative long-term rewards for successful capacity transfer, such
as transfer of successful TA to other PS.

5 Conclusion

5.1 What we know

The availability of concrete evidence on how to reform the public service in post-conflict
countries is extremely limited. The existing evidence base outlined in the preceding sections is
only rarely based on rigorous studies from post-conflict environments. Rather, we have frequently
provided studies from settings that might approximate conditions within the post-conflict state.
These vary in their applicability to the environment of interest.

(Blum et al, 2016) provides a set of case studies of civil service reform in post-conflict
settings, providing detailed descriptions of the dynamics echoed in this paper. The authors argue
for research that focuses explicitly on the post-conflict environment because post-conflict civil
service reform trajectories differ markedly from those observed in non-post-conflict states. As
argued above, the intensity of capacity, accountability and informational constraints interact to
create an environment that merits its own research focus. For example, would the results of (Dal
Bó, Finan, and Rossi, 2013) have been the same in a post-conflict setting rather than in Mexico?
In the former, applicant skills and motivations for serving in the public sector may be markedly

51 The PFMU was required to hold periodic training in financial management for accounting staff of MDAs whose projects it managed
(Dappah 2013).
52 Similarly, for Timor-Leste, the Independent Evaluation Group’s 2011 Country Program Evaluation finds that “international advisors
were for the most part unsuccessful in transferring skills to local staff. Typically, these advisors were required to perform routine
line functions which would not give them sufficient time to train local staff” (Independent Evaluation Group 2011).
different, and their perception of the ‘appropriate personality’ to serve in government may be affected by the prevailing bargaining equilibrium.

133. The evidence that does exist indicates that post-conflict environments are beset with substantive tradeoffs, for example between stability and capacity, and between centralized reform and facilitating localized success. Reforms are more likely to have systemic impacts, since they may change the equilibrium tradeoffs elites determine are in their best interest. Thus, even localized interventions can have wide ranging affects.

5.2 The Research Frontier

134. Given the dearth of research on civil service reform in post-conflict settings, the research frontier can be demarked succinctly. There is a well-established literature on macro reform trajectories in OECD countries and there is an emerging micro literature on selecting and motivating civil servants in both OECD and developing countries. But the validity of these findings for post-conflict contexts is questionable, given their distinct features (outlined above), making this a nascent field of inquiry.

135. This section summarizes specific macro and micro policy and research questions that arise from the preceding discussion of interventions.

5.2.1 Macro Questions

136. At the heart of this paper has been the assumption that there is some underlying rationale for extending government functioning towards the delivery of public services. However, there is little analytical infrastructure currently available that guides us in deciding what the appropriate level of public output for a specific state should be. A primary contribution to the literature on fragile and post-conflict states would be a means of determining what the appropriate scope of government should be. Should it simply aim to keep the peace? What are the public services that might support this ambition, and how feasible are they to produce given the existing structure of the civil service?

137. Beyond the scope of the state, there are many questions remaining over its optimal structure. One fruitful avenue of research might focus on understanding which contextual factors determine the political economy of (de)centralizing control over civil service establishment, pay, and recruitment decisions in post-conflict settings. Why, for example, has Liberia’s pay system become highly individualized and discretionary, while it remains tightly controlled in Sierra Leone?
Specifically, how do institutional legacies interact with post-conflict reforms in shaping civil service trajectories?

138. The limits of central control also call the realism of top-down, cross-cutting reform civil service reforms into question. With limited bargaining power within the governing coalition and limited means of enforcing rules across the civil service, are asymmetric reform designs (in a few selective agencies) a viable alternative? A related debate involves which extant islands of reform (e.g. autonomous tax agencies) can diverge more rapidly from this legacy than the average agency.

139. While the proliferation of parallel project structures is a distinctive feature of post-conflict settings, there is no existing research that seeks to systematically capture their effects on service delivery and state capacity. How does the design of such structures affect the performance and long-term sustainability of government functions? In some cases, the institutional designs of parallel donor structures that directly interact with the civil service bureaucracy could also be amenable to studies through RCTs.

140. With regard to reintegrating ex-combatants, an important question involves understanding the optimal mix between these interventions depending on the context. While there is a well-developed literature on DDR as a single instrument, there is no research suited to inform decisions about how to select or combine the above instruments.

5.2.2 Micro Questions

141. At the micro-level, there is significant scope to understand how the unique context of the post-conflict setting impacts the results of pre-existing studies on recruitment and the provision of incentives. Replicating studies such as (Dal Bó et al., 2013) or (Foltz & Opoku-Agyemang, 2015) in a post-conflict environment would allow a better understanding of the external validity of the literature surveyed in (Finan et al., 2015). As the authors in that study argue, “concerns associated with performance pay are more likely to arise when bureaucrats are tasked with complex jobs” or “if internal accountability mechanisms do not exist or function”. Since these are features that will be significant in post-conflict environments, the personnel economics of public organizations in post-conflict settings may be quite distinct to other settings. Documenting the extent to which that is an accurate statement would in itself be a valuable contribution, especially with evidence on why.

142. Beyond replication, small extensions to the existing literature that are specific to our setting would be a natural avenue for research. For example, on recruitment there is a need to better understand how to design diaspora recruitment schemes. We require a better understanding of how
to weigh up sufficient supply with the effective integration of diaspora into the difficult operating conditions of the civil service. Simple survey evidence on how candidates view the career profiles and opportunities of post-conflict civil services would be a useful input to the design of experiments on selection into post-conflict service. Trialng different forms of diaspora career management would be a complement to that baseline data.

143. Given the fragility of the post-conflict settlement and the scale of resources required for rebuilding the nation, evidence on low-cost interventions that do not directly draw on the wage bill would have significant policy value. One avenue to explore is shifting identities towards service delivery goals. Given the fractured nature of identity in most post-conflict settings, there is a need to understand how to design mitigation and management systems through which diversity can be a positive force for service delivery. This points to interventions that promote reconciliation and reshape group identities around new joint missions. One potential approach is to match senior and junior civil servants in pairs, who then work together, learn from each other, and are jointly accountable for their work.

144. Given the importance of the political settlements in post-conflict countries, and the nascent nature of the state, political interference in the bureaucracy is frequent. Research - most likely to be, but not restricted to, non-experimental work - is needed to better understand the relationship between civil servants and politicians in post-conflict environments and how it can be managed. Again, large-scale civil servant surveys would be of value, as would novel data collection that provides direct evidence on the relationship between these groups. However, of greatest value would be research that investigated i) mechanisms for insulating public servants from political interference and ii) evidence of how these interventions affected the productivity of the public service. Since politicians can drive officials to both deliver services and to divert them, the impact of appropriately managed politicization is ambiguous. Within a wider political bargain that rests on the rents delivered to elites, such research would benefit from measuring the wider impact of the reforms on the service as a whole.

145. Finally, given the Bank’s large portfolio of capacity-building programs in post-conflict environments, there are many opportunities to undertake rigorous evaluations of these programs. The emphasis should be on three main areas: i) what training structures provide long-term practical skills to civil servants appropriate to the tasks they typically face; ii) how does asymmetric training impact on the efforts and morale of other officers in the service who are not trained; and, iii) what are the key times at which officers are most malleable, and training can be of maximum impact.
146. Turning to the methodologies of research in post-conflict states, there are two particular points we have emphasised. Since localized interventions can have systemic effects, broad surveys of public officials are useful additions to any project trialling novel interventions. As an added benefit, harmonized data on public officials across post-conflict environments would be a valuable window into the world discussed in this note.

147. Much of the applied-micro literature in development has utilised experiments in the last decade. The scope for experimental learning within a post-conflict public service is constrained by a ‘conundrum of control’. Experiments, almost by definition, require a high degree of control to ensure treatment and control groups are isolated. The set of institutions where this control can be assured is likely to be a selected sample. As has been documented above, the very challenge in post-conflict administrations is exactly the low degree of control over reform implementation. Thus, experimental evidence may be restricted to the most stable settings, such as those of parallel structures. The validity of these studies for the post-conflict environment will likely be a significant improvement over existing results from non-post-conflict settings, but it will be important to carefully translate the results into the broader service.

148. Given the limited research available on these topics to date, and the extensive engagements the World Bank and other donors have in these contexts, partnerships between donor staff and researchers provide a potentially fruitful direction for building this agenda.
6 References


### 7 Links to Other Resources

**Governance and Social Development Resource Centre Topic Guide on Civil Service Reform**

For the Governance and Social Development Resource Centre (GSDRC), Sumedh Rao has put together a civil service reform topic guide. This is a general introduction to the topic of civil service reform that can be viewed together with the other resources GSDRC have on the general topic of civil service.

**Innovations for Successful Societies: Civil Service Focus**
[http://successfulsocieties.princeton.edu](http://successfulsocieties.princeton.edu)
[http://successfulsocieties.princeton.edu/focus-areas/civil-service](http://successfulsocieties.princeton.edu/focus-areas/civil-service)

Innovations for Successful Societies, hosted jointly by the Woodrow Wilson School of Public and International Affairs and the Mamdouha S. Bobst Center for Peace and Justice, enables practitioners to chronicle government innovation that they were involved in, especially in low- and middle-income countries.

**Project on Support for Centres of Government in Fragile and Post-Conflict States**


Overseas Development Institute project led by Alina Rocha Menocal discussing support for central organizations in post-conflict governments.
Reforming Public Administration in Post-Conflict Societies: Implications for International Assistance
USAID strategy paper on reforming public administration in post-conflict environments.