UN/WB PCNA Review

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Annex V: State Functions and Stabilization

Disclaimer

The following report was developed during a consultative review of Post-Conflict Needs Assessments (PCNAs) carried out by UN Development Group Office (UNDGO) and the World Bank's OPCFS. This report has been prepared by Anders Tang Friborg (BCPR) and Hugh Riddell (WB), within Phase Two of the PCNA review to look specifically at the subject of Statebuilding as it relates to PCNAs (additional technical experts covered the areas of Cross-cutting issues, Conflict Sensitivity and Peacebuilding, and Security Sector issues).

Under the guidance of the Core Review Team, the authors have drawn upon the stocktaking work from Phase One to contribute to the strategic guidance of Phase Two in their substantive area, including making specific recommendations for PCNA stakeholders. This was done through a comprehensive review of the Phase One case studies and past guidance, in-depth consultations with HQ and field based UN and WB staff, national partners, bilateral donors, civil society and other relevant actors. Findings and recommendations were reviewed, then selectively abridged and incorporated into the UN/WB PCNA Review Report *In Support of Peacebuilding: Strengthening the Post-Conflict Needs Assessment* and into the revisions of the PCNA Guidance and Tools, where relevant. This report, presented as an annex to the UN/WB PCNA Review Report, represents the authors' own views as individuals with specific technical expertise. It does not represent the official views of the World Bank or the UNDGO, and should be viewed as an unofficial document.

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1.   Definitions

a)   Core state functions in post-conflict settings

State-building is central to post-conflict transitions because effective and accountable states are the entities best positioned to provide the public goods that underpin peace and development, such as justice, security and core infrastructure. It is also central because states have often acted against the interests of their citizens – and state-building offers a means to build back a more responsive and accountable set of state institutions. The failure of a state to carry out a set of core state functions, such as the provision of justice, security or infrastructure, can create conditions for conflict or undermine post-conflict transition and recovery. However, where post-conflict states succeed in meeting the challenge of re-building basic functionality, they stand a better chance of gaining the credibility and support among citizens.

There is no agreed list of core functions. However modern states are generally delineated by the performance of minimal, intermediate and activist functions.[1] Minimal functions include what economists term pure public goods such as defense, macro-economic policy, law and order, public health and ensuring a basic level of social equity. State scope normally extends to intermediate functions such as basic education, utility regulation, antitrust, and environmental protection and may, where the state is activist, include industrial policy and wealth re-distribution. How functional roles and responsibilities are shared between state and non-state agencies depends on the idiosyncratic structural, political and contextual factors of the specific country.

Many of the core functions go to the heart of political power and resource distribution in a society and are often potential drivers of conflict or sources of instability. As a result peace agreements or UN Security Council resolutions provide the key frameworks for state-building in post-conflict settings. PCNAs are designed to be a technical accompaniment to the political process of transition, but in practice it is difficult to separate the two dimensions and the PCNA must be informed by a strong understanding of political dynamics in the post-conflict transition phase.

In the first few years following a peace agreement, technically weak and often unaccountable administrations face many challenges. Realistic targets are therefore essential in PCNAs. Nevertheless, PCNAs are also a time of opportunity when international agencies may be able to generate discussions around sensitive areas such as security sector reform, institutional reform and national reconciliation.

The PCNA process presents three areas of opportunity where a focus on core state functions can help planning teams frame the strategy.

1. **Assessing the state context:** It has been a working hypothesis during the PCNA review that a pre-assessment of key contextual factors can help core planners think more systematically about the appropriate engagement with national counterparts. Among the key criteria for this pre-assessment have been capacity, political will and accountability. The objective is to ensure core planners ground PCNA strategies and processes in a strong understanding of the fluid political dynamics that will influence the transitional period.

2. **Designing the PCNA process:** A shared understanding of core state functions – their inter-linkages and their role in stabilization – can help inform the design of the PCNA process, and can improve the prioritization and sequencing of multiple needs.

3. **Building a platform for the reestablishment of core state functions:** A complete separation between political and technical aspects of state-building is not realistic. But although the political dimensions have to be understood and managed at all levels, technical elements can be built into the

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[1] A more comprehensive discussion of states, their functions and their effectiveness can be found in the World Bank's 1997 World Development Report: "The State in a Changing World".

PCNA framework, which are likely to facilitate the longer term reestablishment of core state functions, irrespective of possible political complications during the immediate post-conflict period. These activities include (a) a focus on building early public administration capacity, (b) providing a framework for a 'joined-up' approach to service delivery, (c) aligning the costing / TRM with the emerging national budget and (d) creating an entry point for otherwise challenging accountability reforms.

b)   Towards a working definition:

Most PCNAs have been undertaken in countries coming out of protracted conflicts with multiple conflict parties and a severely weakened state apparatus. For this reason there is a need to balance comprehensiveness with realism in the PCNA and focus on the areas that will help stabilize the country and lay the foundation for the reestablishment of core state functions. Identifying the most crucial of these will be a critical early task for national actors – one this paper discusses in section 3. Workshops held with state-building practitioners[2] underlined that no clear model for prioritizing and sequencing the development of state functions currently exists, stressing that establishing the right priorities depends largely on the specific context in which the transition is taking place. While certain functions may take priority over others during transition, a number of key functions need to be performed simultaneously and are interdependent. This fact increases the complexity of the planning process and generates important human and capital resource requirements.

There is an emerging body of state-building research which can help give planners with a better understanding of core functions and their linkages, but it remains difficult to translate into PCNA practice. The Practical Guide does, however, illustrate the wide range of functions that merit special consideration within the PCNA framework, including[3]:

- Political reform to return the country to democratic rule
- Transitional justice and reconciliation
- Security sector reforms
- Promotion of productive activity and establishment of a market economy
- Reconstruction of basic infrastructure and services
- Promotion of national dialogue
- Reintegration of IDPs and refugees
- Reestablishment of civil service at national and local levels

In addition, Ashraf Ghani has proposed a set of ten core state functions as a means to build international consensus, without which national and international actors may continue to work at cross purposes.[4] These ten are:

- legitimate monopoly on the means of violence
- administrative control
- management of public finances
- investment in human capital
- delineation of citizenship rights and duties
- provision of infrastructure services
- formation of the market
- management of the state's assets (including the environment, natural resources, and cultural assets)
- international relations (including entering into international contracts and public borrowing)
- rule of law

Such a list, while not prescriptive, can serve as a useful checklist for PCNA core teams to think through approaches to state-building. One of the main benefits of the PCNA is that it can generate a common

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[2] UNDP / WB Workshop, "Rebuilding Post-conflict Societies: Lessons from a Decade of Global Experience" September 19-21st 2005. The workshop, for which a background paper was prepared by Ashraf Ghani, Clare Lockhart and Michael Carnahan, convened a group of national reformers to discuss their experiences of state-building in post-conflict situations.
[3] Page 13 of the Guide.
[4] "Closing the Sovereignty Gap: An Approach to State-building". ODI Working Paper 253, September 2005.

understanding of the priority core state functions and develop strategies on the capacities needed to fulfill them.

This will require a careful balance on the part of core coordination teams between generating a comprehensive vision and a agreeing on a realistic way forward. The working definition of this paper is that state-building – the building of state capacity to fulfill a set of core functions – combines a process of broad strategy-making and focused interventions, where technical approaches are considered within the prevailing political context. The structure of this paper reflects this approach. **It should be underlined that this paper does not attempt to address the substance of each of the functions listed above, but focuses on what can be done practically within the framework of a PCNA process to enhance the foundation of these core functions in general. Therefore this paper does not directly address such critical issues as provision of security or law and justice functions.**

2.   Review of Current Guidance and Practice

While the Practical Guide does not explicitly refer to the need to identify, agree on and build capacity in core state functions as part of a transition strategy, it does note a list of activities that have proven effective for stabilization, as noted above in Section 1b. Such a list approximates to a set of core functions that the emerging state should have the capacity to carry out.

The Practical Guide also mentions the benefit of early dialogue with national counterparts which "can increase the readiness of national actors and development agencies to later engage in and contribute to a high-quality PCNA process". This early dialogue is presented as a national visioning exercise that is designed to help PCNA selectivity.

In addition, the Practical Guide underlines the importance of calibrating the PCNA approach to the level of state capacity. However, it does not offer systematic advice on when and how to undertake such an assessment. Although, political will is mentioned, the emphasis is on institutional capacity to participate in the PCNA and planners are offered only a basic continuum of high to low capacity as a framework for assessment.

In terms of practice, PCNAs have adopted different approaches. While this reflects very different contexts, it also underlines the need to agree on the importance of state functions in stabilizing post-conflict situations the better to agree on *how* to work towards fostering state capacity to fulfill those functions.

3.   Prevailing Context: Impact on a PCNA Process

It has been a hypothesis[5] that post conflict planning requires a high degree of context sensitivity especially if national ownership is a core objective of the planning process. This paper looks at two approaches to assessing the context for state-building: (a) a rapid pre-assessment of national institutions and actors and (b) an early dialogue between transitional authorities and international actors leading the PCNA ("early dialogue"). If carried out in advance of the concept note stage, these activities can influence the design of the PCNA process.

a)   Pre-assessing state context

Practitioners of past PCNAs have highlighted the importance of doing a pre-assessment of state and non-state institutions and actors to ensure a better calibration of the PCNA to the realities on the ground. A lack of contextual awareness among international staff *going into* PCNAs appears to be a recurring challenge. UN and World Bank PCNA practitioners[6] have emphasized the importance of stakeholder analysis, saying that it could "assist PCNA teams to wade through complex political waters enabling them to ensure that the right actors (state and non-state) are included in the appropriate aspects of the process". Others have highlighted the importance for the core team of getting a basic understanding up-front of which national or sub-national institutions have credibility and capacity. Community or social institutions will be just as critical as national institutions in this assessment.

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[5] For a full list of this section's starting hypotheses see Appendix. The hypotheses guided a series of structured interviews with PCNA practitioners from the eight cases examined: 5 PCNAs, Timor JAM, Afghanistan PNA and DRC's stabilization programs.
[6] A stakeholder roundtable was held in New York during September 2006 between UN agencies and the World Bank.

A robust assessment of the national context may also help clarify what ownership can realistically be borne by the transitional administration, assess possible fiduciary and political risks, identify institutional entry points and embed realistic expectations within the PCNA process. The assessment should in other words influence the approach to be taken during the later PCNA stages described in this paper, for example the structure of the early dialogue, the transformation strategy on service delivery or the utilization of the national budget. In addition, it could feed into a realistic analysis of how to share functional responsibilities between national and international stakeholders in the short to medium term while the capacity for full national ownership of state functions is being built.[7]

The specific criteria for such an assessment can vary, but technical capacity, political will and accountability have been highlighted as key variables that impact the potential for failure or success of a PCNA.[8]

- **Technical Capacity**

The level of technical capacity available has a considerable impact on the design of the PCNA and the recommended implementation modalities. The Practical Guide clearly emphasizes the need to assess national capacities in advance of the PCNA launch. Weak capacity is spelled out as a main bottleneck for the national institutions to engage in the needs assessment and the pre-assessment can help planners ensure a realistic strategy for the incremental transfer of responsibilities to national authorities.

Case studies and practitioner interviews demonstrate that PCNA processes often overestimate existing national capacity which can lead to over-ambitious targets in the TRM. In addition to overestimating current capacity stocks, storylines have also overestimated the pace of future capacity building. Past experiences demonstrate that the depth and breadth of the post-conflict challenge in the face of low levels of education, weak institutions and donor preferences for bypassing state institutions have slowed results considerably.

This provides an incentive to broaden the scope of the pre-assessment of technical capacity to look beyond central state institutions and also include local level and community institutions, such as civil society organizations and private sector actors. There is some evidence in the literature on post-conflict and fragile states that local level institutions are more resilient than central state structures to conflict and deteriorated governance.[9] Where such capacity is found, external actors can consider alternatives to the centralized model of capacity building. However, time and financial constraints in a PCNA process may not allow for this scope and the transitional authorities, being the main interlocutors for the international community, have in some cases been reluctant to reach out to a wider set of national stakeholders.

- **Political will**

Capacity, however, has to be combined with an assessment of the reform commitment within the transitional authorities (political will). As stated in the Practical Guide "political will and institutional capacity in the country to implement […] have to be critically evaluated". The case studies show that political will is likely to vary even *within* a transitional cabinet. Although a minister might come from one of the warring factions, he or she can turn out to be an advocate for progressive change.

In **Liberia** the NTGL's Minister of Planning was notable from the outset as a reform-minded and engaged interlocutor who, although he did not have much prior relevant experience, developed into a critical counterpart for international actors with good technical support from the international community. In **Afghanistan** and **Haiti**, early identification of 'change agents' in government was a key benefit for the

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[7] Simon Chesterman: "Openness about the trustee-like relationship between international and local actors would help locals by ensuring transparency about the powers that they will exercise at various stages of the transition." From "You the People: The United Nations, Transitional Administration, and State-Building", November 2003.

[8] The original hypothesis was that PCNAs could fit into a typology based on capacity, will and legitimacy. Discussions with participants have suggested that putting criteria on the table for open-ended discussions within the core international team would be a better way to stimulate productive and realistic thinking.

[9] See for example "Aid that Works: Successful Development in Fragile States", ed. James Manor, World Bank publication, 2007.

PCNA process and for the subsequent implementation of the recovery plan. In both cases, an active minister of finance was able to leverage international support and analysis into a national reform program that has survived the transitional period.

It should be noted that political will is the most difficult of the three criteria to assess in advance of the PCNA. While accountability (see below) and capacity can to some extent be assessed technically, reform-mindedness is closely linked to personal motivation. The subjectivity is evidenced by the fact that ministers in Haiti and Liberia responded very differently to similar electoral incentives. In both cases, the ministers in the transitional government were not allowed to run in the elections. However, while in Haiti there was strong reform commitment within the transitional administration, in Liberia there was little.

- **Accountability**

Finally, accountability – including its dynamic relationship with an administration's popular mandate – should be highlighted as a critical factor when assessing the prevailing context. The PCNAs have been carried out either in the immediate aftermath of an armed conflict or before a final peace settlement has been reached, which have resulted in some form of transitional authority. The transitional authorities in question have had varying degrees of accountability and varying levels of popular support.

In many cases the structure and composition of transitional administrations have been determined by the peace agreement, but in the case of **Afghanistan** the legitimacy of the transitional authority was increased by convening the traditional Loya Jirga council in June 2002, where representatives from the entire country were given a chance to approve president Karzai and his ministers. But even in the absence of such formal procedures to increase accountability and legitimacy, emerging transitional authorities cannot be seen as standard entities. In **Haiti** the transitional authorities have consisted primarily of diaspora technocrats with a reputation for impartiality and commitment, but with limited public support, which the opposition tried to use to its advantage, whereas the peace agreements in **Sudan** led directly to the formation of a SPLM-dominated transitional government with fairly strong public support. In other situations members from the warring factions with limited accountability have constituted the main part of the transitional authorities.

To add to the complexity, the pre-assessments ought to analyze the consequences of possible sub-regional difference vis-à-vis the state-building objective. The differences between North and South Sudan and TGF, Somaliland and Puntland in Somalia need to be taken into account both when designing the PCNA process itself and the follow-up mechanisms. Despite great political difficulties, it was possible in both countries to get all entities to agree to a joint process, but an honest assessment of the possible consequences must be made at the outset and reiterated.

Conducting a pre-assessment? Who, when and how? The aim of the pre-assessment is to create space for a core coordination team to have a frank and informed – but internal – discussion about the state context before the PCNA concept note is finalized. The Practical Guide already highlights this need, but a pre-assessment should be broader than technical capacity of state institutions. A clear constraint has been the availability of information, and access to key personnel, especially where conflict has restricted access to parts of the country for some time. In most situations UN agencies will have some in-country presence with detailed local knowledge, but it will also be important to have access to existing documentation and analysis as well as relevant resource persons.[10] This can include contracting in a political analysis consultant in parallel to the PCNA and engaging with national actors in a way that ensures a context-sensitive approach. The ability to carry out a pre-assessment will depend on the time allocated for preparations in advance of the PCNA launch – and the timeframe is likely to be narrow given that the analyses of political will and accountability will often have to await the results of the peace negotiations. However, it is important that the perfect not become the enemy of the good. Assessments can be a question of accessing knowledge where it already exists rather than creating new knowledge. In the past, a roundtable video conference has been an effective means of channeling from a range of country experts to the core team the main points about institutional capacities. If there is a serious time

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[10] Most PCNAs have put political and social analysis literature on shared websites. Haiti's ICF was strongly influenced by the lessons of past international engagement in Haiti.

constraint, a short and intense pre-assessment of a few days ought to be included to allow the key planners room for internal deliberations.

Lesssons: Interviewees during the review have consistently highlighted the value of carrying out a pre-assessment of the state and non-state institutional context to ensure a better calibration of PCNAs to the realities on the ground. This should be done before the finalization of the concept note. The specific criteria for such a pre-assessment are likely to vary, but several former PCNA planners have highlighted capacity, political will and accountability as key criteria. Time constraints and limited information about the situation on the ground are likely to be key challenges, especially since the assessment of political will and accountability in many cases will depend on the results of the peace negotiations. Interviewees have, however, noted that part of the pre-assessment can be carried out in advance in countries likely to undertake a PCNA.

b)   Early dialogue on state functions

Early dialogue between international actors and transitional leadership can build national ownership of the post-conflict reconstruction planning process. The Practical Guide underlines the importance of establishing a "vision for the recovery process" – what one might call a storyline - that is developed and shared with all key stakeholders to the peace process, including international actors. Case studies and interviews demonstrate that few PCNAs have in fact created the space for genuinely national visioning exercises; however they do indicate that, short of that, early dialogue with a core group in the transitional administration to clarify state functions has a clear benefit for the PCNA. This section is premised on the hypothesis that PCNA architecture should to some extent follow function.

Conflict may drastically reduce a state's capacity, accountability or the government's political will. Post-conflict situations often offer a turning point – in the form of a peace agreement, new constitution or 'national consensus' – when countries or national leaderships may agree on the revision or reform of state structures. While peace agreements or constitutions establish the state's legal parameters and mandate, the PCNA becomes an opportunity to discuss the 'how'[11]. Nevertheless before addressing 'how', leadership and preferably a broader set of national stakeholders need to reflect on the minimum (social, economic, political) goals that should be met in future, of which some may translate into core state functions.

It should be noted that the timing and scope of this early dialogue will depend on the security situation but also on the results of the pre-assessment. Where the pre-assessment is negative on the reform-mindedness and accountability of the transitional authority, international actors might limit the scope of early dialogue to immediate priorities within the PCNA process rather than long-term priorities for the state.

The case studies provide some positive and negative lessons regarding the ability and usefulness of early dialogue. In **South Sudan**, an informal discussion between international actors and SPLM leadership before the JAM process started helped manage expectations, clarify objectives and advise the leadership on how it should structure its engagement in the JAM process. National actors underlined that international experts could have helpfully played a wider advisory role at this stage, on issues such as how transitional institutions work, streamlined decision-making within administration, and what the necessary capacities were to implement the TRM.

Several JAM participants in Sudan emphasised how the JAM process itself helped develop thinking among SPLM leadership on the nature of the post-conflict society and provided a unique opportunity to clarify the vision and parameters of the future state. This effect appears to have been enhanced by the unexpected duration of the JAM process, which also allowed for more intensive interaction between the national stakeholders and the international community.

Where there has been no opportunity for meaningful early dialogue on critical issues, such as in **Afghanistan**, the PCNA has not led to strong national ownership. In Afghanistan, the PNA's timing was driven by the pledging conference and therefore forfeited opportunities for substantive discussions with

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[11] Political and security transitions are mandated in national law (Haiti), or by a UN Security Council resolution (Timor Leste) or by a peace agreement (Sudan). Typically, the legal framework will establish a timeline and milestones for the transition and define key institutional roles and responsibilities during the transition.

the Afghan Interim Administration which was operational only in the later stages of the PNA.[12] This example highlights that it is critical for PCNAs to synchronize with the political track.

Aligning the PCNA with the emerging national vision: PCNAs have not been consistently calibrated their architecture to the 'visioning' of the early dialogue. Cluster choices appear largely to be driven by international agency supply rather than national administration's demand – often with the result that national capacities are overstretched by the PCNA process. An exception is the **Haiti** ICF which clustered its sectors into four axes that corresponded to the transitional government's main priorities. This proved to be an effective way of anchoring the strategy in the national political context and gained real ownership for the ICF.

In addition, early dialogue with national actors has not actively fostered discussion and agreement on how the state will organize itself to fulfil a set of core state functions during the transitional period. Critical organizational issues include: decision-making protocol, legislative process in the absence of parliament, the role of and procedures for cabinet, spending ministry functions vs. the functions of coordinating ministries or agencies (finance, planning, President's office), and the approach and scope of decentralization including functional deconcentration vs decentralization vs. political devolution. Some of these decisions have been managed within provisions of the peace agreement or the constitution. However, the treatment will often be cursory and a PCNA – as a technical process – provides a platform for more in depth and operational discussions.

Lessons: A dialogue between international and national stakeholders on critical strategic issues should take place as early as possible so as to inform the PCNA architecture and the emerging storyline. International actors should aim to play an advisory role and provide cross-country lessons. Beyond initiating discussion on how to re-establish core state functions, such early dialogue can also help sensitise authorities to the need to balance rapid decision-making with broad consultation; introduce basic governance principles including international human rights or fiduciary standards; and clarify the division of labour between international and national actors over the reconstruction phase.

4.   Addressing core state functions in PCNAs

Section 3 discussed how pre-assessment and early dialogue can rally actors around a common set of core state functions and align the PCNA structure more closely to them. Section 4 discusses whether the reestablishment of the core state functions can be facilitated through the PCNA, including through (a) a focus on building early public administration capacity, (b) providing a framework for a 'joined-up' approach to service delivery, (c) aligning the costing / TRM with the emerging national budget and (d) creating an entry point for otherwise challenging accountability reforms.

a)   Public administration capacity

Public administration capacity is likely to be weak in PCNA countries which means that the state will not be in a position to fulfil the core state functions identified in the process. While the pre-assessment described above can identify the most essential capacity gaps, the need for capacity building will in all circumstances be massive – a factor which has been acknowledged in all PCNA analyses to date. Ideally the term should cover more than training people and providing basic material support. There is also a need to address broader aspects such as systems and processes as well as incentives and support mechanisms, which potentially should be included as an integrated part of programming within each sector. But the case studies demonstrate that it is often not realistic to develop a comprehensive roadmap for longer term capacity building needs. PCNA practitioners note that it is more important – and feasible – to focus on basic capacity building areas and the provision of technical assistance that is targeted to core state functions.

- **Building basic capacity**

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[12] The PNA team did manage to meet with diaspora Afghans during the Islamabad conference in the run-up to the PNA. In addition, the team got into Kabul to meet with the new Minister of Finance, Hedayat Armin-Arsala and the then adviser to Lakhdar Brahimi, Ashraf Ghani – who was to become head of the Afghan Assistance Coordination Authority Minister of Finance in the Transitional Administration following the Emergency Loya Jirga.

In situations where the administrative structure is seriously weakened or close to non-existent, there will be a need to provide the most basic support. A complicating factor is what to do in situations where the pre-assessment points to a transitional government with limited reform-mindedness or accountability. Most interviewees during the review have nevertheless emphasized the need to provide such basic support in order to lay the foundation for a later elected government. But the support would need to be calibrated to the specific context and the pre-assessment is the right tool to identify where to focus the assistance, both in terms of institutions and individuals. The support itself can broadly be divided into two categories: (i) focused outcome within the PCNA clusters on basic capacity building support; and (ii) programs in advance of or parallel to the PCNA in order to provide the required minimum capacity.

The first category can be illustrated by the experiences from **South Sudan**, where many interlocutors expressed frustration that the JAM described first and second generations of governance without the government of South Sudan having even zero generation public administration capabilities in place. This means both the basic hardware, such as office space, transportation, computers, communications systems, and some of the basic software, such as policy advisers, planning functions, payroll function, ministry budgeting, accounting and audit function, ministry financial management systems. This hampered the ability of GoSS to play a substantive role in the early planning and implementation phases and led to frustration among the national leadership as they compared with the build-up of international capabilities in Juba.

A critical element of the zero generation support is linked to the operating budget which covers the costs of government. Interviews have clearly highlighted that civil service salaries have a critical role in stabilization in the immediate period following conflict given that unpaid civil servants, including members of the armed forces and police, can constitute a significant threat to the fragile post-conflict environment. In **Afghanistan** UNDP was quick to fill this particular fiscal gap by setting up a trust fund (the AIAF) to cover a $10m wage bill in December 2001. This illustrates that state solvency often requires a faster track than that provided for in a PCNA costing exercise. Multilateral agencies can play a critical role in keeping the machinery of government in place in a critical stabilization period, especially since some bilateral donors remain reluctant to fund government salaries.

The second category can be illustrated by the experiences from **Somalia**, where a Rapid Assistance Programme was developed to provide such basic support for the Transitional Federal Institutions in advance of the JNA/RDP implementation and was written into the JNA concept note as an important prerequisite for a successful follow-up. For various reasons RAP never got off the ground leaving individual international actors to initiate piecemeal elements. The lack of initial capacity building of the Somali institutions was by most interlocutors dealing with the Somali JNA seen as a serious impediment for the eventual implementation of the RDP.

- **Targeted technical assistance**

Explicit consideration of 'contracting-in' capacity to support critical government functions has been highlighted by many interviewees during the review. Some of the areas which have received specific focus in previous PCNAs are support for procurement, audit and financial management in order to increase the trust in the national budgeting system (see below). Another key element has been the support for the establishment of effective monitoring and evaluation mechanisms following the PCNAs. These mechanisms are needed to allow for all stakeholders to be held accountable to their commitments and pledges, but they also serve an important role in the gradual transfer of responsibilities to the national authorities.

The **Liberian** Joint Needs Assessment led to the design of an elaborate M&E structure based on the Result Focused Transitional Framework (RFTF), including a high-level political implementation committee (RIMCO), a RIMCO support office (RSO) and a number of sector specific working groups. This stands out as an attempt to address the follow-up mechanisms. It should be noted, however, that although a number of donors promised targeted technical assistance, including temporary external consultants, but this support was delayed or not forthcoming. As stated in the final report on the RFTF, "the RFTF working groups did not have sufficient administrative support which impeded their work in terms of organizing

meetings, keeping partners informed and ensuring necessary follow-up to decisions taken. Hence, the RFTF's replication of typical coordination paradigms and the low capacity for strong government leadership served to confound more substantive and strategic opportunities for the RFTF to operate as a more participatory framework"[13].

It should be noted that the contracting-in of external technical assistance to facilitate critical processes can be a sensitive issue, in particular if combined with some degree of control over spending and procurement procedures. But several interviewees have pointed out that PCNAs in some cases have provided a useful venue for dialogue on these concerns, especially if such technical assistance is perceived as part of a broader donor commitment to provide capacity building support and as a necessary step towards creating more confidence in the national financial mechanisms.

In many post-conflict countries, technical assistance has also included a wide-range of individual contracts to provide line ministers with capacity to direct ministerial functions. In **Afghanistan**, this proceeded on an ad-hoc and bilateral basis resulting in un-constructive competition between ministers over resources. One proposal would be for donors to pool funds with a multilateral organisation that would contract, at internationally competitive market rates, talented consultants for a fixed term.[14] Most PCNAs arguably kick off at a point of incipient reform and are therefore at exactly the right stage to argue for and coordinate programmes of technical assistance, including the priority functions in the government that were to be supported.

An additional challenge is ensuring effective knowledge transfer from internationals to counterparts. Knowledge transfer is difficult to measure, so even if the responsibility is written into TORs, it remains difficult to hold anyone accountable for its delivery. The point is that provision of technical capacity is different from capacity-building. But putting the issue firmly on the agenda and providing systematic monitoring have been highlighted as key elements to ensuring a better linkage between technical assistance and capacity building.

Lessons: The need to build the capacity of national institutions and counterparts has been highlighted as a priority in all PCNAs, but the case studies and interviews illustrate that planning of early basic capacity (zero generation reforms) has been insufficient. This has both been in terms of planning within the PCNA itself and development of support programs in advance of or parallel to the PCNAs. It has been emphasised during the review such early capacity support is essential to lay the foundation for the reestablishment of core state functions and as a key stabilization effort (in particular the funding of civil service salaries). The review has also given an indication of key areas where targeted technical assistance would be especially important, such as M&E, coordination, public financial management, procurement. There is, however, a potential dilemma between the slow build-up of national capacity and the aim to ensure quick, visible results on the ground.

b)   Service delivery

The provision of healthcare, education, infrastructure, security and other basic services to citizens is a critical function of a state. In a transitional post-conflict setting the resumption of basic services can be a cornerstone of a peace building strategy. From a state-building perspective it is no less catalytic. Transitional administrations can convince populations of the legitimacy of state institutions by fostering relationships of accountability between service providers, citizens and the state. The service delivery function may also establish a demand for greater district or provincial level capacity. As the OECD DAC synthesis paper on service delivery[15] makes clear, the technical aspects of service delivery "provide an entry point for donors to find ways to address political and governance issues as well". However, in post-conflict settings non-state providers provide most services. Access, quality and equity of service delivery are likely to be uneven. The challenge for donors and the state is to meet the immediate needs of the people in a way that begins to re-build the fundamental accountability relationships between state and citizens on which sustained peace must rest.

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[13] UN/World Bank: Final Report on Results-Focused Transitional Framework, January 2004 – March 2006, p. 110
[14] This has been attempted with diaspora groups. It should be noted that involving the diaspora can be a complex political issue in some contexts.
[15] OECD DAC Synthesis Paper for the Service Delivery Workstream, by Steve Commins.

The hypothesis in this section is that in post-conflict settings non-state, parallel service delivery channels may initially be necessary, particularly to meet immediate needs, but may detract from state capacity in the longer run – especially where there is no obvious exit strategy for international or non-state providers. PCNAs are well placed to position short-term service delivery roles within a medium-term transition strategy to build state capacity to fulfill this core function over the longer term. This section examines two components of this: getting clarity early and the use of contracts.

Get clarity early: PCNAs have succeeded in generating constructive debate around the service delivery function. In **Haiti**, the ICF team brought together bilateral donors, regional organizations, government, IFIs and UN together to discuss support to the education sector. In Haiti, 90 percent of education services were provided by non-state providers. While some stakeholders supported a programme of re-building national education system, others opted to build on the capacity that already existed. Debate managed expectations, built mutual trust between donors and government and established a mode of participatory decision-making. The result was a formulation of government's role as "a regulator of basic education, technical and professional training, and higher education". According to interviewees, this positive outcome had a lot to do with the quality of leadership and facilitation in the sector working group.

The question of service delivery mechanisms was also addressed at the outset of the **Somalia** JNA. One of the guiding principles in the JNA concept note was to build on existing private sector, NGO and community-based initiatives, especially in South-Central Somalia. The cluster report on macroeconomic policy framework recommended that districts follow the many successful models which have been developed in Somalia for contracting service delivery out to NGOs or private sector actors.

These examples demonstrate that cluster groups can formulate agreement around a common approach to NGO and private sector service contracting, a long-term vision, the regulatory stance of government and inter-ministerial reporting. Interviews also highlight that it is important for PCNA core coordinating team to ensure a common approach across clusters.

Leverage contracts for service delivery and capacity: With greater clarity over roles and responsibilities PCNAs can better prepare for implementation. It appears that a successful approach has been to make contracts a focus of cluster teams discussions. Service contracts between donors and contractors/NGOs are a possible vehicle for explicit transition timelines if they are structured around an agreed set of milestones. Contracts can also ensure that implementing partners report to both local government officials as well as donors in order to build local government capacity for coordination and monitoring activities from the start. This is a way of ensuring that operational practice informs the development of an overarching policy framework within a health or education ministry. Where these two aspects are not addressed within the terms of the contract, donors and international agencies set up poor incentives for exit strategies or capacity building.[16] The following examples should demonstrate the benefits of addressing this issue in the PCNA and what other contingencies impact the success of this strategy.

In **Timor Leste**, the healthcare annex of the JAM set out the rationale and process for a phased transition of healthcare service provision from non-state to state actors: "International NGOs will be asked to take responsibility for providing a minimum package of health care in one or more of each area…A central coordination mechanism will have to be developed allowing NGOs to share information and develop joint standards and guidelines." This mechanism allowed for the gradual creation of a line ministry that was able to negotiate standard performance contracts with NGOs and started to play a quality control and regulatory role from the outset. The JAM also outlined a tapered budget that charts the gradual transfer from international to national staff.

Implementation followed the JAM's strategy. NGO operations continued through the initial aftermath, but in 2000 the Department of Health Services, which was simultaneously working on developing a national health policy, signed MoUs with NGOs for each district; formalizing district health plans service standards, and initiated a basic system for distribution of essential pharmaceuticals. In 2001, financing for most

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[16] For a powerful description of the impact of "parallel bureaucracies" that this system has in the past created, see Ashraf Ghani, Clare Lockhart & Michael Carnahan: "Closing the Sovereignty Gap", ODI Working Paper 253, September 2005.

NGOs was channeled through the department and NGOs were later replaced by ministry officials in the districts.[17]

This is similar to the approach taken in **South Sudan's** JAM, where non-state providers also accounted for the majority of services. Here the JAM underlined "Local Government's role in service provision, where its role is to ensure that services are available to the people and to regulate and monitor the nature of services provided, but not necessary to provide all these services itself." In the short term, NGOs were to be incentivised to expand delivery to more inaccessible areas: "This will involve introducing, on a pilot basis, contractual arrangements with service providers for the delivery of a defined package of health services, with the necessary monitoring capacity to be ensured initially by technical assistants and progressively with the involvement of the GOSS health authorities." However, in South Sudan early indications are that the response is uncoordinated. The Timor case underlines the importance of having (1) an explicit transitional strategy to build national capacity[18] and (2) a 'sector-wide approach' that pulls together different funding channels and thereby centralizes policy debate and ensures incremental recurrent costs are transparent.[19] At present in South Sudan, the lack of coordination on the donor side behind a TRM appears to result in a concomitant lack of government ownership of policy direction and capacity.

Lessons: Most PCNAs demonstrate an awareness of the risk of bypassing national systems and a pragmatic approach to meeting early service delivery needs. However, few PCNAs have managed to establish a clear delineation of responsibilities between non-state and state actors that shifts capacity over time from the former to the latter. Cluster leaders need to work within an agreed framework that ensures a greater degree of clarity on the roles and responsibilities of key actors over the short to medium term. In addition, cluster teams need to discuss the role of contracts in building the capacity of the state to perform this core function. An explicit and realistic sector strategy combined with donor harmonization can be a powerful catalyst for building the sustainable capacities of the state to fulfill a new role in the provision of essential services to citizens.

c)   The budget function and public finances

Multi-year planning and budgeting frameworks offer countries the tools to build predictability, transparency and accountability into the center of the state's operations as well as driving effective government. In most cases these frameworks will have been skewed by conflict to military and political ends. "Building back better" means ensuring the budget function contributes to resource equity and government accountability. Budgets are both a central part of public administration capacity (Section 4a) and of national accountability mechanisms (Section 4d). The PCNA costing exercise and the TRM product are clear entry points for building early capacity and transparency around a core state function – and therefore warrant their own discussion.

The experience of linking the PCNA costing exercise, the TRM and the emerging national budget function has been uneven. This is partly due to the fact that a PCNAs primary objective is to inform a donor pledging conference what the needs are and not to prepare a national budget.[20]

There are a number of challenges that need to be understood if future PCNAs are to make more explicit linkages between PCNAs and the budget function:

- Costings are undertaken within clusters and do not usually involve the ministry of finance from the beginning. For this reason capacity building is directed away from the institution where budgets are normally formulated. Equally, this structure does not itself facilitate thinking on the longer term macro-economic sustainability of budgetary decisions, risking a stacking up of expenditures without clarity on a financing strategy or domestic resources. Fiscal sustainability should not of course displace peace building as the overriding prioritization lens, especially in the initial phase, but neither

[17] Sarah Cliffe & Nick Manning: "Institution Building", forthcoming paper for International Peace Academy.
[18] Sarah Cliffe & Klaus Rohland: "The East Timor Reconstruction Programme: Successes, Problems & Tradeoffs", World Bank, CPR Working Paper #2, November 2002.
[19] East Timor's Second Healthcare Rehabilitation Project Information Document, June 2001.
[20] It should be noted that the guidance on costing in the Practical Guide does specify the need for a link with the public budget process.

should it be discarded altogether. The way the exercise is currently performed does not encourage a strong link with the budget function or give a strong sense of the importance of prioritization within a medium-term budget framework.

- Some costing exercises have made the mistake over aiming for a level of sophistication that is not appropriate in the context of stretched capacity and weak systems. Practitioners underline the need for simplicity in the costing methodology and an appreciation of what constitutes 'good enough' during the transition period. Complex exercises require international rather than national expertise and result in inflexible systems where flexibility and usability are in fact priority concerns. Simple exercises allow more resources to be directed towards prioritization and sequencing of interventions rather than costing.

- Costing exercises are performed on a commitment basis which does not often match the rate or size of future disbursements. This is due to a range of factors, including over-estimation of the capacity to absorb funds and overestimation of the speed with which international agencies can roll out programs. A process of translating costs into estimates of cash disbursements would be necessary for the exercise to link to the budget function.

- Assistance channels that bypass the budget ensure speed of response and manage high fiduciary risk. If sustained, such channels undermine national ownership and relevance of the budget function as government's policy-making tool and reduce the incentive for good coordination between line ministries and the ministry of finance, between donor programs and between donors and government. Even if unavoidable at the start, this trade-off should be well understood and discussed at the outset to ensure transition over the medium term to national systems.[21]

Budgets have wide-ranging implications for governance. In **Afghanistan** the budget is not merely a technocratic tool for state-building. It has also explicitly tried to function as a peace building tool within a fractious government. At the 2003 Afghanistan Development Forum[22] the Chairman could summarise the budget preparation process with the words: "Cabinet faced difficult trade-offs and resolved them in a collegial way. The National Budget is therefore a budget of the entire government." This recognises that the budget is being used as a conflict resolution tool. Garnett and Plowden (2004)[23] also underline this, noting how the national budgets can drive government credibility by allocating predictable national resources to predictable national needs. In this process, the role of the cabinet, President and the ministry of finance vary according to each country's politics; but they insist: "In any system in which the cabinet performs the function of co-opting powerful interests whose support is necessary for the government's survival…members of the cabinet must be involved [in budget preparation] to some extent."

Lessons: Within a PCNA process the costing exercise is a forum for capacity-building. To ensure a better alignment of capacity with function, PCNA core teams must work to align the costing exercise with the budget function. This can be achieved by involving actors from central planning ministries early on, taking medium-term fiscal sustainability into consideration and encouraging donors understand and actively manage the trade off of bypassing the budget. In this way, budgets may generate positive externalities in terms of governance within administrations and accountability of administrations to the public.

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[21] MDTFs appear to offer a solution. In theory, they coordinate donor behaviour, and align donors with government prioritization and decision-making in a steering committee. Critically, they leverage international fiduciary practice to build both international trust and domestic capacity. In practice, however MDTFs do not solve the trade-off between speed and capacity-building and donors continue to fund activities outside government systems, thereby reducing the coordinating power of MDTFs.

[22] ADFs take place once a year, convening the key ministers and the international community. The ADF is meant to bring both sides to account. Recently it has been used to chide NGOs and their bilateral sponsors for not being accountable.

[23] In "Building State Capacity in Africa", edited Brian Levy and Sahr Kpundeh

d)   Accountability

The working hypothesis of this section is that accountability underpins all core state functions.[24] Without accountability, capacity building is about little more than strengthening state institutions and does not answer the basic question: capacity for what? In other words state-building must be about "building back better" and not about re-instating the old systems and institutions that may have been part of the problem. Accountability is usually lacking in transitional contexts. The leadership itself may be appointed rather than elected, the administration is interim, non-state providers deliver most services (including security), revenue is external not domestic. Another way of articulating state-building, then, is the restoration of accountability.

The ideas in this paper have all touched on this. A pre-assessment of the context for state-building will explore the legitimacy of actors and institutions which will in turn reflect their accountability. Service delivery can restore a social contract. Public budgets, when properly set up, can catalyse a more transparent public finance system. More broadly, PCNA processes and their reports are compacts, of a kind, between international actors and national counterparts, around a set of commitments. So while accountability is a long-term goal, the short-term presents a set of choices – about institutions and process – that can put the post-conflict state on the right footing for the future.

Given the rich literature on accountability, it is not surprising that all PCNAs reviewed have emphasised its importance. However, as with budgets, the question is: what can be done within the framework of the PCNA to achieve results in accountability? This section will look at some of the opportunities within the PCNA as a **process** and then look at some of the **substantive** areas where past PCNAs have been successful in addressing issues of accountability.

Process: PCNAs are an opportunity to create relationships between new state administrations and a range of different stakeholders. In particular, the longer PCNAs have supported a wide-ranging consultation process that many argue improves the quality of the analysis and the ownership of the process. In **Sudan** many interviewees felt that the process was long enough to justify a major consultation effort, not unlike a PRSP process. Most also felt that the process itself built bridges and trust between parties to the conflict. In **Haiti**, a key criticism of the ICF was that it did not have enough participation from NGOs, despite claiming to be an I-PRSP.[25]

The reasons for having an inclusive process may be strong: Sudan needs peace building; Haiti needs social justice – both national projects that need society-wide buy-in. However, the benefits of inclusiveness need to be balanced against the potential costs, especially if the costs are an unfocused and un-prioritised list of actions rather than a practical transition plan that leadership can achieve in its first 100 days. No two situations will be the same – the pre-assessment and conflict analysis will determine whether and how inclusiveness should be emphasised in the PCNA process.

Interviews indicate that practitioners perceive TRMs to be the best tool for building mutual accountability between cabinet leadership, between leadership and an effective civil society and between leadership and international actors. However, to ensure this happens, TRM implementation need to be monitored. In **Sudan** the JAM produced detailed results indicators and timelines in 89 pages of matrices which were then synthesises, summarised and simplified for monitoring purposes as a monitoring framework. However, the monitoring mechanism (the JNTT) was disempowered by the Government of National Unity and was soon weak. Once milestones began to get missed, the inflexibility of the matrices became clear. Of all PCNAs, **Liberia** offers the best example for monitoring. The JNA had a specific cluster on monitoring, coordination and evaluation that led to a more comprehensive follow up mechanisms than in other PCNAs – both in terms of a focused TRM but also in terms of the establishment of M&E institutions.

Where there is no TRM that can frame mutual accountability around a set of objectives for the transitional period – as in Timor Leste and Afghanistan – other processes linked with financing performed this function to some extent. For example, in **Timor Leste** a system of biannual meetings from 2000 onwards between donors and government provided a platform for mutual accountability that was focused on a set of simple transition benchmarks.

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[24] For analysis on this linkage see World Bank World Development Reports: "The State in a Changing World" 1997 and "Making Services Work for Poor People", 2004. Fukuyama's "Statebuilding" also underlines the importance of demand side factors.
[25] Nevertheless, the National Dialogue process <u>was</u> supported through the TRM and worked well as a bridge to national elections.

Substance: Accountability is wider than the accountability around a TRM. There are *horizontal* and *vertical* relationships of accountability across society that will be critical to stabilise a post-conflict country. Horizontal accountability involves checks and balances such as oversight institutions, watchdogs, independent media and an active civil society. Vertical accountability involves relationships between communities and the tiers of government. Substantively, the PCNA can act as an entry point for international actors to programme for accountability across these two axes.[26]

Horizontal accountability: In **South Sudan** interlocutors emphasised that the development of adequate checks-and-balances was a key focus of a state-building framework for the South. The role of the international expertise should be to help the national leadership consider the pros and cons of various models, concerning for example the separation of powers between the legislative bodies, the executive branch and the judiciary.

In addition, the question of political accountability was repeatedly addressed. The establishment of free and fair electoral processes was seen as a key element, and several interlocutors – including politicians in South Sudan – noted that the upcoming elections during the third year of the interim period were already influencing the responsiveness of Southern politicians, not least at state level. But as a supplement to the formal electoral processes much attention was devoted to the creation of watch-dog functions, both the presence of active civil society organisations and independent media. This is closely linked to the establishment of transparent administrative rules that will allow for outside scrutiny of public decisions and budgets.

Another critical area that PCNAs have supported is the link between public finances and accountability. Most importantly, transparent public finances offer an opportunity for oversight institutions and civil society to engage with the executive in a constructive debate.

Haiti's transitional government, inspired by a keen Minister of Finance, laid the ground in the ICF for a series of transparency reforms in the areas of procurement, audit and financial management. Now an elected government is in place, facing resource constraints, the draft legislation prepared by commissions established under the transitional government are being passed in parliament. The international community has successfully explained that these reforms can expand Haiti's resource envelope as well as increasing the on-budget part of that envelope. This is consistent with what we know of the political economy of reform, where non-tax rents (such as oil or opium) make reform less likely. **Sudan's** oil revenues have contributed to an environment of poor accountability and weak donor leverage. According to the MDTF review "The comparative advantage of the MDTF-N does not reside as much in its financial muscle as in its influence and ability to innovate and coordinate. The yearly budget of the GONU is over $9 billion and growing, while annual MDTF financing is likely to be in the $100-200 million range."[27] Donor strategies have therefore been to lock in government to a co-financing agreement in the MDTF on a 2:1 (government : donor) basis with the intention to encourage government ownership in the interventions and increased transparency in the use of public funds. In both cases, a very different political economy context notwithstanding, donors have been able to use the PCNA dialogue as an entry point to reform.

Vertical accountability: PCNAs lack the mandate to decide on issues such as decentralisation.[28] However, getting clarity early on governmental structures and their impact on accountability will be critical. Some PCNAs have used community level initiatives both as a tacit hedge against a central state that is still an unknown quantity and as a pilot exercise for later scale up through a decentralisation reform. It should be emphasised that pre-assessment and early dialogue will be critical to gauge national receptivity to decentralisation.

Community level initiatives are commonly used in developing countries to as a means of creating greater accountability in the use of funds. In post-conflict countries they have, in addition, proven potential as relatively rapid channels for delivery of public goods and hence a delivery mechanism for the peace dividend. As such they can be important tools in the armoury of state-building, especially if the post-conflict state chooses to channels funds directly to communities thereby creating explicit linkages

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[26] For example, in North Sudan, UNDP found that the JAM offered an entry point for dialogue on rule of law and justice issues.
[27] "Sudan Multi-Donor Trust Funds: Reporting Period July 1-December 31st 2005. First Progress Report", World Bank, February 2006.
[28] A working assumption is that decentralization improves accountability. The principle is the same as with subsidiarity.

between the state and the communities. PCNAs in Haiti, Timor Leste, Sudan and Afghanistan have thus all stressed the role of communities in reconstruction and programmes have been established and supported by the international community.

In **Afghanistan**, the PCNA played a critical role in scaling up an already existing and successful development model. Consultations in Islamabad at the launch of the PCNA put community institutions on the agenda and identified a Habitat programme of community fora that offered a model to be considered.[29] The National Solidarity Programme now disburses roughly $300 million to over 14,000 villages a year through government systems thereby creating a link between Kabul and Afghanistan's remotest regions. A World Bank report notes that "CDCs [elected community fora] help to legitimate local leadership and to strengthen relationships between communities and the local government apparatus. The program also builds capacity building within the Ministry of Rehabilitation and Rural Development (MRRD), improving supervision of local planning for and management of block grants."[30]

The **Timor Leste** Community Empowerment Project was one of the first projects to roll out after the donor conference – highlighting the effectiveness of these initiatives to deliver a peace dividend. In **Haiti**, community initiatives helped restore social capital in slum areas and has been the main focus of the new government's "social appeasement" programme for slum areas.

A critical question for state-building is the linkage between community programmes and local level governments. This was left as an open question in all three cases above. This reflects the need to tread carefully around the issue of decentralization which in countries emerging from intra-state conflict is particularly sensitive. It also reflects the fact that raising decentralization in a PCNA is considered premature given a transitional government's mandate. Nevertheless, a pilot programme at this stage can build confidence on the part of government that bringing resource decisions closer to citizens is a win-win game for both citizens and government.

Lessons: PCNAs as a process and as a tool to guide programming can create the space for activities that catalyze a degree of accountability between states and citizens. The pre-assessment will be critical for international actors to understand where the flashpoints and entry points lie. That will also inform the degree of inclusiveness in the process.

5.   From Assessment to Action

The PCNA core coordinating team should make an assessment ("pre-assessment") of state and non-state institutions and actors. The aim should be to carry out an honest stakeholder analysis before finalizing the concept note in order to calibrate the PCNA to the realities on the ground. The specific criteria for such a pre-assessment will vary, but capacity, political will and accountability have been highlighted as key variables. A constraint is likely to be the availability of information, but the core team should be able to draw upon existing in-country expertise and external resource persons. In that case, and where the timeframe is constrained, the pre-assessment of institutional capacities is more about asking the right questions of the right people and channeling the information at the right time to the core planning team. This process need not take long and will not require new information to be created. International agencies should consider preparing pre-assessments of countries likely to undertake PCNAs.

An early dialogue should be established between national stakeholders and core team on critical strategic issues. The current PCNA guide underlines the importance of establishing a "vision for the recovery process". Early dialogue should reflect on the key goals for the post-conflict society and the basic principles guiding the reestablishment of the core state functions. Choices over PCNA clusters or priority issues should reflect early dialogue on core state functions to ensure form follows function. Where the pre-assessment is negative on the reform-mindedness and accountability of the transitional authority,

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[29] For a full description of the genesis of this programme see Sarah Lister's chapter in "Aid that Works: Successful Development in Fragile States", ed. Manor, World Bank publication, 2007.
[30] "Community-Driven Development in the Context of Conflict-Affected Countries: Challenges and Opportunities", World Bank, Report # 36425, June 20, 2006.

the core team might want to narrow the focus of the early dialogue to the immediate priorities within the PCNA process rather than the long-term vision for the state.

PCNAs should have a strengthened focus on how to provide early capacity building to lay the foundation for the reestablishment of core state functions. This should be both consideration *within the PCNA* clusters about basic capacity building support ("zero generation") – possibly including funding for civil service salaries – and support *in advance of or parallel to the PCNA*, such as the Rapid Assistance Program developed for Somalia, which was seen as an important prerequisite to a successful PCNA implementation. Targeted technical assistance should also be planned, such as 'contracting-in' temporary international expertise to assist on key functions (M&E, coordination, public financial management, procurement etc.).

PCNA cluster teams should make explicit an incremental strategy for transition to state-coordinated service provision. The PCNA core coordinating team must set out a framework for service delivery within which cluster teams can work. This framework will ensure that cluster teams identify roles and responsibilities correctly by actor and action, and indicate institutional responsibilities for overarching policy decisions. The core coordinating team must also ensure that cluster teams set explicit milestones to clarify if and how non-state service provision will transition to state-coordinated provision. Cluster team reports should provide explicit guidance on contract procedures and contract format including duration, reporting lines and capacity-building.

PCNA costing exercises should identify how they link or could link to the public budget function. Within a PCNA process the costing exercise is a forum for capacity-building. To ensure a better alignment of capacity with function, PCNA core coordinating teams must work to align the costing exercise with the budget function. This can be achieved by involving actors from central planning ministries early on, taking the long-term macro-economic sustainability into consideration and encouraging donors understand and actively manage the trade off of bypassing the budget. Core coordinating teams should explain early in the PCNA process – perhaps in the concept note – how the costing exercise will achieve these goals and should ensure coherence and simplicity in the methodology used by the cluster teams.

PCNAs should identify and prepare the ground for relationships of accountability that are critical to stabilization. The pre-assessment (along with the conflict analysis and a sound understanding of the peace agreement) will be critical for the core team to map where failures of accountability risk destabilizing the peace over the short to medium term. Based on this, the core coordinating team can ensure relevant cluster reports respond through building support for programming that fosters (either horizontal or vertical) accountability linkages. In addition, core coordinating teams can build accountability into the TRM by ensuring a monitoring and coordination mechanism is an explicit part of the plan.

Appendix: Original Hypothesis Paper.

Starting assumption:
The state - its institutions, functions and the nature of its relationship with citizens – will drive the sustainability of post-conflict reforms. While international actors have increasingly recognized the central role of the state in these contexts, planning processes may not yet be adequately designed to accompany and support the process of building or reforming state structures and institutions in the aftermath of conflict.

Objective of the work:
Explore the way PCNAs and other planning processes have related to state institutions and strategies to build, strengthen or reform state institutions and to draw from a series of structured conversations with those close to the past processes an understanding of how it may be possible to improve on current practice.

Five ideas and five hypotheses:

	Idea	Hypothesis
1.	Different post-conflict contexts mean different kinds of government counterparts – most importantly in terms of capacity & legitimacy – and should imply different kinds of engagement by international partners in the planning process.	Planning is improved when it is sensitive to the requirements of different contexts. The development of key criteria to assess state contexts could help planners take the characteristics of counterpart governments into account before engaging.
	Discussion: a useful output would be to develop a set of criteria to assess the fundamental aspects of state contexts. Such criteria would help planners think more systematically through the appropriate engagement and relationship that they need to establish with counterpart governments. It would also help planners prepare for situations where counterparts have weak legitimacy. While not intended to be comprehensive, such criteria would put the issues on the agenda and would stimulate *early* thinking about a state-conscious and contextualized 'storyline' that might help prioritization and sequencing. The key criteria need to be identified but they may include issues such as capacity, will and legitimacy. Questions for interviews: • Would it be useful in a PCNA context to develop a more explicit set of criteria to assess the state context? • Which – implicit or explicit – criteria were used to assess the context of the PCNA you participated in? What, in your opinion, are the most relevant criteria? What kind (if any) of assessment of the context for carrying out the PCNA was performed during preparations? • Who was involved in the assessment? Who should have been involved? • How did the conclusions feed into the PCNA process and PCNA product? How should they have been used?	
2.	In post-conflict settings non-state, parallel service delivery channels may initially be necessary, particularly to meet immediate needs, but may detract from state capacity in the longer run – especially where there is no obvious exit	Planning processes can support state-building where they generate a debate about *how* to ensure service delivery (through public or private mechanisms) and where they embed within the plan an explicit transition from initial parallel delivery channels to state delivery,

	strategy.	either through public or private mechanisms.

Discussion: the goal is to encourage PCNA teams develop explicit timelines in discussions with counterparts and service delivery agents from the outset. The *who* and the *how* need to be built into these timelines so that all actors understand their role in this transition. This is closely related to the definition of national ownership in post-conflict environments.

Questions for the interviews:
- What future models or principles of service delivery were envisaged during the PCNA? Had there been discussions on this point pre-PCNA? How did opinions vary within international team (across different clusters, within different institutions)?
- Was there a national vision for service delivery? If so, how was it developed? Was it comprehensive or made ad-hoc, sector by sector, or region by region?
- Were milestones articulated for transfer of delivery of (some – which?) services from non-state UN/NGO agents to implementing agents of the state – and was this included in a plan of transition? Were communities involved in service delivery? (if milestones were not articulated as such, did they appear later in the development process – through the national development strategy etc?)
- What has been the impact of articulating / not articulating milestones of transition in the subsequent period?

3.

Government systems - in terms of their organizational design or set-up - may undergo re-organization in post-conflict situations (as part of a settlement for example). This potentially allows citizens and national leaderships to identify the core functions they want the state to perform and the institutions and processes needed to ensure delivery.	Planning processes will support the creation of effective states where the clusters or groups chosen to carry out technical assessment and planning align with – or lead logically towards – the emerging state structures, including the institutions and processes needed to ensure delivery.

Discussion: Again, the goal is to ensure that planning teams are conscious of/have thought through the end-goal in terms of core state functions - *storyline*. That means having this discussion early with counterparts as part of a visioning exercise about the outline and parameters of the state, its functions and its relationship with the people. A product for our work is to show whether planning structures (clusters etc) have in the past supported these emerging state structures or not and to develop some proposals for ensuring consistency and coherence between the *form* of planning and the *functions* of the state

Questions:
- Did the post-conflict situation provide a window for 'looking again' at the structure and system of government – ie did context facilitate a national visioning exercise?
- How was the window utilized? How did the PCNA play into that moment? Was the PCNA a potential/actual platform for re-consideration of national structures/national visioning? Did it help a consideration of how the vision would become reality? How has this changed the course of subsequent development?
- Was the PCNA able to mould itself adequately to fit the national vision? More specifically, were clusters structured and chosen to reflect and respond to the vision and priorities?

4.

Usually, budget formulation and	Planning processes can reinforce the

	execution is weak in post-conflict settings. The budget is a state function that can catalyze improvements in policy-making, service delivery, and aid coordination.	credibility, effectiveness and relevance of the national budget through ensuring up-front recognition of the national budget as a main policy making instrument and the basis for the TRM and costing effort.

Discussion: This is a similar concept as with 3, but applied very specifically to the national budgeting process and the links to the methodologies of the matrix/TRM/costing in planning processes. Our work will aim to develop policy proposals for planning processes based in the case studies and interviews that simplify and strengthen these relationships and facilitate the following establishment of the budgeting process.

Questions:
- Was the development of a national budget procedure seen as a key priority during the PCNA process? How was it linked to discussions about the emerging national policy and planning mechanisms?
- How were the discussions about development of budget procedures linked to the broader issue of strengthening the decision-making capacity of the national authorities?
- Was the formulation of the TRM and the costing exercises linked to the national budget discussions? Was the monitoring function following the PCNA founded in the budget framework and the responsible ministries?
- Did the discussions on the funding modalities involve the donor community? Have donor funds been channeled through the national budgetary system or reflected in the budget? What was done to increase donor confidence in the national budget procedures? Was the prospect of transfer through the national budget used as a leverage to initiate discussions with national counterparts on sensitive issues, such as corruption and financial mismanagement?

5.	Post-conflict countries have to work towards re-establishing a social contract based on accountability and legitimacy – without which the post-conflict settlement may not endure.	Planning processes can catalyze relationships of accountability between citizens and their states and thereby contribute to peace building through the state-building process.

Discussion: addressing accountability issues, both supply and demand-side factors, can be sensitive in post-conflict environments. Counterparts may not yet have gained the full trust of international partners. Parties to the conflict may yet appeal to citizens' grievances, re-opening conflict. A useful product of this work would be to map different supply and demand-side measures one might use in different contexts. The objective is to embed peace building as a goal of planning processes.

- What are the most effective strategies to enhance both supply and demand side accountability in post-conflict environments? What are the key criteria that would affect such strategies?
- How were accountability issues addressed during the PCNA? Could more be done to enhance the incorporation of these issues?
- What are the limits on the international community ability to address issues of accountability? Can issues of accountability be raised in a way that seems less confrontational?

Organizing the work:
The work will involve looking at the 5 + 2 existing case studies in a greater level of detail around the 5 hypotheses laid out above. Other cases (DRC, CAR) will also need to be developed for comparison where relevant.

- Ø   Develop outline according to group template
- Ø   Develop detailed questions around the hypotheses
- Ø   Develop a list of informants and set up interviews/send email questions, including with other consultants
- Ø   Flesh out the hypotheses and circulate to the [steering committee] for discussion
- Ø   carry out interviews and correspondence
- Ø   Write up results

In parallel, this work will identify some practitioners from national and international bodies who, if appropriately convened once or twice, would tackle some of the more conceptual issues that naturally arise when discussing the role and function of states in development.