Assessing subnational administration in Afghanistan:

Early observations and recommendations for action

With the permission of government, this working draft is being shared to encourage debate and to elicit early reactions from government officials and the donor community. It does not necessarily represent the official views of government, the World Bank or of AREU. The working draft should be considered preliminary in nature and its recommendations provisional. It is subject to revisions following consultations with government bodies including the Civil Service Commission and relevant Ministries.

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1. Introduction

A research project

This working draft is an early output from a continuing study coordinated by the World Bank and the Afghanistan Research and Evaluation Unit (AREU) in partnership with the Center on International Cooperation in New York University and the Adam Smith Institute. The objective of the project is to assist in improving provincial and district delivery of some key services, including primary health, primary education, and water and sanitation.

The paper draws the bulk of its material from two initial case studies (Faryab and Herat) undertaken in December 2002. This is a very narrow sample, and Herat is likely to be an atypical province, with access to a significant resource base, higher levels of education, and a relatively peaceful and stable political order; as a result the analysis should be read with some caution. However, the paper will be updated as additional cases are prepared. The paper has also benefited from additional research undertaken by AREU and the Center on International Cooperation.

Rolling out the assessment across all 32 provinces

The work to date in Herat and Faryab has enabled the development of a working methodology for assessing subnational administration. The key areas addressed in the approach are set out in Annex 1. The methodology will be developed in forthcoming visits to additional provinces led by the World Bank and AREU. Training will then be offered to government staff and others to enable them to replicate the methodology and apply it across the remaining provinces.

Three products are envisaged as more provinces are assessed:

1. This overview paper will be revised and the recommendations for action specified in greater detail.
2. A parallel guide to subnational public administration in Afghanistan is in preparation primarily for the use of donors and others who might not be familiar with the formal arrangements and working practices.
3. Case studies on each of the provinces assessed will be provided in a standard format as a guide for provincial-level initiatives.

Acknowledgments

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2. Emerging findings
There is still much to understand about the fiscal and administrative arrangements in Afghanistan. However, some plausible hypotheses emerge from the initial provincial assessments.

The state administration has not completely collapsed
The onset of conflict from 1978 onwards stopped any further consolidation of central authority, but the administrative structures of the state have proven to be fairly resilient. More than two decades of war have not led to administrative collapse: they certainly led to the collapse of legitimate political authority, and the de facto radical devolution of political authority to local commanders and warlords, but the administrative arrangements still provided a glue that, remarkably, held many aspects of the state together.

The administrative structure of the state as it currently exists is far more robust and functional than anyone had expected. The notion that, through the twenty plus years of turmoil and upheaval, all but the last vestiges of the state were destroyed has proven unfounded. On the contrary, it appears that administrative and fiscal mechanisms, which had been standardized before the war, have continued in use throughout the country, despite the lack of an ongoing relationship to Kabul. Indeed, old protocols are often strictly adhered to, despite the difficulties presented by the very poor state of telecommunications.

Upheavals and the atomization of power in the country, however, have produced very uneven results. In some areas governmental structures have continued to function. In a few areas funds, projects, and appointments have been influenced by regional power structures. In other areas, lack of resources and brain-drain have atrophied the system.

The point will undoubtedly be made by many that this government is encumbered by an entrenched structure that may be difficult to hew into the lean responsive public administration envisioned in the National Development Framework. However, the discovery of an administrative bureaucracy that is functioning beyond expectations is an undoubted blessing. This implies that government employees share a common understanding of how the system is intended to work, and that there is a significant degree of discipline entrenched at all levels. This common understanding and this foundation of discipline represent valuable resources - without these, future reforms would be considerably harder to launch and sustain.

The centralized formal arrangements provide a coherent framework
The current structure of government is unitary, with all political authority vested in the government in Kabul. The powers and responsibilities of subnational administration are determined (and therefore may be withdrawn) by the central government.

Organizationally, central government in Afghanistan is comprised of 29 ministries, 12 independent bodies and other central government agencies in Kabul, and two agencies working under the direct authority of the President (the Office of the President and, pro tem, the Office of the Prime Minister). In addition, there are four types of subnational administration:
• 32 provinces (Wolayat)
• Approximately 326 districts (Uluswali) – with each province containing between five and 20 districts
• Provincial municipalities (Sharwali Wolayat) – with each province in principle containing one such municipality
- Rural municipalities (*Sharwali Uluswali*) – with each district containing at most one rural municipality, but some with none.

Although provinces and districts are legally recognized units of subnational administration, they are not intended to be autonomous in their policy decisions other than through some flexibility in implementing centrally determined programs.

In addition to the formal provincial and district administrative structures, there is some history of the use of regions or zones in Afghanistan (*Hawza*), primarily for military purposes. Zones have no legal standing as an administrative unit and, unlike provinces, districts and municipalities, are not mentioned in the 1964 constitution. However, they have been used at times for administrative convenience.

Unitary governments are not necessarily centralized - administrative and fiscal discretion can be granted to subnational entities. Afghanistan, however, is strongly centralized in both of these dimensions, and the fiscal arrangements in particular are unusually centralized with virtually no discretion over revenues or expenditures at the subnational level. Undoubtedly, the combination of formal political, administrative and fiscal centralization places Afghanistan at the extreme end of any centralization scale, although it is not unique in this respect.

There are clearly many questions concerning the ability of such a centralized state to facilitate the delivery of much-needed services, particularly in the social sectors. However, in the short term the arrangements are well understood and provide a mutually consistent set of administrative and fiscal arrangements that can be used as the basis for managing staff and budgeting.

The administrative laws are sound

The various public finance laws and regulations, and the laws regulating public sector employment, are fundamental to any understanding of the operation of the Afghan government.

The existing Budget Law and Accounting Regulations, while somewhat complex, are sound and provide the appropriate checks and balances. The Budget Law provides some elements of very good practice, in particular in its requirement that the full costs of projects should be reflected in the Government's Budget. The Control and Audit Regulations makes the General Control and Inspection Department of the Council of Ministers the supreme audit authority for the whole of government, providing external audit.

Despite confusion concerning some of the secondary legislation, basic public sector employment legislation is sound; it provides for a manageable system of centralized recruitment and establishes a system of job classification and grading that underpins pay policy management within the public sector.

Those laws are well understood and adhered to

The existing clerical system for accounting for revenues and expenditures and for establishment control at the provincial and district level is fairly resilient. It appears to be largely intact and well understood by staff at every level, despite the appalling overall state of telecommunications that is contributing very significantly to problems in the operation of the system. Formal limits imposed under the system, such as budgetary allocations and establishment limits, are also being respected.
Political and technical problems in relation to customs revenues constitute the most obvious exception. The delays resulting from poor telecommunication links with Kabul, and more substantially, the political problems in remitting customs revenues to Kabul, undermine the legitimacy of public finance legislation.

Establishment control systems at the central, provincial and district levels, while paper-based and rudimentary, appear to be operating reasonably well. Current salary levels, however, present a serious problem if experienced and qualified professionals are to be attracted and retained in the public sector.

The public sector is modest in size

Recent national employment data are inevitably based largely on estimates. Current estimates suggest that the size of civilian public employment is, in any absolute terms, quite small, although nearly half of this relatively small workforce is located within Kabul. Thus any case for retrenchment must be made on the basis that even this small total results in a fiscally unsustainable wage bill, or that there are large numbers of unsuitable staff that have a negative effect on efficiency. However, this observation is offered tentatively as the two provinces visited are relatively unusual. Payroll data from Herat is dated as no claims have been submitted to Kabul for some six months. And the payroll from Faryab is remarkably stable by comparison with other provinces. A look at the larger picture of public sector employment suggests that elsewhere there might be significant "shadow employment" from 'agir' (contract) staff who are occasionally, but not regularly, paid, and that there might be some gradual but fiscally unsustainable growth in staff numbers.

Many senior provincial staff are competent.

Preliminary findings suggest that although many existing senior staff were undoubtedly appointed on a connections/patronage basis, they are generally equipped with basic skills and, if the hierarchy and reporting lines to Kabul were re-established, they would be competent leaders on behalf of Kabul as much as they are currently on behalf of the local governors or power-brokers. In sum, there would appear to be relatively little need for a massive turnover of staff in order to confirm or re-establish loyalty to the central government, although further skill development and technical training would certainly be beneficial.
3. Implications for development strategy

The goals of the National Development Framework are vitally important

The Transitional Islamic State of Afghanistan (TISA) has made significant strides in defining its long-term goals for the Afghan state. This new model envisions a lean, competent bureaucracy in Kabul, a structure that would be replicated at the provincial and possibly district levels. A strong provincial structure is deemed key both to returning governmental management functions back to Kabul, and to providing local access to government services. Focusing resources through provincial and district administration offices will ensure that resources are reaching rural areas and not remaining concentrated in urban areas. In the past, Afghans have spoken of a "six-mile rule," meaning that government funds were rarely used on projects located more than six miles outside of major urban centers. Reaching rural areas throughout Afghanistan is a key goal of the TISA, in order to ensure fairness, spur widespread development, and extend central government influence.

The most prominent articulation of the TISA vision of the future of the Afghan state is laid out in the National Development Framework (NDF). The NDF states that the role of the Afghan state should be as "regulator and promoter of the entrepreneurial energies of our people. The state will enter into direct managerial role only when social justice demands its presence." This vision is one of the state not as the primary implementer of services to the population, but rather as facilitator, or "steward." This is a significant departure from the previous model of government, wherein the state was primary employer, service provider, and economic entity. The previous state model blurred public and private sector. There was no distinction between the regulator and the service provider, and most industry was tied-up in state-owned enterprises.

Given the self-evident historical socio-ethnic fragility of the "nation" of Afghanistan, the fiscal and administrative centralization of the state has some logic in that local and regional elites have to refer to the central government for financing and the authority to deliver public activities. However, the corollary is that the central government should limit itself to a relatively minimal set of activities and functions. Using administrative and fiscal mechanisms to hold the state together is less feasible if the state is attempting extensive regulation of social and economic activity. Thus the TISA vision of limited direct provision of services by the state is not just one policy preference out of several possibilities - it is in all probability the only approach that will make the underlying centralized arrangements work.

Devolution must come slowly

Devising reforms that will improve service delivery must acknowledge the realities of the existing culture within the bureaucracy, if change is to be managed effectively. Many officials in the provinces speak longingly of a golden era when the centralized arrangements were fully enforced. It is quite possible that these centralized arrangements were always somewhat problematic but have acquired a romantic gloss over many years of instability and unrest. However, this desire – whether based on myth or reality – has to be factored into any reform proposals. Staff will have very little understanding of why or how more decentralized approaches could be developed.

In addition, the existing fiscal and administrative arrangements are integrated and mutually supportive. A change in any one aspect without considering all of the consequential changes in other areas will lead to confusion and cynicism.
Thus 'heroic' solutions, involving radical devolution of power and accountability to provinces/districts/facilities or circumventing existing structures, would be inappropriate.

**Work with the strengths of the system**

The coherence of the fiscal and administrative systems, the common understanding of how they are intended to work, and the entrenched discipline of staff, are valuable resources. The overarching principle that must underpin all assistance to the public sector is to work with these strengths, nurturing the discipline that has remained despite the many years of conflict.

Administratively, this means accepting the formal logic of centralized staff appointments and remuneration, and avoiding as far as possible the distorting impact of uncoordinated top-ups and incentive payments. In the health sector in particular, poor pay for doctors and other health professionals has led already to a proliferation of top-ups from donor agencies and NGOs. When staff receive incentive payments from NGOs and others that are far larger than their public sector salaries, this creates serious management difficulties.

Fiscally, this means contributing resources through the budget, in line with the law and with the expectations of staff. Respecting the traditions of the Afghanistan budget process means respecting the hierarchical authority of Kabul in budget formulation. This is not to say that there is no appetite for a more participative style of budget preparation. But it is to say that planning will be most effective if it is undertaken within clear, centrally determined budget and policy parameters. It is vital to keep in mind that it is only central government ministries and institutions that are primary budgetary units with specific budgets determined by law. Provincial departments of the central government ministries are secondary budgetary units and thus receive allocations at the discretion of the ministry.

In budget execution, discipline is encouraged by evidence provided to staff that there is in fact a budget to execute. Accounting controls are important, but it is just as important that funds are available for non-salary recurrent expenditures and that there is timely payment of salaries to all staff on the nominal roll.

In audit, the General Control and Inspection Department of the Council of Ministers is the supreme audit authority for the whole of government, providing external audit. All adverse comments by this body on any agency that a donor is dealing with should be addressed seriously. As the capacity of that Department is gradually rebuilt, such comments are likely to be informal in the first instance. However, as formal reports start to emerge, donors should review the audit statements of the General Control and Inspection Department prior to working with partners in government, and independent reports on donor projects should be made available to the General Control and Inspection Department.
4. Immediate actions to improve subnational service delivery

**Accelerate and facilitate budget execution**

There is clearly a pressing need to get cash (as per the approved allocations) flowing to the provinces. Historically, once provincial departments received their allocations, the local Mustoufiat was able to authorize payment of salaries and other expenditures without further approval from Kabul. This year, however, a new requirement to submit all payrolls to Kabul was instituted. Not only has this procedure slowed the disbursement of salaries, it has seemingly raised similar expectations with regard to the handling of non-salary expenses, with the apparent result that Kabul is not distributing any non-salary funds. It seems that central government staff have assumed that cash related to non-salary expenditures cannot be transferred to provinces without a central approval process similar to the process currently in place for payroll disbursements, and until they receive specific instructions, no disbursements of cash are being made. Without access to the cash, provinces are unable to execute their non-salary allocations.

This is having a disastrous impact on service delivery. In the health sector, for instance, the absence of any program budget for equipment, drugs, and facilities, especially for Acute Respiratory Infection (ARI) treatment, is undermining the impact that government entities could make.

There is, however, a related problem that all the incentives operate to encourage provinces to under-report expenditure from their meager non-salary operating budgets. For example, expenditures funded from customs revenue are obviously under-reported in Herat, and also to some degree in Faryab. In Faryab, it is also possible that expenditure funded by unreported revenues from the salt extraction plant were not being accounted for.

*There is a very strong case in the short term for providing the provinces with the funds required for budget execution on a monthly or quarterly basis and making the release of subsequent tranches contingent on acceptable reporting.* This would extend to payroll. The consequence of the current failure in budgetary execution is to deny essential services and to leave the door open to politically inspired patronage by local powers in areas that should be fully controlled by the national government. In the education sector, the absence of non-salary budgets is driving schools toward a reliance on discretionary handouts from local political figures and thus enshrining allegiances outside of the formal hierarchy. By returning this authority to the Mustoufiat, and making cash flow more promptly, this most pressing need would be addressed.

Changes can be accomplished without compromising financial control. For example, the cash equivalent of one month’s allocation could be sent to the provinces; Mustoufiats should then be required to report on expenditures before a new allotment is made available. This still maintains control, but without unnecessarily delaying budget execution. Clearly this would need to be considered on a province by province basis, and approval for such an arrangement would necessarily be contingent on the province offering a credible proposal for managing the cash in the absence of functioning provincial branches of the central bank.

In the longer term, every effort should be made to bring this back into a single government account, so there is no need to transfer cash, and provinces would simply authorize expenditures as necessary from the central bank account.

* A second, less immediate action, would be to fine-tune the current processes. For instance, the range of forms could be reviewed, and reduced where possible. Two potential candidates for
consolidation would be the forms dealing with allocations as there is considerable duplication, although some consultation would be necessary to ensure that this does not create confusion as staff are used to the current paperwork. There should also be scope to improve communications flows so that the need for physical travel is reduced to a minimum. Installing fax machines at central points throughout the country is one possibility.

More radically, the central government could prepare consolidated budgets at the provincial level, incorporating allocations from all ministries for each province. This change would not affect the decision process, only the presentation format once the allocations are finalized. This consolidated budget allocation would be sent from the Ministry of Finance to each Mustoufiat, and would represent the ‘official’ spending authority for the province. In this way, the Mustoufiat would not have to deal with in excess of forty separate documents. These consolidated budgets would also give everyone a better sense of how central government resources are allocated among provinces.

*Modest procurement reforms should be considered.* Provincial health departments report a particular problem with the procurement of small items. For example, if it is necessary to purchase oxygen for an operation, even though it is provided for in the budget allocation, the department still needs to get the governor’s approval, and this can take about a month. Up until about three years ago, the director of a department had authority to spend up to 1,000 Afs. for a single purchase (although at the district level there was never any delegated purchasing authority). Now there is no clear rule, and as a result, everything must go to the governor for approval. Re-establishing this purchasing authority, at an appropriate ceiling, would be a quick and pragmatic action. Cautiously, and with appropriate checks and balances, other minor increases in delegated authority could also be pursued.

When non-salary funds are available, they are transferred to District Education Sub-Departments in kind (e.g., desks, chairs, notebooks, etc.). It may be more efficient and effective if these sub-departments and schools could access the non-salary budget in cash, instead of in kind, and could determine the use of the budget to improve the quality of education. This would also contribute to the development of local markets.

*Review levels of approval and identify where further delegation of authority is feasible.* For instance, there may be some approvals currently given at the central or provincial levels that could be delegated to the provincial or district levels. Details of organizational structures of district offices could be delegated to the provincial departments, or limited spending authority within approved allocations could be delegated to the district level, with the approval of the district finance office. In addition, Mustoufiat offices could be given authority to shift funding between different line items, for a particular department. These actions would not fundamentally change the current system, but would better reflect practical realities of decision-making.

*Changes to the mechanism for processing payrolls received from the provinces are equally important.* There are many constraints on salary payments besides the payroll processing arrangements, of course. In particular, the cash must be available in the local branches of the central bank, and the Kabul ministries must provide quarterly allocations for departments on a timely basis, as payments have been delayed when the Mustoufiat has refused to process payroll documents without first having the allocation. However, the emerging practice of collecting payroll requests for three months before sending them to Kabul is problematic. This practice is becoming more frequent because of the logistics involved in sending a representative to Kabul with the payment requests to press for the approvals and to bring back the funds. The poorer provinces do not have adequate resources to send a representative each month. Whether or not
this is a convincing explanation, payroll verification and disbursement should be delegated to the provincial Mustoufiat’s office, and some discipline must be introduced over payrolls that are submitted late.

Finally, there may be some value to providing provinces with a small, additional amount of funding, beyond the ministry-by-ministry allocations. This special funding could be used by governors to address specific, local, and urgent needs. The degree of discretion over how these funds are spent could be carefully managed by setting specific rules and criteria for accessing the funds. Such funding could also be used to create incentives that encourage provinces to report expenditure from their non-salary operating budgets. Such incentives might include the possibility of increasing allocations to those provinces and departments with a demonstrated capacity to spend.

Make modest reforms to personnel management at the provincial level
For the most part, decisions about recruitment and promotion of provincial staff are effectively made today at the provincial level. The Kabul ministries must approve mid-level appointments, but there is little reason to think that Kabul rejects many of these mid-level appointments or promotions. Similarly, the provincial governors will usually get their way concerning staff appointments to grades 2 and above.

The "light" screening or oversight from Kabul for mid-level and senior appointments/promotions is not unwise. Where it might be helpful for Kabul to relinquish some control is in the area of staffing structure and composition. Kabul could continue to issue an overall establishment cap for each ministry in each province, but then allow provincial officials to decide the appropriate skill mix of those staff, and their deployment throughout the province.

As part of a broader civil service reform agenda, the provinces might set up committees to review promotions up to grade 3, so that promotions will neither be determined by personal connections nor occur automatically after each three years of service.

Be very cautious about developing policy fora at the provincial level
One key element of the TISA approach to governmental consolidation is civic reinvigoration. TISA considers that the Afghan people, given freedom and support, will be the greatest engine of change, development, and reform, and that placing the means of decision-making and resource distribution into the hands of communities will further undermine local power-brokers, whose power relies in part on their ability to supply patronage. A key aspect of this effort is the National Solidarity Program (NSP). The NSP is designed to provide small-scale reconstruction and development funds directly to communities, and to reward successful projects with further assistance.

There is much to build on. Afghanistan has a long-standing tradition of community consensus-building and problem solving through the ad hoc jirga or shura structure. However, strengthening of local decision-making bodies must be carefully calibrated to avoid undermining the fledging provincial and district level administrative structures. There has been some discussion of holding budget hearings in the provinces, for instance. This would certainly attract some interest and would contribute to local community strengthening. In designing these fora, it must be remembered that there are no provincial budgets as such – provinces are secondary budget units receiving allocations from the primary budget units in Kabul. Provincial policy is first and foremost sector policy, developed within the vertical "stovepipes" of the line ministries and departments. Historically, there has never been a strong coordination mechanism at the
provincial level. Provincial administrations are essentially a series of deconcentrated outposts of Kabul ministries over which the governor has had, at best, marginal influence.

While arguably this is a major institutional weakness to be overcome in time, if the current structures and disciplines are to be respected then any moves away from this structure toward a budget process at the district level that inserts horizontal decision-making will require very careful testing of new procedures and training of staff.

Even if there are some changes to the formal planning and budget process, the key principle that provincial staff will follow is that policy is first developed vertically within the sector, in discussion with the Kabul ministry, and horizontal implications between departments are only given secondary consideration. Change will only come gradually, and this tradition should be respected in the initial stages of the state-building process. The challenge for any new mechanisms is to strengthen the existing budget process – and to avoid any possible perception that needs or wants for reconstruction can be articulated or met outside of that budget process.

Where local policy fora are to be developed, one option would be to build on the network of loya jirga delegates. The system in Gulran district, Herat, of using loya jirga delegates as the district shura is a positive innovation that might be picked up elsewhere. The provincial coordination mechanisms under development by the Ministry of Reconstruction and Rural Development recognize the value of these loya jirga mechanisms.

Opportunities should also be identified to involve the provincial administration more directly in the budget planning process. Currently, line ministries ask provincial departments to provide 'wish lists' or expenditure needs for the upcoming budget year. This practice should be continued, but it would be more relevant if provincial departments were also given expenditure limits within which to develop their requests. If this approach were taken, there would be a greater likelihood that the final allocations would have some resemblance to the original requests. In addition, as the central government develops specific mechanisms through which to set its priorities for the upcoming budget process, consideration should be given to involving the provincial administrations in this process, so that regional views can be better taken into account. To support these changes, the role of the Mustoufiat will have to gradually broaden, from banker and controller to budget planner. It will need to engage more directly with the Ministry of Finance in Kabul, coordinate with departments on budget requests and budget consolidation, and manage greater delegation of authority. These changes will also require strengthened audit procedures.

Provincial structures should replace regional structures wherever possible. Even in the health sector, where there is a tradition of using zonal structures for local coordination, the dangers outweigh the benefits as the regional structures are all too easily co-opted for political purposes.

Manage top ups and secondments
Salary top-ups are not intended to cover any specific costs. They are intended to persuade staff with scarce skills to remain in tough jobs, on the assumption that there really is an employment alternative for them. Such top-ups are distinct from "field work reimbursements" (reimbursements for being away from the duty station, intended to reflect actual expenditures), and from "overseas travel reimbursements" (these are also intended just to cover costs). Donors paying salary top-ups and other miscellaneous allowances to government staff undoubtedly achieve service delivery improvements in 'their' project, but this is at the expense of the sector more generally. Uncoordinated top-ups contribute to wage inflation within the sector, and generally entail the movement of skilled staff within the country rather than bringing in new
skilled labor from overseas. Most damagingly, however, top-ups and other incentives undermine management within the sectors. Staff feel, rightly more often than not, that there is little advantage in responding to managerial requests or instructions – and every reason to respond to the real or imagined interests of their sponsoring donor. For operational efficiency, there must be just one employer, either government or donor/NGO. Of course, non-government employees can provide public services in government facilities.

Overall, service delivery would be significantly improved by some regulation of these incentives. In practice, there is little prospect of directly regulating the amounts that NGOs etc. can pay. Development and donor history is littered with many failed attempts to agree and enforce such caps. What can be done is to require that government employees who receive top-ups beyond a specified amount resign from government service.

Health sector issues

Indicators of access to services should be set out as soon as possible. These can be developed from the existing array of data. Using available information (e.g. the Afghanistan National Health Resources Assessment report, Ministry of Public Health 'Health Information System' records, staff knowledge, etc.) each province can prepare simple ‘maps’ of needs and access to health facilities for all villages. Those villages that do not have ready access could be targeted for information campaigns and outreach services by Community Health Workers and Traditional Birth Attendants. Other villages could receive information about the use of health facilities.

Professionals with scarce skills may not want to move to remote districts, because there are few suitable schools or medical facilities for their children and other hardships. Incentives for staff to remain in remote areas can be created. Additional financial rewards can help, although the amounts that skilled non-local health professionals want before they will move and stay in rural areas are often very high, and if there are no other incentives would be certainly several times larger than the usual range for salary top-ups.

The track record for using rent-free accommodation as an incentive for staff to work in rural areas is modest, particularly for junior staff. At these lower, technical levels it is very hard to keep the accommodation in the public domain. Once these staff have gained occupancy of accommodation, it can be very difficult to move them out. Similarly, attempts to make rural service compulsory are generally impracticable as there is such a strong market for doctors that they can always sell their services somewhere and the regulations will be discredited. Also, attempts to make rural service a precondition for access to further training are likely to reduce the supply of specialists.

Thus the arrangement most likely to work is a combination of special allowances, together with some in-kind benefits:

- Access to free health care
- The chance to move from fixed term contracts to permanent employment
- Faster promotion
- Access to full scholarships for further or higher education upon completion of a tour of duty
- A policy of localization – training staff that are already resident near to the area

There is a significant risk, of course, that the incentives will work in form but not in detail. In some other settings, such incentives appear on paper to provide sufficient inducements (the doctors do in fact re-locate), but the doctors then treat their public office as a private practice.
Specific policy reforms in the health sector can also be introduced rapidly, which would have a significant impact on service delivery in the short term:

- User fees, particularly small consultation fees at hospitals and minor charges for drugs, should be introduced gradually.
- The provision of tetanus toxoid and iron folate for pregnant women and children could be increased.
- Presumptive treatment of malaria in areas of high incidence could be expanded.
- A widespread campaign on the danger signs in pregnancy and what to do could be launched.
- A system of emergency care funds at the community level could meet the transportation and stay costs for women needing emergency obstetric care and for emergency child care.
- Allowing families to stay with patients at health centers and hospitals would have a marginal impact on cost, but would encourage more and earlier self-referrals.

Education sector issues

Indicators of access to services can be developed from the existing array of data. Basic data covering student enrollments, numbers of schools and teachers, etc. are available in most district education sub-departments and provincial education departments. While the availability of the data is encouraging, there is a complete absence of analysis and use of data for decision-making. In addition, key missing data include the number of school-age children not enrolled in schools.

Simple output targets can be developed. Initially targets will need to be fairly simple. Examples could include increase in enrolment, increased access to education in specific areas of a district/province, percentage of children with a full set of textbooks, percentage of schools with access for girls etc. It may even be possible to add some more qualitative outcomes such as the number of children able to demonstrate a set of competencies appropriate to their grade. Over time, the targets can become more sophisticated. Setting targets and reflecting upon progress toward achieving them will help develop an education service that is more focused on outcomes than inputs.

Specific policy reforms for the education sector could be introduced that would have some impact on service delivery in the short term.

- Short term measures for rapid education, training and deployment of potential teachers are critical. The traditional teacher education system is wholly incapable of meeting the urgent need for teachers; simply put, the education system cannot wait for two or three years for new teachers. Furthermore, it is not clear that separate facilities with multi-year programs are the most effective or efficient means of teacher education in any circumstance. The alternative of incorporating education into college or even secondary school programs, coupled with intensive, school-based, in-service training may be more effective in both the short run and over the longer term. In Herat Province, the Provincial Education Department and the District Education Sub-Departments have coped with the surging demand for teachers by relaxing the traditional qualification requirements for teachers and hiring "ad-hoc" teachers through examination.
- Providing teacher training to contract staff in a province is vital, especially given the recruitment this year of large numbers of contract teachers.
- Alternatives to large, formal schools, such as cluster systems of smaller schools linked to a larger school, can increase operational efficiency. Opening such "satellite" schools for grades 1-3 can respond to the demand for education and tap into the commitment of the community. Small satellite schools are also a better fit with the rural demographic characteristics of Afghanistan, such as scattered populations and small village size, and with the current enrollment pattern (50 percent in Grade 1).
• Alternative suppliers can be encouraged. Over the longer term, the policy will be required to establish an equivalency system between formal education provided by the government and non-formal education provided by NGOs and communities. The private sector will have an important role to play as an outsource body and implementing partner in the production of textbooks, school furniture and learning materials as well as in school rehabilitation and construction.

Set markers for the medium term
Senior staff in the provinces must know that, sooner or later, their posts will be part of a nationwide civil service even if they themselves were originally appointed on the basis of patronage or otherwise without the approval of the central government in Kabul. Some initial steps can be taken toward the creation of a nationwide senior civil service. These could include a policy announcement that a Senior Civil Service will be created, to occupy strategic and senior positions in all government bodies at central and provincial level, and that the Civil Service Commission has been tasked to develop specific proposals.

Regionalization must be addressed, particularly in the health sector. An interim policy position which asserts that there will be no budget-funding of regional structures and activities, even while acknowledging the current reality of regional planning mechanisms, would assist in moving toward a two-tier, Kabul-province structure in health, as in other sectors.

There is some acceptance that not all provinces need to look alike – and similarly with respect to the districts and municipalities. There is some room for experimentation and asymmetry, and a few promising developments might have larger relevance for other provinces. The key is to formalize these as legitimate pilots. Testing some alternative mechanisms for funding provincial activities on a pilot basis, recognizing that degrees of delegated authority might differ between provinces with different levels of capacity, would introduce some productive flexibility into the system.
Annex 1 Areas of Enquiry for Future Provincial Assessments

1. Fiscal Relationships
   a. Process of revenue collection, remittance and reporting
   b. Provincial role (line departments and Mustoufiat) in budget planning, both ordinary and development budgets
   c. Process for communicating approved allocations
   d. Experience with actual budget execution
   e. Experience with net cash flows between Kabul and provinces
   f. Nature of auditing practices
   g. Degree of independence/oversight of municipalities
   h. Identification/confirmation of barriers to effective fiscal planning and management

2. Administrative Relationships
   a. Review of organizational structures, and reporting/accountability relationships (both formal and informal)
   b. Degree of adherence to approved establishment limits (recruitment, allocation of staff)
   c. Assessment of recruitment/promotion practices (merit based vs seniority, patronage)
   d. Prevalence and impact of salary top-ups
   e. Timeliness of payroll execution
   f. Identification/confirmation of barriers to effective operations

3. Education/Health Service Delivery
   a. Allocation of management, delivery responsibilities and accountabilities among different levels of government
   b. Extent of subnational role in budget planning
   c. Prevalence and impact of salary top-ups
   d. Assessment of management skills within the sector
   e. Assessment of key gaps in service delivery
   f. Assessment of NGO/donor role in service delivery, and degree of coordination with government