Implementation of the Afghanistan Civil Service New Pay and Grade Reform

Case Study

Introduction:
Afghanistan’s civil service infrastructure has suffered due to many years of internal conflict. In late 2001, the Bonn conference in Germany, established a process for political reconstruction that ultimately resulted in the adoption of a new constitution and presidential election in 2004.

After establishment of the Islamic Transitional Government of Afghanistan in 2002 many changes were planned and were in process – including wide-ranging administrative reforms of many Government departments through the Public Administrative Reform (PAR) process, and the establishment of new government agency for this purpose. The Independent Administrative Reform and Civil Service Commission (IARCSC) in Afghanistan was established in 2002 through a presidential decree (Decree 257 of the President of Afghanistan), and has since led and facilitated the Public Administration Reform (PAR) program of the civil service of Afghanistan.

In accordance to the Civil Service Law (2005) , chapter two, article 5 and 6 and chapter 6 (Rule of Law and Good Governance) of the Afghanistan National Development Strategy (ANDS) (Afghanistan National Development Strategy 2008-2013), the Independent Administrative Reform and Civil Service Commission (IARCSC) has the responsibility to lead, regulate, reform, formulate and implement structure policies of public administration system.

Public administration reform in general and civil service pay reforms in particular are considered to be the major moves to tackle corruption and build a sound and transparent civil service that is accountable to the public. Government of Afghanistan is in the process of undertaking series of public administration reform (PAR) programs including the implementation of newly approved Pay and Grade (P&G) reform. The size of civil service in Afghanistan is huge and highly centralized where most of the decisions are taken at central level. The ad hoc decision making approach as well as lack of sufficient funds is collectively threatening the successful implementation of the new P&G scheme in Afghanistan.

The new pay and grade reform needs to be carefully executed and the Government of Afghanistan also needs to deal properly with any risk which threatens the successful implementation of the program.
Several academic researchers have suggested adapting the pay reforms in a way which focuses on the individual performance. The researchers also have a shared view that the pay reforms vary from country to country, culture to culture. Thus there are no proven or tested tools or manuals to predict whether the pay reforms would be 100% successful. But there is adequate academic research available on how the post conflict countries have successfully implemented the pay reforms which could be used as lessons learned.

**Background:**
Afghanistan has a long administrative tradition, but the civil service has been undermined by years of disturbance and conflict. Today, although most of the civil servants want to do a good job, the working environment and systems in which they work are not very conducive and prevent them from doing so. Some of the major problems include:

- Fragmented government structures, with overlapping functions and some that are unnecessary.
- Serious lack of experienced professionals with modern management and administrative skills.
- Inadequate P&G structure to attract, retain, and motivate skilled civil servants due in part to some workers not receiving their salaries on time.
- Slow and awkward administrative systems, often without modern information technology.

It is nearly seven years since the commencement of the Public Administration Reform (PAR) program in Afghanistan. The introduction of the PAR program was seen as an essential pillar for the public sector, enabling the Government of Afghanistan to commence the challenging process of rebuilding institutional infrastructure that had been all but destroyed during nearly three decades of conflict.

The PAR program was developed to provide a framework for a series of sub-programs and projects that together would build a sound legal, administrative, and physical environment in which civil servants could function effectively and be held accountable for their performance. However, after five years, PAR is perceived by government and the public of Afghanistan as not having delivered the anticipated level of improvements by way of greater efficiencies in operating performance, service delivery, and revenue enhancement expected from ministries under PAR.
A new civil servants law (2007) has been passed by the parliament and ratified by the President. The law covers several employee issues including the introduction of new pay and grade scheme. Under the new law, the previous 1 – 12 grade system will be replaced by the new 1 - 8 grade system with a minimum salary of $100 and a maximum of $650 per month. It should be noted that the minimum salary, under the old pay scale, was $40 and the maximum salary was $80 a month. The implementation of the new pay and grade scheme is definitely time-consuming, as all civil servants will be reappointed through a merit-based recruitment process. IARCSC is a legal body for the appointments of grades 1 and 2 while the ministries and other Independent Organizations will carry out the appointment of grade 3 and below while IARCSC will be monitoring the appointment process in those organizations. It is anticipated that some percentage of current civil servants might lose their jobs because of restructuring or their inability to acquire any position through the new system. In this case, the GoA has to have a clear policy of retrenchment, re-skilling and redeployment.

To recruit, develop, and retain competent and motivated civil servants requires competitive and fiscally sustainable salaries. Work is being carried out by the IARCSC on a fiscally sustainable Pay & Grade (P&G) Policy. It is anticipated that this will reduce the number of existing grades to a new scale of 1 to 8 (with 1 being the most senior). The old grades (1 to 12) will need to be mapped onto the new 8 grades.

Implementation of new pay and grade reform made a considerable progress in re-grading over 65% civil servants positions including teachers to date.

Civil servants and senior officials in ministries are keenly waiting for the implementation of new scheme in their respective Ministries as the new pay scale will bring substantial increase in their salaries. Apart from salary increase, the new pay and grade scheme requires all posts to be reviewed and assessed while ToRs will be drafted for each and every post and that the recruitment will be made through merit and open competition.

However, there are some challenges for the successful implementation of this new scheme which the Government as a whole and IARCSC specifically has to take them in account. Previous programs implemented by IARCSC are thought to be not as successful as they were thought to be. On the other hand, availability of the required budget not only for the implementation of P&G scheme in Ministries but
also for sustaining and paying the increased salaries to civil servants in course of time is one of the major threat to the failure of new pay and grade reform.

“In addition bureaucratic, lengthy and complicated administrative procedures and processes within the Government Ministries/Independent Agencies have led to bribes and corruption. The Integrity Watch Afghanistan’s 2010 survey identifies the public sector is to the extent as corrupt, more so than the aid community, the private sector, political parties or the media”.¹

The findings of IWA survey in 2010 shows that “corruption threatens the legitimacy of state-building, badly affects state-society relations, feeds frustration and the support for the insurgency, leads to increasing inequality, impedes the rule of law according to Afghan standards, hinders access to basic public services, which impacts the poor most severely, and has a major negative effect on economic development. Corrupt practices taking place within public institutions can also have many different manifestations, such as the selling and buying of positions, facilitation payments for intrastate procedures, theft and embezzlement of public resources”.²

In the Afghanistan public sector, patronage-based appointments are the main form of corruption when it comes to the recruitment of high officials. The influence of governors and local commanders, for instance, often determines the appointments of heads of provincial line departments. Even though significant progress has been made, notably by the IARCSC, the appointments process should be more transparent, and based on free competition.³

**Statement of the Problem:**
Though the new Pay and Grade reform implementation plan is well developed, but IARCSC faced found it difficult to implement the program effectively and efficiently, because of the limited capacity of IARCSC relevant teams itself and quality of the revised structure, job descriptions, allocation of sufficient staffs for

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¹ Source: Integrity Watch Afghanistan’s 2010 survey (see also www.iwaweb.org)
² Source: Integrity Watch Afghanistan’s 2010 survey (see also www.iwaweb.org)
³ Source: Integrity Watch Afghanistan’s 2010 survey (see also www.iwaweb.org)
each department, unit...etc. Filling in the vacant positions is another challenge of the Ministries/Independent Agencies which undergone the pay and grade reform implementation. It worth to mention that establishment of Human Resource Management Department normally take place when the pay and grade reform is completed in a Ministry/Independent Agency. Appointment of a large number of civil service positions requires a great deal of experience and sufficient staffing, which is lacking in most of the Ministries/Independent Agencies.

In addition, lack of political commitment to public administration reform by high-level leadership within some Government institutions will also make implementation challenging.

IARCSC as leading Government entity tasked to implement the Pay and Grade reform has to make note of the following issues, develop and improve the processes:

- Will Pay and Grade reforms implementation lead in substantial service delivery improvements?
- Will the pay increase lead to individual standard of performance?
- Is the existing Pay and Grade based on the requirements of sectoral Ministries/Agencies?
- Is the new P&G structure/reform affordable and sustainable?
- Will the Government keep those civil servants who are on donor top-ups (super scale, MCP,...etc.) or the existing new P&G structure to be revised to accommodate the above
- Should the new P&G be based on sectoral considerations?

**Findings:**

The Government of Afghanistan passed the civil servants law including the new pay and grade scheme in July 2008. The law covers number of issues related to personnel management, personnel benefits, leave, promotion within the grade, resignation, appeals, pension as well as the new pay and grade scheme.

The new Pay and Grade scheme replaces the old pay and grade system. The new Pay and Grade scheme is implemented by IARCSC in line Ministries over the course of anticipated 4 years in consideration of the importance of the Ministry/Agency. Till the new pay and grade scheme is implemented in the Ministries, the old system will be in place for the rest of the ministries and agencies. For the smooth implementation of the new scheme, IARCSC has prioritized the Ministries where the scheme will be implemented in phases. Selection of the Ministries is based on the criteria developed by IARCSC. The main criteria for selection includes: Ministry that carries out a key function(s) of Government, so is a critical piece of Government machinery that other Ministries depend on, is directly involved in managing and delivering services to the
population of Afghanistan, is showing commitment to reform and has strong leadership to undertake the next round of reform, contributes to the security and stability of Afghanistan, makes a significant contribution to cross-cutting issues e.g. gender and anti-corruption. Based on the criteria IARCSC has selected priority Ministries.

A number of major developments have impacted on the ability of Government to meet the above objectives.

The move from targeted reform of strategic functions to a comprehensive reform program brought about a radical change to the key objectives from a narrow and specific focus on strategic functions, to a much broader and less specific focus across the whole of Government. Specifically reform involved all Ministries and not just the small number of targeted Ministries. The consequence of the shift resulted that the program needed a significantly higher level of resources commitment as well as greater sophistication in reporting and monitoring systems.

The expansion of the scope of the reforms from a few targeted Ministries to widespread reform across the whole of Ministries and Departments had moved the reform model closer to that of comprehensive reform. Yet this type of reform was always considered fiscally unsustainable and not appropriate for Afghanistan that is in its post conflict environment.

**Conclusion:**

The new pay and grade scheme needs to be carefully executed and the Government of Afghanistan needs to deal properly with any risk which threatens its successful implementation.

IARCSC needs to further develop its communication plan so that the new P&G scheme as well as the implementation plan is correctly communicated across the Government, especially to the major stakeholders. This will pave the way to gain as much as necessary political commitment and support so that the stakeholders feel the ownership of the scheme which is vital for the success of any program especially in the field of public administration. In addition I will argue for an increase in the number of civil
servant capacity building programs, which will enable the civil servants to fulfill the requirements in order to maintain their posts in the civil service.

IARCSC should have the oversight function to implement the P&G reforms in Ministries, facilitate the process, build the capacity in Ministries/Independent Agencies, and make the required follow up and supervision after the re-grading exercise is completed.

The HR Departments within the Ministries should be further strengthened in terms of human resource and working facilities so that they can implement reform activities in their Ministries.

IARCSC requires further strengthening its M&E function that will provide the necessary feedback to gauge the progress, take measures and corrective actions to resolve the problems and make use of the lessons learned.

The Pay and Grade reforms should be implemented in the way that leads to the final goal of improvement in service delivery to the public by the Ministries/Agencies. This will also lead to greater satisfaction, sustainability and efficient use of the resources.

Moreover, to build sustainable capacity of the civil service, the line donors have to strengthen ownership of the PAR processes by the Government and should consider whether their overall development approach and activities across sectors are not undermining the PAR efforts at overall and P&G specifically. The donors have to support Afghan-leading approach of the PAR reform programs, specifically Pay and Grade and other reform programs and support real capacity building and transfer of knowledge to avoid dependency on foreign aid.