

# Do fragile and conflict-affected countries prioritise core government functions?

Stocktaking public expenditures on public sector  
institutions to deliver on 2030 Agenda

1 | Overview synthesis report

*June 2019*

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# Table of Contents

Preface	1
Acknowledgements	2
Executive summary	3
<b>Overview: Synthesis Report</b>	<b>7</b>
<hr/>	
List of abbreviations	8
<b>1 Introduction</b>	<b>9</b>
1.1 What are CGFs?	10
<b>2 Methodology</b>	<b>13</b>
2.1 Country case study selection	13
2.2 Conceptualising transitions	13
2.3 Quantitative methodology	14
2.4 Qualitative methodology	16
2.5 Research Limitations	17
<b>3 Research Findings</b>	<b>18</b>
3.1 Research hypothesis	18
3.2 What areas are prioritised in government expenditures in fragile and conflict-affected settings?	19
3.3 Do spending priorities change before, during and after a violent conflict? Does priority national budget spending shift in particular areas and timeframes during a transition?	23
3.4 Are public expenditures and donor commitments on core government functions conducive and aligned to their restoration needs in fragile and conflict-affected settings?	26
3.5 What implications does this have on the risk of relapse into conflict?	28
<b>4 Conclusions and Recommendations</b>	<b>32</b>
4.1 What works?	32
4.2 What could work? Recommendations for the donor community	34
4.3 Which areas require further investigation?	35
<b>Bibliography</b>	<b>37</b>
Annex A Theoretical Framework	39
Annex B Interview Templates	40
B.1 Key Informant Interview Template – Donors & Think Tanks	40
B.2 Key Informant Interview Template – Government Representatives	44

## List of tables, figures, and boxes

Figure 1	Conflict and transition typologies	13
Figure 2	CGF spending as % of total domestic expenditure throughout transitions	20
Figure 3	Percentage government expenditure and aid disbursements on CGFs	27
Figure 4	Case study country World Governance and Fragility Scores	30

## Colombia's transition out of a protracted conflict **49**

---

List of abbreviations	50
-----------------------	----

### **5 Introduction 51**

### **6 Colombia as an example of transition out of protracted conflict 52**

6.1	The evolution of conflict in Colombia	53
6.2	The Evolution of Public Expenditure in Colombia	56

### **7 Evolution of core government functions 58**

7.1	Executive Coordination at the Centre of Government	58
7.2	Public Financial Management	60
7.3	Government Employment and Public Administration	64
7.4	Security Sector	69
7.5	Local Governance	76
7.6	Aid Coordination	79

### **8 Conclusions 87**

What next for Colombia?	88
-------------------------	----

### **Bibliography 90**

Annex C	Interviews	93
Annex D	Qualitative Framework and Assumptions	94

### **List of figures and tables**

Figure 1:	Fragile States Index Colombia	52
Figure 2:	Executive Coordination by Component (% of Total Dom. Expenditure)	59
Figure 3:	Public Finances by Component (% Total Dom. Expenditure)	61
Figure 4:	Ministry of Finance investment expenditure on IT systems (constant prices)	61
Figure 5:	DIAN Expenditure on Salaries and Wages	62
Figure 6:	Results PEFA 2015	63
Figure 7:	Distribution of public sector employment	65
Figure 8:	Evolution of public employment in the executive branch	65
Figure 9:	Evolution of public employment in the judicial branch	66
Figure 10:	Government employment by Component (% Total Dom. Expenditure)	67
Figure 11:	ESAP investment expenditure on Government Efficiency programme (constant prices)	67

Figure 12: Security Expenditure by Component (% Total Dom. Expenditure)	70
Figure 13: Real terms spending of Democratic Security Consolidation Policy	71
Figure 14: Investment expenditure and its composition on the Democratic Security Consolidation Policy (constant prices)	71
Figure 15: Composition of Domestic Expenditure on the Army: Expenditure Categories	72
Figure 16: Composition of Domestic Expenditure on the Police: Expenditure Categories	72
Figure 17: Security Sector Expenditure (% of Total Government Expenditure)	73
Figure 18: Favourability of Armed Forces 1998-2017	76
Figure 19: Local Government expenditure by Component (% of Total Dom. Expenditure)	77
Figure 20: Evolution of transfers to subnational entities before and after 2001 reforms	78
Figure 21: Citizens' perceptions on quality and coverage of service delivery	79
Figure 22: Aid Management expenditure by Component (% of Total Dom. Expenditure)	81
Figure 23: Aid flows – selected sectors (% Total Gross Disbursements)	82
Figure 24: Aid Flows to Core Government Functions vs Other Areas (2006-2017)	83
Figure 25: Aid flows to Core Government Functions (% Total Gross Disbursements)	83
Figure 26: Composition of Security Sector Aid	84
Figure 27: Security Sector (% of Gross Disbursements)	85
Figure 28: Executive Coord. & Gov. Employment/Pub. Admin. (% Gross Disbursements)	85
Figure 29: Local Governance (% of Gross Disbursements)	86
Figure 30: PFM and Aid Management (% of Gross Disbursements)	86

---

## **Myanmar's triple transition** **101**

List of abbreviations	102
<b>9</b>	<b>Introduction</b> <span style="float: right;"><b>103</b></span>
<b>10</b>	<b>Transition in Myanmar</b> <span style="float: right;"><b>107</b></span>
10.1	Background <span style="float: right;">107</span>
10.2	Myanmar's so-called 'Triple Transition' <span style="float: right;">110</span>
10.3	Overview of aggregate revenue and expenditure trends <span style="float: right;">112</span>
<b>11</b>	<b>Evolution of Core Government Functions</b> <span style="float: right;"><b>117</b></span>
11.1	Executive Coordination <span style="float: right;">117</span>
11.2	Revenue and Expenditure Management <span style="float: right;">121</span>
11.3	Government Employment and Public Administration <span style="float: right;">123</span>
11.4	Local Governance <span style="float: right;">128</span>
11.5	Security <span style="float: right;">131</span>
11.6	Aid Management <span style="float: right;">134</span>

<b>12</b>	<b>Conclusions</b>	<b>137</b>
12.1	Key reflections	137
12.2	What next for Myanmar?	140

<b>Bibliography</b>	<b>142</b>
---------------------	------------

Annex E	List of Interviewees	145
Annex F	Quantitative Framework and Assumptions	146

<b>List of tables, figures, and boxes</b>	
---	--

Figure 1:	Presence of Ethnic Armed Groups in Myanmar	106
Figure 2:	The rising number of political prisoners in Myanmar	109
Figure 3:	Fragile States Index (Myanmar)	110
Figure 4:	Patterns of conflict in Myanmar since 2011	111
Figure 5:	Revenue and Expenditure (as % GDP)	113
Figure 6:	Budgeted Expenditure: CGFs and MDAs (as % of total expenditure)	114
Figure 7:	Budgeted Expenditure: CGFs (in constant MMK billions)	114
Figure 8:	Aid Disbursements: CGFs versus Key Sectors (as % total disbursements)	115
Figure 9:	Domestic Expenditure (LHS) and Aid Flows (RHS) to CGFs (2010-2016)	116
Figure 10:	Executive Coordination: Recurrent Expenditure (as % of Budget)	120
Figure 11:	PFM & Aid Management: Domestic (LHS) and External (RHS) Expenditure	123
Figure 12:	Government employment in Myanmar MDAs (2011-15)	126
Figure 13:	Wage Bill growth in Myanmar FY 2011/12 – 2015/16 (per cent)	126
Figure 14:	Public Administration: Domestic (LHS) and External (RHS) Expenditure	127
Figure 15:	LG: Domestic (LHS) and External (RHS) Expenditure (% of total)	130
Figure 16:	Security: Domestic (LHS) and External (RHS) Expenditure (% of total)	134
Figure 17:	Worldwide Governance Indicators (Myanmar)	138
Figure 18:	Component parts of the FSI (Myanmar)	139

<b>Pakistan’s transition from military rule to democratisation</b>	<b>153</b>
--	------------

---

List of abbreviations	154
-----------------------	-----

<b>13</b>	<b>Introduction</b>	<b>155</b>
-----------	---------------------	------------

13.1	Objective and approach	155
13.2	Methodology and structure	157

<b>14</b>	<b>Pakistan as a transition from military rule to democratisation</b>	<b>159</b>
-----------	---	------------

14.1	Transition and emerging conflicts	161
14.2	Aggregate revenue and expenditure trends	164

<b>15</b>	<b>Evolution of core government functions</b>	<b>166</b>
-----------	---	------------

15.1	Executive coordination at the centre of government	166
15.2	Public finance	168

15.3	Government employment and public administration	171
15.4	Security	174
15.5	Local governance	178
15.6	Aid management & donor relations	182
<b>16</b>	<b>Conclusions</b>	<b>186</b>
	What next for Pakistan	187
Annex G	List of interviewees	189
Annex H	Methodological Note	190
<b>List of tables and figures</b>		
Table 1	Distribution of resources among government tiers under various National Finance Commission Awards	181
Figure 1	Economic performance of Pakistan	160
Figure 2	Fragile States Index Pakistan 2006-2018	161
Figure 3	Aggregate national revenue and expenditure trends at constant prices	165
Figure 4	Composition of expenditure on executive coordination (PKR in million)	167
Figure 5	Aid flows to executive coordination functions.	167
Figure 6	PEFA assessed rankings in 2009 and 2012 for public finance indicators	168
Figure 7	Debt repayment over the years (PKR in million)	169
Figure 8	Expenditure on public finance functions (expenditure and revenue management)	169
Figure 9	Composition of aid flows on PFM and aid management	171
Figure 10	Number of federal government employees	171
Figure 11	Government spending on salaries and employee benefits (constant at 2008)	172
Figure 12	Average weekly wages (in local currency unit) in public and private sector in Pakistan over the years	173
Figure 13	Public expenditure on government employment and public administration	173
Figure 14	PEFA assessed rankings in 2009 and 2012 for government employment and public administration indicators	175
Figure 15	Government expenditure on security sector (PKR in million)	175
Figure 16	National level expenditure on security sector	176
Figure 17	Pakistan's total score on the Fragile State Index over the years	177
Figure 18	Fragile State Index selected indicators on security sector	178
Figure 19	Percentile rank of State Effectiveness of Pakistan	178
Figure 20	Composition of aid flows to security sector	179
Figure 21	Transfers from federal government to provinces	180
Figure 22	PEFA assessed rankings in 2009 and 2012 for local governance	181
Figure 23	Aid flows to local governance	182
Figure 24	Expenditure composition on aid coordination	182
Figure 25	Composition of aid disbursements from 1999 to 2015 at constant prices 2010	183

Figure 26	Total CGF related disbursements to Pakistan	184
Figure 27	Aid disbursements under MDTF	184
Figure 28	PEFA assessment ratings on aid management in 2009 and 2012	185

## **Sierra Leone’s ‘war-to-peace’ transition** **191**

---

List of abbreviations	192
-----------------------	-----

### **17 Introduction** **193**

### **18 Sierra Leone as a ‘war-to-peace’ transition** **194**

18.1	Overview of Aggregate Revenue and Expenditure Trends & CGF Spending	196
------	---	-----

### **19 Evolution of core government functions** **200**

19.1	Government Employment and Public Administration	200
19.2	Executive Coordination at the Centre of Government	206
19.3	Public Finance: Revenue and Expenditure Management & Aid Management, Financing and Donor Relations	209
19.4	Security Sector	215
19.5	Local Governance	219

### **20 Conclusions** **226**

What next for Sierra Leone?	227
-----------------------------	-----

### **Bibliography** **229**

Annex I	List of Interviewees	231
Annex J	Quantitative Framework and Assumptions	232

### **List of tables, figures, and boxes**

Table 1	Civil service workforce composition before and after conflict	204
Table 2	Trends in public employee numbers since the end of the conflict	206
Figure 1	Fragile States Index - Sierra Leone Total Score (left) & Rank (right)	196
Figure 2	Aggregate Public Revenue & Expenditure (Actuals, % GDP) vs GDP Growth	197
Figure 3	Domestic Expenditure - Top MDAs Vs CGFs, % Total (Actuals)	198
Figure 4	Aid Flows - Selected Sectors % Total Gross Disbursements	198
Figure 5	Domestic Expenditure (left) & Aid Flows (right) to Core Government Functions vs Other Areas (2002-16)	199
Figure 6	Executive Coordination & Government Employment/Public Administration % Gross Disbursements (excl. BS & Hum. Aid)	200
Figure 7	Government Employment/Public Administration by Economic Classification (% of Domestic Expenditure)	202
Figure 8	Public Sector Reform Actors	203
Figure 9	Selected PEFA Indicators - Government Employment & Public Administration	205

Figure 10	Executive Coordination by Economic Classification (% Domestic Expenditure)	207
Figure 11	PFM & Aid Management (% of Gross Aid Disbursements)	210
Figure 12	PFM & Aid Management by Economic Classification (% Domestic Expenditure)	211
Figure 13	Selected PEFA Indicators Public Finance: Revenue & Expenditure Management	213
Figure 14	Aid Management: Budget support and selected PEFA indicators	214
Figure 15	Security Sector (% Gross Aid Disbursements)	215
Figure 16	Security Sector by Component (% Domestic Expenditure)	217
Figure 17	Selected Indicators Fragile State Index - Security Sector	219
Figure 18	Local Governance (% Gross Aid Disbursements)	220
Figure 19	Local Governance by Component (% Dom. Expenditure)	221

## **South Sudan's transitions from and back to conflict** **239**

---

List of abbreviations		240
<b>21</b>	<b>Introduction</b>	<b>241</b>
21.1	Context	241
21.2	Objective and approach	241
21.3	Methodology and structure	242
<b>22</b>	<b>Transitions from and back to conflict in South Sudan</b>	<b>244</b>
<b>23</b>	<b>Evolution of core government functions</b>	<b>251</b>
23.1	CGF 1: Executive coordination	251
23.2	CGF 2: Public financial management	253
23.3	CGF 3: Government employment and public administration	260
23.4	CGF 4: Security	265
23.5	CGF 5: Local Governance	269
23.6	CGF 6: Aid management, financing and donor relations	274
<b>24</b>	<b>Conclusions</b>	<b>279</b>
	What next for South Sudan?	281
<b>Bibliography</b>		<b>282</b>
Annex K	List of interviewees	284
<b>List of tables, figures, and boxes</b>		
Table 1	Overview of donor support programmes to PFM in South Sudan	256
Table 2	PEFA Scores on effectiveness of payroll control in South Sudan, 2012	262
Figure 1	Revenue and spending execution rates, core revenues as a share of total spend, 2008-18	247
Figure 2	Development aid disbursements on CGFs, millions USD, current prices	248
Figure 3	Budgeted and actual government revenues and expenditures, 2008-18, USD millions, current prices	250

Figure 4	Total spend on CGF 1 and as % of budget, 2009-18, millions USD, current prices	253
Figure 5	Total spend on CGF 2 and as % of budget, 2009-18, millions USD, current prices	255
Figure 6	Size of the civil service inclusive of organised forces, 2005-2013	261
Figure 7	Spending on salaries at the Union level for each CGF, proportion of spending on salaries in the security sector, USD m	263
Figure 8	Total spending on Public Administration and Government Employment, and as a proportion of total spending in USD m.	264
Figure 9	Spending in the security sector and as a proportion of total spending, USD m	267
Figure 10	Spending on transfers, conditional and unconditional, and as a percent of total spending, USD m	271
Figure 11	Spending on local governance and as a proportion of total spending in USD m	272
Figure 12:	Proportion of aid disbursements to key sectors and disbursements to CGFs as a proportion of total spending	277

# Preface

This research explores the relationship between ‘core government functions’ (CGF) and transitions in fragile and conflict-affected situations (FCAS), using the context of five countries including Colombia, Myanmar, Pakistan, Sierra Leone and South Sudan as case studies. The report is part of a multi-country research project commissioned by UNDP that seeks to understand whether (and how) prioritising public spending on CGF can lead to more successful transitions towards peace in fragile and conflict-affected countries. It aims to do this by comparing the experience of different FCAS countries and assessing the extent to which these transitions have been facilitated (or not) by increased investment to rebuild CGF.

CGF are described as those functions that ‘are required to make and implement policy’ (UN-World Bank, 2017) and are defined as:

- **Executive coordination at the centre of government:** the ability of the core executive to effectively integrate central government policies across the public sector and act as the final arbiters between different elements of the government apparatus.
- **Public revenue and expenditure management:** the ability of the government to raise adequate levels of revenue and to spend it effectively, in order to meet the basic service delivery needs of the general population.
- **Government employment and public administration:** the ability of the government to establish basic capacity for defining and administering policies, regulations and programmes, in order to provide public services in a professional and transparent manner.
- **Local governance:** the extent to which the government has been able to establish political and institutional structures and processes at the subnational level, which are responsive to the specific needs of diverse local populations.
- **Security sector:** the ability of the government to restore order and provide basic security for the population, consistent with a political settlement that enables the economic and social functions of society and local communities to resume.
- **Aid management:** the ability of the government to establish developmental partnerships and effectively manage external resources by directing them towards strategic priorities in line with national development plans.

Rebuilding CGF which are responsive and legitimate are viewed as critical undertakings for countries transitioning out of conflict. However, evidence of the connection between public spending and institutional restoration and resilience is sparse. While there are a number of studies which link public spending with improvements in institutional capacity to deliver necessary services, such evidence is largely absent from contexts of conflict and fragility. This research aims to begin addressing this gap.

# Acknowledgements

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The synthesis report was written by Yadaira Orsini and Jo Robinson from the Conflict, Security and Violence Team at Oxford Policy Management, with substantive inputs from Jairo Acuña-Alfaro, from UNDP.

Several authors contributed to the writing of the respective case studies as follows: Colombia by Yadaira Orsini and Dayna Conolly; Myanmar by Nick Travis and Thet Aung Lynn; Pakistan by Kiran Tariq; Sierra Leone by João Morgado and Jo Robinson and South Sudan by Florian Krätke and Manisha Marulasiddappa.

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This research was produced in consultation with members of the UN Interagency Platform on Core Government Functions in Countries Impacted by Fragility and Conflict (IPCGF). The Interagency Platform is co-chaired by the United Nations Development Programme (UNDP) and the United Nations Department of Political and Peacebuilding Affairs (DPPA) and comprises of the UN Secretariat and UN agencies, funds, and programmes mandated to and involved in supporting the strengthening of CGFs in fragile and conflict-affected settings.

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# Executive Summary

Re-building Core Government Functions (CGFs) which are responsive and legitimate is a critical process in a country transitioning out of conflict. Although there is much evidence to support the need for effective government institutions to sustain transitions away from conflict, understanding what is required to successfully develop institutional capacity within core government apparatus in fragile and conflict affected situations (FCAS) is a largely neglected area. Indeed, evidence of the connection between public spending, institutional restoration/reform and resilience is sparse in FCAS. Addressing this gap in understanding is increasingly important in light of the continuing trend towards the concentration of poverty in FCAS.

With its ambition to leave no one behind, the 2030 Agenda poses great demands on governments core functions and institutions to provide integrated and multidimensional responses to development challenges. This is particularly relevant to countries affected by fragility and conflict, as the public administration becomes the chief provider of social protection and public goods while co-existing among formal and informal ineffective political power arrangements. These arrangements are products from protracted struggles between the various powers competing for control over resources.

The public administration of any country, developed, developing, or fragile, embodies a large and complex set of issues, procedures and structures related to the management of personnel, institutions and relationships. These issues are exacerbated in developing and fragile settings given their nascent institutions and the pressures deriving from the dependency of socioeconomically disadvantaged groups on the public sector.

The challenges associated with conditions of fragility and violent conflict are daunting and multidimensional. The strengthening of public institutions is at the heart of Sustainable Development Goal 16, as it aims to enable core functions of government as an essential strategy to promote just, peaceful and inclusive societies. It encompasses both technical and political aspects associated with the functioning of the government apparatus and the delivery of public services and goods.

By testing the hypothesis that - *Fragile and conflict-affected governments that prioritise restoring core government functionality in their national budgets are more successful in their transitions towards peace and development* – this study aims to assess whether countries that prioritised CGFs had better peacebuilding and state-building outcomes and to better understand whether, and how, prioritising spending on CGFs can lead to more successful transitions towards peace in FCAS. Quantitative and qualitative data has been collected across five case study countries: South Sudan, Myanmar, Colombia, Pakistan, and Sierra Leone.

In order to test this hypothesis, the research asked four key questions for each of case study countries. The questions and our findings are presented below.

### **1. What areas are prioritised in government expenditures in FCAS?**

- Quantitative analysis of CGF spending over the full period of transition in each country demonstrates the primacy of the security sector in each case, and equally the lack of prioritisation given to the public administration sector.
- The type of transition influences the space for, nature and timing of specific reform, but restoration is never truly ‘starting from scratch’ and destruction through conflict will not necessarily erase the challenges which existed in previous institutions.
- What is common to all the case studies is the strength of the executive and the centralisation of political power, in opposition to devolution and effective local governance.
- Technocratic reforms such as in public revenue and expenditure management, and to a lesser extent public administration, tend to be more resilient even in complex political contexts, ongoing fragility and protracted crises.
- Successful reform is possible when there are reform-minded officials; ‘champions’ within ministries - even where the political leadership is not prioritising a particular reform agenda.
- Similarly, technocratic leadership has supported some of the most successful reform processes.

### **2. Do spending priorities change before, during and after a violent conflict? Does priority national budget spending shift in particular areas and timeframes during a transition?**

- Timing and sequencing of reforms across the core government functions remains a challenging process to unpick.
- For countries facing protracted crisis, notable escalations of violence triggered a prioritisation of the security sector across the transition timeline.
- Commitments resulting from peace agreements or political settlements have considerably influenced spending patterns and government priorities.
- Security sector reform emerges as one of the most urgent priorities in many contexts, but is often highly politicised and requires government and donor alignment for meaningful and more transformative reform to take place.
- Expenditure is not the only indicator of prioritisation, or of improved functionality.

### **3. Are public expenditures and donor commitments on core government functions conducive and aligned to their restoration needs in fragile and conflict-affected settings?**

- Donor commitments in protracted crises face challenges in the context of multiple transitions and cyclical phases of violence.
- Donor priorities have also shifted within particular functions over the course of transitions in protracted crises.
- In some cases, donor prioritisation of CGFs seems to wane after a certain period of time from the formal end to the conflict, or a key moment of transition (even where underlying fragility remains), and in situations of protracted crisis

- There does not appear to be a quantitative relationship between government and donor spending on core government functions over the transition periods we have investigated.
- The extent to which reforms can be donor-driven is closely linked to the financial influence of donors.
- Successful reforms have often come about when donor and domestic priorities align, and the best examples of success occur when there is sustained national ownership and leadership.

#### **4. What implications does this have on the risk of relapse into conflict?**

- Quantitative analysis shows little connection between government effectiveness and fragility.
- Lack of reforms or incomplete reforms are more connected to risks of conflict relapse than (increasing or decreasing) levels of expenditure.
- Similarly, and particularly in contexts of protracted crises, reform processes which are not inclusive or only provide benefits to a particular group (unless such efforts are intended as a protection measure) are un conducive to supporting peaceful transitions.

#### **Conclusions**

Our findings indicate that the research hypothesis does hold when three key conditions are true:

1. **When CGFs are prioritised by both governments and donors, and there is continued national ownership and leadership** for expenditure in particular areas to support meaningful reform.
2. **When CGFs are prioritised before the formal end of a conflict, and continue to be over a sustained period of time, even in protracted crises to deliver ‘complete’ reform**, rather than initial prioritisation and then a gradually declining interest by both governments and donors.
3. **When expenditure results in reforms which are genuine and equitable, benefitting society at large** rather than only a particular group or set of groups within it, or when expenditure on a function is being instrumentalised by the government for its own political agenda.

Since levels of expenditure and increased functionality are difficult to trace, the question of what success looks like remains open. For the purposes of this study, an indicator of success is a reduction in the risk of relapse into conflict. Success in CGF spending also encompasses other aspects such as service delivery, which points to a need to further unpack this idea and adapt it to what it looks like in each country.

#### **Recommendations**

In light of these findings, the research puts forward six key recommendations for the donor community:

1. Understand expenditure within the broader political economy to unpack the incentive structure behind potential government support (or not) for specific reforms, and drivers of particular prioritisation.

2. Engage consistently and continuously, even in the most challenging situations.
3. Tackle the challenging reforms early on, not only the short-term fixes.
4. (Re)Conceptualise transitions to develop a more nuanced understanding of the type of transition - or multiple transitions - a country is undergoing.
5. Raise the profile of the debate around CGFs, and promote the framework.
6. Understand what the picture of CGF expenditure and reform looks like in more FCAS contexts.

# Overview

## *Synthesis Report*

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## List of abbreviations

ARN	National Agency for Reincorporation (Colombia)
CGFs	Core Government Functions
CPA	Comprehensive Peace Agreement (South Sudan)
DACU	Development Assistance Coordination Unit (Myanmar)
DDR	Disarmament, Demobilization and Reintegration
FATA	Federally Administered Tribal Areas (Pakistan)
FCAS	Fragile and Conflict Affected Settings
HMRO	Human Resource Management Office (Sierra Leone)
IFMIS	Integrated Financial Management Information System
JEP	Special Peace Justice (Colombia)
MDAs	Ministries, Departments and Agencies
MOD	Ministry of Defence (Pakistan)
MTFF	Medium Term Fiscal Framework
PFM	Public Financial Management
PSRU	Public Service Reform Unit
SPLA	Sudan People's Liberation Army (South Sudan)
SPLM	Sudan People's Liberation Movement (South Sudan)
SSR	Security Sector Reform

# 1 Introduction

Re-building Core Government Functions (CGFs) which are responsive and legitimate is a critical process in a country transitioning out of conflict. Although there is much evidence to support the need for effective government institutions to sustain transitions away from conflict, understanding what is required to successfully develop institutional capacity within core government apparatus in fragile and conflict affected situations (FCAS) is a largely neglected area. Indeed, evidence of the connection between public spending, institutional restoration/reform and resilience is sparse in FCAS.

Addressing this gap in understanding is increasingly important in light of the continuing trend towards the concentration of poverty in FCAS. Currently about 1.8 billion people live in fragile contexts, but this figure is projected to grow to 2.3 billion by 2030. Upwards of 620 million people, or 80% of the world's poorest, could be living in these contexts by 2030<sup>1</sup>. As the poorest and most vulnerable are those most dependent on effective and functional government service delivery, it is in these contexts where government functionality is most needed, and simultaneously where it is often severely lacking. However, peacebuilding makes up only a fraction of overall ODA spending. In 2016, just 10% of all ODA was spent on peacebuilding, with only 4.2% spent on core government functions in the most fragile contexts<sup>2</sup>.

This figure belies evidence from countries that have made significant progress in their transition processes through investments in core government functionality. For instance, Rwanda has made significant and sustained progress in its transition, which has been underpinned by a prioritisation of CGFs. According to the Institute for Economics and Peace (IEP), US\$18.35 billion was committed to peacebuilding ODA in Rwanda from 1995 to 2014, with 60 percent - US\$11.33 billion - spent on core government functions<sup>3</sup>. From 1999 to 2000, after the introduction of the government's Vision 2020 plan, spending on core government functions increased from US\$107 million to US\$409 million. Since then, peacebuilding and statebuilding expenditure has continually increased over the past 15 years. It is of course important to note that progress in Rwanda has been underpinned by strong local ownership and decisive political leadership - both key factors in enabling a successful development trajectory in partnership with donors. Nevertheless, it is also argued that reforms 'were often the direct consequence of the government's concern to address particular issues pertaining to state ineffectiveness, rather than the mere result of the adoption of formal rules to please donors'<sup>4</sup>.

As the global agenda on peacebuilding and conflict prevention advances, commitments such as the UN's Sustaining Peace Agenda and Sustainable Development Goal 16 of promoting peaceful societies and effective, accountable and inclusive institutions, will need to address core government functionality. Tangible evidence of the ways in which CGF reform has impacted on transition trajectories will be crucial in moving this agenda forward.

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<sup>1</sup>OECD (2018)

<sup>2</sup>Ibid.

<sup>3</sup>Institute for Economics and Peace (2017)

<sup>4</sup>Chemouni (2017)

With its ambition to leave no one behind, the 2030 Agenda poses great demands on governments core functions and institutions to provide integrated and multidimensional responses to development challenges. This is particularly relevant to countries affected by fragility and conflict, as the public administration becomes the chief provider of social protection and public goods while co-existing among formal and informal ineffective political power arrangements. These arrangements are products from protracted struggles between the various powers competing for control over resources.

The public administration of any country, developed, developing, or fragile, embodies a large and complex set of issues, procedures and structures related to the management of personnel, institutions and relationships. These issues are exacerbated in developing and fragile settings given their nascent institutions and the pressures deriving from the dependency of socioeconomically disadvantaged groups on the public sector.

The challenges associated with conditions of fragility and violent conflict are daunting and multidimensional. The strengthening of public institutions is at the heart of Sustainable Development Goal 16, as it aims to enable core functions of government as an essential strategy to promote just, peaceful and inclusive societies. It encompasses both technical and political aspects associated with the functioning of the government apparatus and the delivery of public services and goods.

In sum, without a functioning government with an operational public administration, the aspiration of the 2030 Agenda will not be realized. Strengthening core government functions to better manage and deliver public resources is a key strategy to keep people out of poverty. It is the most marginalized who need most a responsive and inclusive public sector.

Effective, accountable and responsive institutions are fundamental to the achievement of peaceful and inclusive societies as envisioned in the SDGs. Nowhere is this objective more salient, and more elusive, than in both developing countries as well as societies that have been deeply affected by political fragility and conflict. These core functions of government are essential for development, statehood and resilience. They all are dependent upon the capacity of the civil service to function and deliver.

## 1.1 What are CGFs?

CGFs are described as those functions that ‘are required to make and implement policy’ and are defined as:

- **Executive coordination at the centre of government:** the ability of the core executive to effectively integrate central government policies across the public sector and act as the final arbiters between different elements of the government apparatus.
- **Public revenue and expenditure management:** the ability of the government to raise adequate levels of revenue and to spend it effectively, in order to meet the basic service delivery needs of the general population.

- **Government employment and public administration:** the ability of the government to establish basic capacity for defining and administering policies, regulations and programmes, in order to provide public services in a professional and transparent manner.
- **Local governance:** the extent to which the government has been able to establish political and institutional structures and processes at the subnational level, which are responsive to the specific needs of diverse local populations.
- **Security sector:** the ability of the government to restore order and provide basic security for the population, consistent with a political settlement that enables the economic and social functions of society and local communities to resume.
- **Aid management:** the ability of the government to establish developmental partnerships and effectively manage external resources by directing them towards strategic priorities in line with national development plans<sup>5</sup>.

Although for the purposes of the research each of these functions has been analysed separately, in reality they are overlapping and interdependent. Improvements in public revenue and expenditure management could result in more effective distribution of local governance resources or improved aid management for example. In this sense, each function is of equal importance; technically, strategically and politically. The question for this research is which CGFs governments choose to prioritise across a particular transition timeline and why.

In a post-conflict context, the design and implementation of governance reforms target three overarching and interlinking areas: reconstituting legitimacy, re-establishing security and rebuilding effectiveness<sup>6</sup>. Broadly, the six CGFs identified above are essential for achieving these three goals. Executive coordination is vital for ensuring overall government effectiveness and reconstituting legitimacy through constitutional reform and re-establishment and allocation of functions and authorities across branches and levels of government. Well designed and executed public revenue and expenditure management systems and processes allow for transparent and accountable distribution of government funds aligned with the country's public service needs.

Successful government employment strategies and public administration capacity is also crucial to the challenge of rebuilding effectiveness; providing a functional and capable public service which attracts talented and professional individuals is essential to deliver the often urgently needed service provision. Effective local governance is crucial in both reconstituting legitimacy and rebuilding effectiveness: realising inclusive and equitable service delivery across the country as well as establishing state presence in those areas far from the centre. Security Sector Reform (SSR) is arguably the cornerstone for ensuring post-conflict stabilisation and vital for re-establishing security by ensuring order is restored, providing citizen security and justice, and dealing with ex-combatants. Appropriate aid management is also vital for rebuilding effectiveness, ensuring external resources are managed efficiently and transparently will ultimately improve the likelihood of development goals being achieved.

<sup>5</sup>United Nations-World Bank (2016)

<sup>6</sup>Brinkerhoff, D (2005)

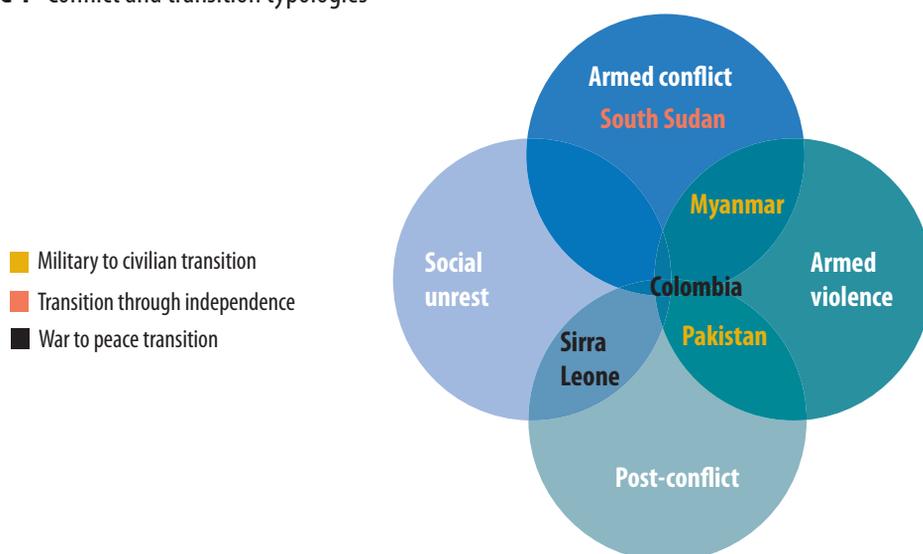
The aim of this study is therefore to assess whether countries that prioritised CGFs had better peacebuilding and state-building outcomes and to better understand whether, and how, prioritising spending on CGFs can lead to more successful transitions towards peace in FCAS. It is hoped that the findings from across the five case study countries can support and inform the ways in which governance assistance in post conflict and transitional contexts are conceptualised and designed.

# 2 Methodology

## 2.1 Country case study selection

Our approach has been to select a suite of countries which experience a variety of types and timings of transitions, including those experiencing protracted conflict. The selection was also based on an adequate geographical spread of countries, as well as on the need to be confident we could access sufficient data to undertake robust analysis. In light of these 3 considerations, the countries selected are: **South Sudan, Myanmar, Colombia, Pakistan, and Sierra Leone**. This selection includes countries which are currently undergoing post conflict or transition processes and others that have already done so. It also reflects different types of transitions, including transitions from military to civilian power (Myanmar and Pakistan), transitions from “war to peace” (Colombia, Sierra Leone), and transitions that resulted from independence (South Sudan).

**Figure 1** Conflict and transition typologies



Source: Adapted from conflict typologies in Orsini and Cleland (2018)

## 2.2 Conceptualising transitions

The level of complexity in contemporary conflict dynamics and the nature of protracted conflicts, means it is challenging to create a clear-cut definition of ‘before’, ‘during’ and ‘after’ a conflict, as Figure 1 illustrates. In order to overcome this conceptual challenge, and in recognition of multiple transition processes which can occur as countries embark on post conflict transition, our approach

has been to select several key milestones which we consider to indicate important moments of transition.

This approach is in line with Brown et al.<sup>7</sup> who understand post conflict scenarios, not as a period bounded by a single event but rather a process that involves the achievement of a range of what the authors call “peace milestones”. This recognizes that post-conflict countries move through a transition continuum (where countries can also go backwards) rather than move from fixed boxes of “conflict” and “peace”. This means we have considered a variety of conventional milestones; such as the signing of peace agreements, cessation of violence, disarmament, demobilization and reintegration (DDR), as well as those which reflect this complexity, such as major changes in conflict dynamics and first elections after ceasefires or political settlement.

Understanding transitions in this way has been particularly important for assessing protracted conflicts. From our case study selection, three countries fall under this category: Colombia, Pakistan and Myanmar, all of which trace the origins of their conflicts back to the 1960s. Our approach for each of these has been to focus on the ‘modern conflict’, but the study recognises that more generally, 21<sup>st</sup> Century conflicts do not follow traditional patterns and are increasingly non-linear and often cyclical. Rather, modern conflict manifests as cycles of repeated violence, instability or weak governance either nationally or sub-nationally<sup>8</sup>.

Furthermore, fewer civil wars end in outright victory today, with five times more conflicts ending in peace settlements than military victories compared to the 1980s when seven times more conflicts ended in victories<sup>9</sup>. This decline in ‘victories’ means “war outcomes fail to decisively settle the rules of the new order”, making transitions out of conflict all the more fragile or even leading the way for new types of conflict to emerge. Evidence suggests that peace agreements and ceasefires are more likely to collapse within 5 years, and that institutional transformation, in the best of cases, takes anywhere from 10-17 years to achieve meaningful progress<sup>10</sup>. As such, lasting and sustainable transitions are a long-term process. Indeed, success stories such as Rwanda point to sustained prioritisation of peacebuilding expenditure (including on CGFs) for more than 15 years<sup>11</sup>.

## 2.3 Quantitative methodology

### 2.3.1 Expenditure Trend Analysis

In order to address the research questions regarding government expenditure in the selected fragile and conflict affected states, we conducted a trend analysis of public spending on core government functions. The expenditure trend analysis includes two main components:

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<sup>7</sup>Brown, G, Langer, A & Stewart, F. (2011)

<sup>8</sup>World Bank (2011)

<sup>9</sup>Von Einsiedel, S. (2014)

<sup>10</sup>UNDP (2014)

<sup>11</sup>IEP (2017)

1. **An overview of the composition of expenditure and revenue as well as the sustainability of public finances (e.g. fiscal balance) throughout the transition processes undergone in each country:** To help understand whether variations in CGF-related expenditures were part of broader structural changes or isolated events surrounding transition points.
2. **An in-depth analysis of CGF-related spending within the 6 year time-span surrounding the identified transition milestones:** To explore whether these changes in public spending were motivated by the prioritisation of certain policies/functions or by the availability (or lack thereof) of public resources.

The broader public expenditure and revenue patterns observed during these transitions allow us to contextualize and interpret changes in CGF-related expenditures surrounding the transition milestones. Overall, variations in budget allocations and expenditure are not solely based on policy-making exercises. In practice, these result from competing government priorities, existing fiscal space and political considerations. All of these elements have been taken into consideration when assessing the connection between public spending and the development of core government functions.

### ***2.3.2 Matching Core Government Functions with Public Expenditure***

In preparation of the expenditure trend analysis, OPM developed a theoretical framework connecting each core government function with public expenditure (see Annex A). This framework was used to guide to the process of data collection and analysis in each selected country. The framework connects the six core functions with the following items:

- **Measurable Priorities:** Subset of priorities for each core function established in the joint UN-World Bank publication on ‘rebuilding basic government functionality’ which can be explored through public expenditure trends (e.g. create/strengthen a central public finance authority)<sup>12</sup>.
- **Relevant Institutions:** Set of institutions likely to control/execute budget allocations related to these priorities under each core function (e.g. Ministries of Planning, Finance).
- **Budget Lines of Interest:** Administrative, functional or economic budget lines related to these priorities under each institution and function (e.g. DDR budget lines)<sup>13</sup>.
- **Relevant Donor Programs:** Common aid programmes with CGF-related components (e.g. PFM reform programmes).
- **Outcome Indicators:** Internationally recognized datasets containing indicators on the status of core government functions (e.g. Fragile States Index, World Governance Indicators, PEFA).

Prior to country visits, the general framework was tailored to each of the specific contexts of the case study country. This involved an assessment of availability, accessibility and quality of the aforementioned data sources and an appreciation of potential data problems. Whenever available,

<sup>12</sup>United Nations and World Bank (2017)

<sup>13</sup>A case-study from the Institute of Economics and Peace (2017) tracked expenditures on core government functions in Rwanda between 1995 and 2014. The study includes examples of budget lines related to some of the core functions considered in this study. Available at [http://economicsandpeace.org/wp-content/uploads/2017/03/Measuring-Peacebuilding\\_WEB.pdf](http://economicsandpeace.org/wp-content/uploads/2017/03/Measuring-Peacebuilding_WEB.pdf)

the study has used functionally classified budget data which aggregates public expenditures according to their purpose which can be easily matched with core government functions. However, in Myanmar the study has been forced to resort to economic or administrative budget classifications. In such cases, assumptions have been made in order to link spending against specific Ministries, Departments and Agencies and the functions under analysis.

This matching exercise, and the underlying assumptions, have been informed by the available data on the constitutional division of roles and responsibilities and, importantly, by qualitative information acquired through key informant interviews. In Pakistan, data on actual public sector spending was limited to financial statements published by the Controller General of Accounts, federal budget data shared by the MTBF Cell in the Finance Division, and information available from published budget documents on the Government's official website. This has constrained the level of disaggregation in expenditure data available for analysis. All assumptions are clearly articulated in the case study country papers, and wherever possible, the approach has sought to maintain as much comparability of data between the countries as possible.

## 2.4 Qualitative methodology

In FCAS a qualitative understanding of the institutions, peace processes and constitutional arrangements is important to assess both the institutional arrangements and rules of the game among decision makers and the allocations and spending against core functions.

The purpose of the qualitative research is to provide a narrative that describes the restoration or reform process for each country, and to understand the political economy behind decision-making. The research team assessed a number of issues including, but not limited to, how these processes took place, what decisions were made and by who, the rationale and ownership behind the reform processes, if and how politics interfered, what was the role of donors, whether there was a particular sequencing, among others. Key informant interviews were conducted with representatives from government ministries, and relevant donor representatives from UN agencies, the World Bank, the IMF and other donors as appropriate. Where necessary, we also sought to consult external actors with a prolonged engagement in the selected countries such as local and international research centres and think tanks. We used two interview templates; one for country government representatives, and one for UN and other donor representatives. They are nuanced to reflect the different positions of the interviewees. Both templates can be found in Annex B.

This approach has allowed us to compare trajectories and processes of institutional rebuilding and reform against the backdrop of conflict dynamics, and the events that took place between each milestone. Reform processes and changes in conflict dynamics have occurred which are key

to understanding the evolution of institutions and systems for each core government function between one milestone and the next.

## 2.5 Research limitations

In some of our case study countries, there have been data limitations which we have made clear in the case study papers. In general the following data limitations have constrained the quantitative analysis:

- In certain case-studies, the absence or breakdown of Public Financial Management (PFM) systems has prevented the analysis of expenditure trends during certain periods of the transition processes<sup>14</sup>;
- In most cases, matching the functional or administrative budget classification and core functions has relied on certain assumptions leading to an under- or over-estimation of expenditures (e.g. assuming that the expenditure of an entire department or institution corresponds to a particular function);
- Similarly, certain Core Government Functions (e.g. executive coordination at the centre of government) are not confined to particular departments or institutions and are not easily visible in the typical functional budget classification;
- The available outcome indicators have not always allowed us to measure the specific objectives of each core function, and are not consistently available in all the case studies which has, in some cases, constrained their comparability.

With regards to the qualitative analysis, there were several instances where donor representatives and some government representatives had not been in post for the duration of the period of interest in each country, and we recognise that this may be a limitation to the type of information they were able to provide us with. Where possible we have accounted for this by consulting secondary sources of literature, and reaching out to interview those from think tanks and other international organisations who have a specific country focus and were able to provide a more detailed historical overview of particular areas of interest.

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<sup>14</sup>This situation is particularly common prior to inflection points in post-conflict countries.

# 3 Research Findings

## 3.1 Research hypothesis

The research hypothesis for this study is as follows: *Fragile and conflict-affected governments that prioritise restoring core government functionality in their national budgets are more successful in their transitions towards peace and development.*

Prior to analysing the link between public expenditure for CGFs and transitions, it is important to examine the link between CGFs and conflict. The underlying concept within the CGF framework is that stronger state institutions can stabilise a country, mitigating further violence and conflict, as well as resulting in improved state legitimacy and development outcomes by restoring the ability of the government to deliver key services<sup>15</sup>.

This hypothesis implies that transitions toward peace require an initial focus on stabilisation, in other words, to provide a minimum level of security and setting in motion an economic recovery to send ‘confidence-raising signals to the population’ and ‘project the authority of the state’<sup>16</sup>. This characterisation – which emphasises restoring CGFs – implies that countries facing violence and conflict are characterised by a breakdown or disintegration of government capacity to the point where the state can no longer fully exercise its power and maintain stability across the country. The CGF framework could therefore be described as embodying a statebuilding approach, which argues that supporting institutional restoration within the core government apparatus will result in greater security, improved service delivery and the foundations for economic development.

It is also important to raise the challenge of how to measure ‘success’ in terms of transition across the five case studies. The World Bank has recognised that the way ‘governance’ is measured is increasingly outdated, and that makes understanding success a real challenge<sup>17</sup>. In the absence of nuanced indicators which can paint an accurate picture of factors such as state capability, the effectiveness of different government departments and ministries and the extent of conflict and fragility, accurately capturing success remains beyond the scope of this study. For instance, unpacking the various indicators within the Fragile States Index demonstrates that an overall improving score (indicating decreasing levels of fragility) can mask a complicated picture of the reality in a particular context<sup>18</sup>. We recognise therefore, that the measures we are using are imperfect ones, and that success is likely to look different in each of the five cases.

That being said, experts consulted as part of this research provided important leads to start thinking about what success from spending in CGFs looks like in countries transitioning out of conflict. An immediate indicator would be a reduction in the risk of relapse into conflict. This

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<sup>15</sup>UN-World Bank (2017)

<sup>16</sup>Ibid pp. 3

<sup>17</sup>See <http://www.worldbank.org/en/events/2018/05/15/states-of-disruption>

<sup>18</sup>This is aptly demonstrated in the Myanmar case study paper. While improvements have clearly been made on the economy and ‘state legitimacy’ (i.e. democratisation) indicators of the FSI, indicators related to ‘group grievance’ and the security apparatus have deteriorated significantly during the period of transition.

requires, however, that such risks are clearly identified for each country as this will largely depend on the political economy of each transition. Similarly, another potential indicator suggested was the idea of moving –or breaking- away from cycles of violence and instability to “more linear” conflict trajectories. Success in CGF spending and reforms also encompasses other aspects such as service delivery, state capacity and legitimacy, which points to a need to further unpack this idea and adapt it to the realities of each country.

In order to test this hypothesis, cognisant of these underlying assumptions, we asked four key research questions for each of case study countries:

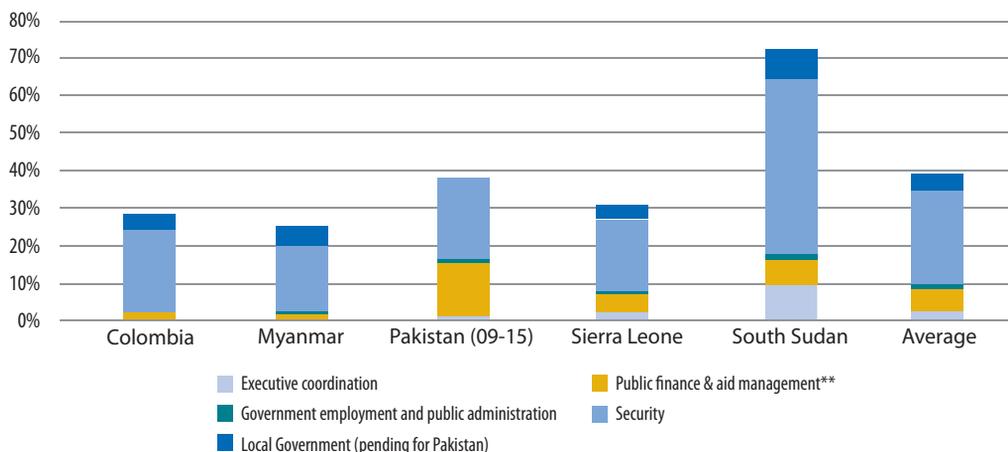
1. What areas are prioritised in government expenditures in FCAS?
2. Do spending priorities change before, during and after a violent conflict? Does priority national budget spending shift in particular areas and timeframes during a transition?
3. Are public expenditures and donor commitments on core government functions conducive and aligned to their restoration needs in fragile and conflict-affected settings?
4. What implications does this have on the risk of relapse into conflict?

We present findings for each question below, in order to highlight differences and similarities between different country case studies. It is however important to highlight that the transition in each country is unique to that context, and that although for the purposes of drawing policy relevant conclusions we have synthesised findings to the extent possible, precise policy responses should be tailored to individual cases. More specific detail on each country can be found in the case study papers.

### 3.2 What areas are prioritised in government expenditures in fragile and conflict-affected settings?

**Quantitative analysis of CGF spending over the full period of transition in each country (shown in Figure 2) demonstrates the primacy of the security sector in each case, and equally the lack of prioritisation given to the public administration sector<sup>19</sup>.** Though as we shall demonstrate, each country has its own very different set of reasons for prioritising spending on security, not always related to best practice reform priorities. Despite reasonable levels of expenditure on local governance in Myanmar and South Sudan over their transition periods, qualitative analysis demonstrates that the limited reforms in this area for both countries have been highly problematic and inherently connected with the conflict in each country. The reader's attention is drawn to the more considerable spend on CGFs overall as a total of domestic expenditure in Sierra Leone relative to other countries.

<sup>19</sup>It should be noted that this analysis is for illustrative purposes only. Each country's transition period varies in length and data limitations affect these totals in some countries more than others. It is therefore difficult to infer strong conclusions from this dataset.

**Figure 2** Average CGF spend as % of total government spending throughout respective transition periods

**The type of transition influences the space for, nature and timing of specific reform.** There are some commonalities in prioritisation in war-to-peace transitions (Sierra Leone and Colombia), in military to civilian transitions (Pakistan and Myanmar), and in contexts of protracted crisis; Myanmar, South Sudan, Colombia, and Pakistan. Even in contexts where many institutions need to be built from scratch, such as in transitions to independence like South Sudan and situations where conflict resulted in complete institutional collapse, such as Sierra Leone, institutional legacies can prevail; **restoration is never truly ‘starting from scratch’ and destruction through conflict will not necessarily erase the challenges which existed in previous institutions.** Transitions in countries such as Colombia and Pakistan where the existing structures around core government functions were relatively strong, provide the potential for prioritisation of reforms focused on transparency, accountability and oversight; rather than more direct improvements to the functionality of particular Ministries, Departments and Agencies (MDAs) for example. However, in both cases, donors and government technocrats face real challenges in reforming the structural legacies in place which allow governments to take advantage of CGF financing for political, and sometimes security gain.

In Sierra Leone, there was an obvious and immediate need to focus on reforming the security sector in the aftermath of conflict, given the connections between the conflict and the wider security forces, and the need to secure state control over its territory in light of conflict risks coming from neighbouring countries such as Liberia and Côte d’Ivoire. This area was therefore prioritised by both the government and international donors. Similarly, in Colombia and Pakistan, the prioritisation of the security sector (as evidenced by sustained increases in domestic spending and aid flows) was triggered by an escalation of violence and lack of state control over its territory. Because of the geopolitical risks each of these countries represented (mainly in terms of containing spill over effects: drugs in Colombia and terrorism in Pakistan), particularly for US interests, there was wide support from key donors provided for the security sector.

However, the nature of conflict and transition in each case influenced the type of reforms which were taking place. In Sierra Leone, conflict had contributed to almost complete institutional collapse, including in the security sector. This necessitated wholesale reform and restructuring of both the military and the police force, beginning with improvements to their basic operational effectiveness and rightsizing, with issues such as their governance and oversight coming later as a second-order set of priorities. These second-order priorities lagged behind in terms of efforts to secure support and buy-in from the government, coming further in the transition process when the security sector had dropped down the hierarchy of priorities. Meanwhile protracted crises with heightened insecurity, such as Pakistan and Colombia, demonstrated more sustained prioritisation of the security sector. The escalation of the conflict in the mid-1990s in Colombia and the sharp rise in terrorist attacks in Pakistan since the early 2000s led to increased expenditure and reforms aimed at strengthening the military apparatus rather than transformative security sector reform. In fact, throughout the transition timeline for Colombia, the priority was to modernise and professionalise the military (Plan Colombia) in an attempt to reach a decisive military victory. Reforms seeking to embed a human rights culture, gender equality, and review of competencies in light of the post conflict have only started to take place in the last three years.

In the early stages of the military to civilian transitions we examined, core government functionality was particularly poor with extremely limited service delivery under military regimes and the lack of an institutional tradition of evidence-based policymaking and reform. In these cases, capacity within government poses a very particular challenge, and in Myanmar the impact of the continued lack of civilian oversight or influence over the Tatmadaw's activities continues to mean the civilian government has limited control over critical areas of policy. The opportunities for meaningful reform are therefore more limited to a smaller sub-set within the six core government functions. In Pakistan we find a similar story in the sense that control and oversight of the state apparatus continues to rest largely in the hands of the military. Perhaps the one difference to note is that in Pakistan core government functionality across the board was not as weak as in Myanmar. For instance, Pakistan has had a fairly well established PFM system and traditionally has had a strong centre of government and security sector, though this is more a reflection of the mechanisms needed to sustain military rule.

**What is common to all the case studies is the strength of the executive and the centralisation of political power, in opposition to devolution and effective local governance.** In each case this centralisation has acted as a counterweight to local governance reforms, which have been slow, incomplete or entirely lacking. In Sierra Leone although some reform has been undertaken, meaningful devolution of decision-making is largely absent and both government and donors have been unprepared to take on the politically difficult challenge of reforming the chieftaincy structure. Similarly, in Colombia, although decentralisation efforts have been underway since the 1980s, a historically strong centralist state and a financially unsustainable structure at the local level remain key challenges. In Myanmar, the lack of local ethnic representation has been a key driver of conflict and despite some reforms in 2011 establishing State and Region governments such developments are, for the most part, superficial. Under Pakistan's current constitution, approved and ratified in 1973, the country is envisioned as a federal republic with four constituent provinces and federally governed regions; however, substantive federalism was only established in

March 2010, post military rule. Local governments have remained a weaker tier that has been used by the different martial law regimes to lend legitimacy to their rule. Indeed in Sierra Leone, Pakistan and South Sudan it can be argued that local governance reforms have been instrumentalised by central government to bolster its power and influence, and undermine that of the opposition. In Sierra Leone this means that uneven service delivery prevails and remains a source of tension in the country, while in South Sudan it has led to localised conflicts over boundaries and authority.

**Technocratic reforms such as in public revenue and expenditure management, and to a lesser extent public administration, tend to be more resilient even in complex political contexts, ongoing fragility and protracted crises.** This is often because they are not as politicised as other sectors such as security and local governance. In Myanmar where other areas of reform have proved extremely challenging, despite the PFM reform agenda remaining narrowly focused, reform to systems of revenue collection and expenditure management have been implemented with some notable improvements in overall functionality, such as the implementation of a Medium Term Fiscal Framework (MTFF) as part of ongoing efforts to strengthen budget preparation. In Sierra Leone PFM and public administration received more financial support both domestically and from donors than the more challenging areas of local governance and executive coordination, and led to the development of a legal framework to regulate the budget cycle, strengthening of budget execution through the introduction of an Integrated Financial Management Information System (IFMIS) and a reduction in the size of the public service. In South Sudan advances in public financial management, aid management and to some extent public service have led to administrative improvements. In Pakistan, the last two decades have seen significant progress in terms of the accuracy, comprehensiveness, reliability, and timeliness of financial and fiscal reporting; enhanced accountability and transparency; the use of financial information for informed decision-making; and oversight of the use of public monies through risk-based audits. Similarly, in Colombia key reforms in the PFM system, such as the introduction of the fiscal rule and performance-based budgeting, have led to an improvement in the government's capacity to link its strategic priorities to the budgeting process and ensuring that the budget is executed as planned. Although it is not always straightforward to identify genuine reform champions in these complex environments, the successes of these examples demonstrate a need to ensure close and sustained engagement, to ensure there are no generalisations about attitudes and behaviours within government.

**Successful reform is possible when there are reform-minded officials; 'champions' within ministries - even where the political leadership is not prioritising a particular reform agenda.** In South Sudan, dedicated technocrats in the Ministry of Finance worked alongside external advisers to simplify and standardise tools for preparing the national budget and execution reports, continuing to provide remote support until April 2018. These improvements emerged largely as a result of continuous investment of time and (comparatively limited) resources of reform-minded officials. Such institutional entrepreneurs have managed to navigate complex governmental politics and utilise moments of crisis to leverage their knowledge, connections and resources, and still continue to do so. Similarly, in Sierra Leone, specific PFM reforms including the introduction of a legal framework to regulate the budget cycle and

strengthened budget execution through the introduction of an IFMIS, were considered successful in spite of their limited support from the country's leadership. Although Sierra Leone's political leadership were wary of their potential to restrict the prevailing discretion over public resource management, backing from a core group of senior finance officials ('reform champions') was a key contributor to their successful implementation.

**Similarly, technocratic leadership has supported some of the most successful reform processes**, where leaders have been able to create or protect the spaces which enable reform, using their political capital even at the expense of their public popularity. In Colombia, this role has been largely played by Presidents as ultimate leaders of peace negotiations. The National Agency for Reincorporation (ARN) offers an interesting example of this. The creation of a Presidential Sector gathered a number of highly dissimilar institutions under it, from the National Infrastructure Agency to the ARN. This was attributed both to administrative decisions but also to the need to 'protect' certain institutions from becoming too politicised. By being under direct control of the President, the more technically oriented entities, such as the ARN, "were allowed to do their job".

### **3.3 Do spending priorities change before, during and after a violent conflict? Does priority national budget spending shift in particular areas and timeframes during a transition?**

**Timing and sequencing of reforms across the core government functions remains a challenging process to analyze.** In the immediate aftermath of conflict and transition, donors and governments find themselves asking; what is a priority when everything is a priority? There are windows of opportunity in the early transition period for certain reforms, but a lack of political will for others – balancing these two dynamics remains challenging. For example, in Sierra Leone donor and government priorities aligned around reforming the security sector, but there was much less political appetite for these reforms to include civilian oversight and accountability mechanisms. These gaps remain today and have become increasingly problematic. Similarly in the area of local governance, the 'low hanging fruit' reforms were pursued, but reforming the chieftaincy structure was left aside; again a problematic structure which is now embedded within local government and will be extremely challenging to reform. In Colombia, and to a lesser extent in Pakistan, institutional development has taken place throughout (and in spite of) the armed conflict. In Colombia, the reform trajectory has been incremental, with each 'wave' of reform seeking to modernise and increase efficiency of existing structures. Many of the recent reforms seem to be aimed at reaching 'second-tier' objectives, having already established a basic level of functionality. As such, many of the reforms of CGF-related institutions are now geared towards setting up integrated information systems, training of staff and introduction of meritocracy, and increasing transparency and accountability to the public, particularly in the PFM and public administration functions.

**For countries facing protracted crisis, notable escalations of violence triggered a prioritisation of the security sector across the transition timeline.** In Colombia, between 2006 and 2017 alone, expenditure on the security sector increased by 48% in constant prices, while at the same time increasing as a proportion of total government spending from 15.7% to 17.3%. In

terms of reforms, as mentioned before, the aim of these was to strengthen military capacity rather than seeking more accountable and transparent security apparatus. In Pakistan, the highest growth rate began with the period of military rule of General Musharraf and then peaked in 2008 to 2010 when the military offense against the insurgency in tribal regions was at its peak. A minor increase in expenditure on law and order by the provincial governments was also observed. Interestingly, in South Sudan, spending on the security sector as a percentage of total domestic expenditure peaked in 2012-2013 and 2015-2016; corresponding with two periods of renewed conflict, but rather than bolstering military capacity to ensure territorial security, this appears to be more closely connected to rewarding different militia groups in an attempt to build extensive networks of support for the government.

**Commitments resulting from peace agreements or political settlements have considerably influenced spending patterns and government priorities.** For example, following the establishment of peace in the Swat Valley and the Waziristan region in Pakistan, a major change induced by these events can be evidenced by the additional 1 per cent of net divisible taxes pool allocated to the Khyber Pakhtunkhwa province in the National Finance Commission of 2009. Such resources are allocated to the reconstruction and rehabilitation of areas affected by the war on terror. With the merger of the Federally Administered Tribal Areas (FATA) and Khyber Pakhtunkhwa provinces through a Constitutional Amendment in May 2018, the Government is considering assigning 3 per cent of the total divisible pool for an ‘accelerated development’ of FATA. In Colombia, the peace agreement has prioritised spending geographically and by sector. In the first case, the post conflict budget prioritises the 170 municipalities most affected by the conflict. In the second case, security spending is now third after health and education, which is consistent with the national development plan priorities on equity, peace, and education. In fact, the creation of a new sector on Social Inclusion and Reconciliation, tasked with eradicating poverty and laying the grounds for peaceful coexistence, is evidence of the evolving prioritisation. Even though it remains small in comparison to other sectors (6 per cent of total expenditure in 2017), it increased two-fold since 2000 in connection to the DDR program and the peace process.

**Security sector reform emerges as one of the most urgent priorities in many contexts (as demonstrated in Figure 2), but is often highly politicised and requires government and donor alignment for meaningful reform to take place.** In certain contexts this is hugely challenging, for example Myanmar and Pakistan (see Box 1 below). In South Sudan, the fragmentation of the military has been a key factor the country’s phases of conflict. The perverse incentive structure means the government does not seek to prioritise security and order in the country, and every faction is driven by the need to protect its own interests and security. This has made the function of the sector more focused on establishing authority, not security and blurs the lines between the civilian and military in South Sudan. Reforming the security sector is therefore a deeply challenging task even as it permeates almost every aspect of governance in the country. The picture in Sierra Leone was very different, where in the early stages of transition the government did prioritise the security of the country. Public confidence in both the military and the police was extremely low as a result of pervasive corruption and an inability to maintain public order, so the government saw SSR as a vital strategy to consolidate the political settlement. Although there was disagreement over the form of SSR the alignment of donor and government priorities was key to the success of early reforms in this area.

### Box 1: Security Sector Reform in military to civilian transitions

Despite moves towards civilian rule since 2010 and free elections in 2015, the Tatmadaw continues to be the most powerful institution in Myanmar, having used its prolonged control of state power to become the dominant political and economic force in society and limiting the autonomy of the state. As a result, security has continued to account for a large percentage of the overall budget during the transition, reflecting the Tatmadaw's dominant role in Myanmar's overall governance. Meaningful reform of the security sector is thus a hugely challenging prospect, and one which is closely linked with the peace process in the country. Ethnic armed groups in Myanmar demand the reform of the armed forces along federal lines, integrating their forces into a 'federal' army. However, the question of how to achieve this and indeed how to determine the role of the Tatmadaw in the civilian-led governance structure of the country remains unanswered.

Pakistan faces similar challenges, where civilian control and oversight of the security apparatus continues to be weak. The Ministry of Defence (MOD) is the overall body responsible for law and order and security within Pakistan, mandated to deal with policy and administrative matters pertaining to the armed forces. In practice, the three branches of the armed forces—Army, Navy, and Air Force—are virtually autonomous and their linkage to the MOD is merely administrative, the latter exerting little or no power over the budgeting, operations, or personnel management within the defence forces.

**Expenditure is not the only indicator of prioritisation, or of improved functionality.** Evidence from several countries suggests that there are instances of successful reform with minimal expenditure, and conversely incidences of high levels of expenditure which have not resulted in meaningful and effective reform. For example, the creation of the aid management system in Myanmar required only small uptick in expenditure to move from almost no functionality to the development of a comprehensive Aid Policy and the establishment of the Development Assistance Coordination Unit (DACU). This unit is widely regarded as working very effectively – playing an advisory role under the government's economic committee and an important role in providing approvals for large aid programmes - whilst costing very little, since the individuals are all also full-time employees in separate institutions. Conversely, in South Sudan, high levels of expenditure on public administration did not equate to improved functionality or indicate government prioritisation, instead representing an increasingly bloated civil service, both in terms of recruitment and salaries. Expenditure in the public sector was used as a means to buy to support and peace in the early transition period and has come to act as a safety net. As a result, spending on salaries crowded out investments in service delivery and infrastructure, even when there was fiscal space to make these investments.

### 3.4 Are public expenditures and donor commitments on core government functions conducive and aligned to their restoration needs in fragile and conflict-affected settings?

**Donor commitments in protracted crises face challenges in the context of multiple transitions and cyclical phases of violence.** In Myanmar, as the transition progressed, donors increasingly moved away from supporting only humanitarian causes to directly developing capacity in government agencies. Although this policy is aligned with a statebuilding approach and has resulted in improvements in functionality in some areas, in the context of Myanmar this shift away from directly supporting ethnic communities and increasingly funding Naypyitaw (the capital city) has caused tensions. In South Sudan, although in the immediate post-conflict period and after independence, efforts were made both by government and donors to align their priorities, donor approaches became increasingly fragmented. Whilst the government made 3 year plans, donors planned annually which made it challenging to predict donor commitments. Similarly, the Multi-Donor Trust Fund over-estimated the government's capacity to implement complex programmes and was thus very slow in getting off the ground, and achieved limited results, prompting donors to increasingly channel aid bilaterally. By 2010, 70% of aid was channelled bilaterally outside of pooled funds. After 2013 when conflict broke out again, donors gradually shifted their focus to providing humanitarian assistance and this trend has continued amid increasing instability and macro-economic uncertainty. The contradiction in South Sudan is that diminishing levels of support in the face of a worsening security situation meant public finance functions (among others) suffered, and gradual improvements which had been made were quickly reversed. The moment at which donor support to technical governance functions was most critical was precisely when the political and security situation prevented its delivery.

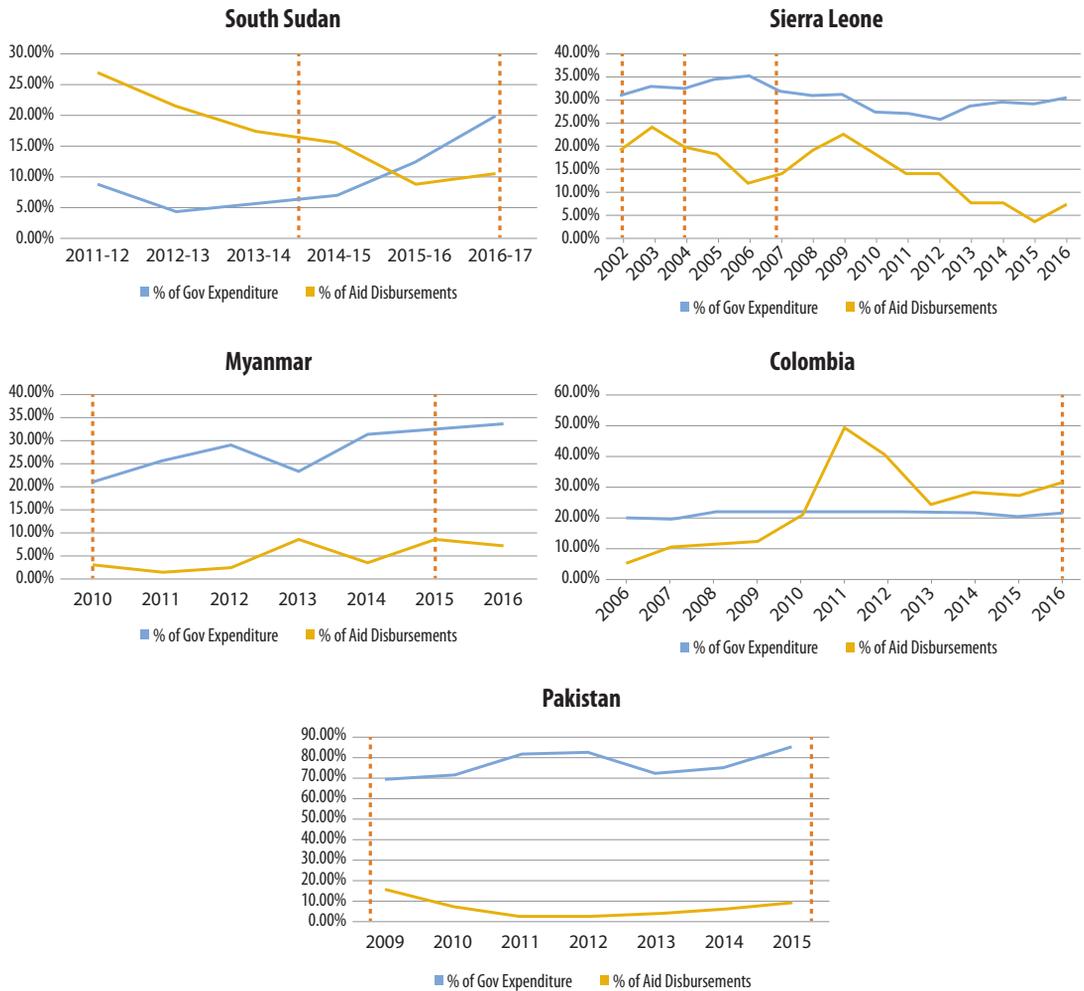
**Donor priorities have also shifted within particular functions over the course of transitions in protracted crises.** In Pakistan and Colombia, where international aid largely supported the security sector throughout the late 1990s and early 2000s, we can observe a shift in the composition of security aid flows. Aid has shifted from investments in the security apparatus to civilian peacebuilding, conflict prevention and resolution in both Pakistan and Colombia. Furthermore, in the case of Colombia, aid flows to the legal and justice system have been increasingly prioritised over peacebuilding itself.

**In some cases donor prioritisation of CGFs seems to wane after a certain period of time from the formal end to the conflict, or a key moment of transition (even where underlying fragility remains), and in situations of protracted crisis.** In some cases this has resulted in stalled or incomplete reform processes. Figure 3 below indicates that external expenditure on CGFs dwindles considerably in Sierra Leone and South Sudan, and shows no increasing trend in Colombia and Myanmar despite ongoing or very recent transition points.

**Looking across the case study countries, there does not appear to be a quantitative relationship between government and donor spending on core government functions over the transition periods we have investigated.** As shown in Figure 3 government expenditure on CGFs remained very flat across the entire period, despite a notable spike in aid disbursements in

2011. In Sierra Leone aid disbursements to CGFs have been volatile, and have dramatically reduced since 2009. However Sierra Leone appears to be the only country where there is a loose trend for donor spending on CGFs to increase after a transition point (in both 2002 and 2007). In Myanmar the 2012-2014 trend may indicate alignment where donor spending and that of government are opposing, a trend also loosely observed in South Sudan post-2014, but this is not indicated as a trend in the remaining data.

**Figure 3** Percentage government expenditure and aid disbursements on CGFs<sup>20</sup>



<sup>20</sup>Dotted lines indicate our identified transition points for each of the countries.

**The extent to which reforms can be donor-driven is closely linked to the financial influence of donors.** There are indications of limited donor influence in contexts where natural resources form a large part of domestic revenue, and conversely, in contexts where aid forms a large proportion of the domestic budget, incentives are more closely aligned to donor priorities. This trend is clear in Sierra Leone, where in the early period of post-conflict transition donor-driven reforms were largely accepted and pursued domestically due to the significant proportion of the country's budget being comprised of aid (approximately 25% in 2004 and 2005). After an initial period of stability allowed for the resumption of natural resource operations, government income from iron-ore post 2007 saw donor influence dwindle. Similarly, in South Sudan, government access to high levels of oil revenue to finance its spending needs from 2005 onwards meant that, with the exception of the MoFEP, donors have had only limited influence over decisions made by the senior ranks of government. This has resulted in a situation where development partners have a limited say in developing or supervising CGF reform, despite pledging significant resources towards CGFs through the Multi Donor Trust Fund and other pooled funds.

**Successful reforms have often come about when donor and domestic priorities align, and the best examples of success occur when there is sustained national ownership and leadership.**

Although examples of this are few, Colombia offers a good case. The signing of the peace agreement in 2016 harnessed donor support for CGF and peacebuilding. As seen, this support has been more political than financial, which points to an alignment in terms of “division of labour”. While the Colombian Government led its peace process, the donor community protected the space for dialogue and helped build trust amongst the parties in a highly politicised and polarised society. As seen in the Rwanda case, sustained prioritisation of expenditure on CGFs (through either peacebuilding or state building umbrellas) and strong domestic ownership and vision were key success factors. Similarly, in Colombia domestic ownership is evidenced by the extent to which reform processes and expenditure in CGFs are sustained by national resources. While Plan Colombia may have been conceived in the U.S., it was certainly paid for by the Colombian government. The same can be said for the current peace deal, with the GoC covering approximately 90% of the peace costs, and donors covering the remaining 10%. In such a context, the role of donors has been key in the political arena. As such, donors' support (particularly the UN and EU) has been aligned to the needs of the transition process (i.e. protecting fora for dialogue, building trust between the parties, monitoring commitments). There were no examples of sustained and successful reform without some level of domestic prioritisation.

### 3.5 What implications does this have on the risk of relapse into conflict?

**Quantitative analysis shows little connection between government effectiveness and fragility.** Using the World Governance Indicator on percentile ranking of Government Effectiveness as a proxy for the progress that governments make in achieving at least one of their key governance reform targets (rebuilding effectiveness), it might be expected that improvements in this score would see an inverse correlation with the fragile states index ranking through two potential causal pathways: firstly, that improved governance reduces the propensity for a country to relapse into conflict and therefore decreases its fragility; secondly, as fragility increases it hampers the ability of the state to effectively govern over its territory and thereby carry out its various functions.

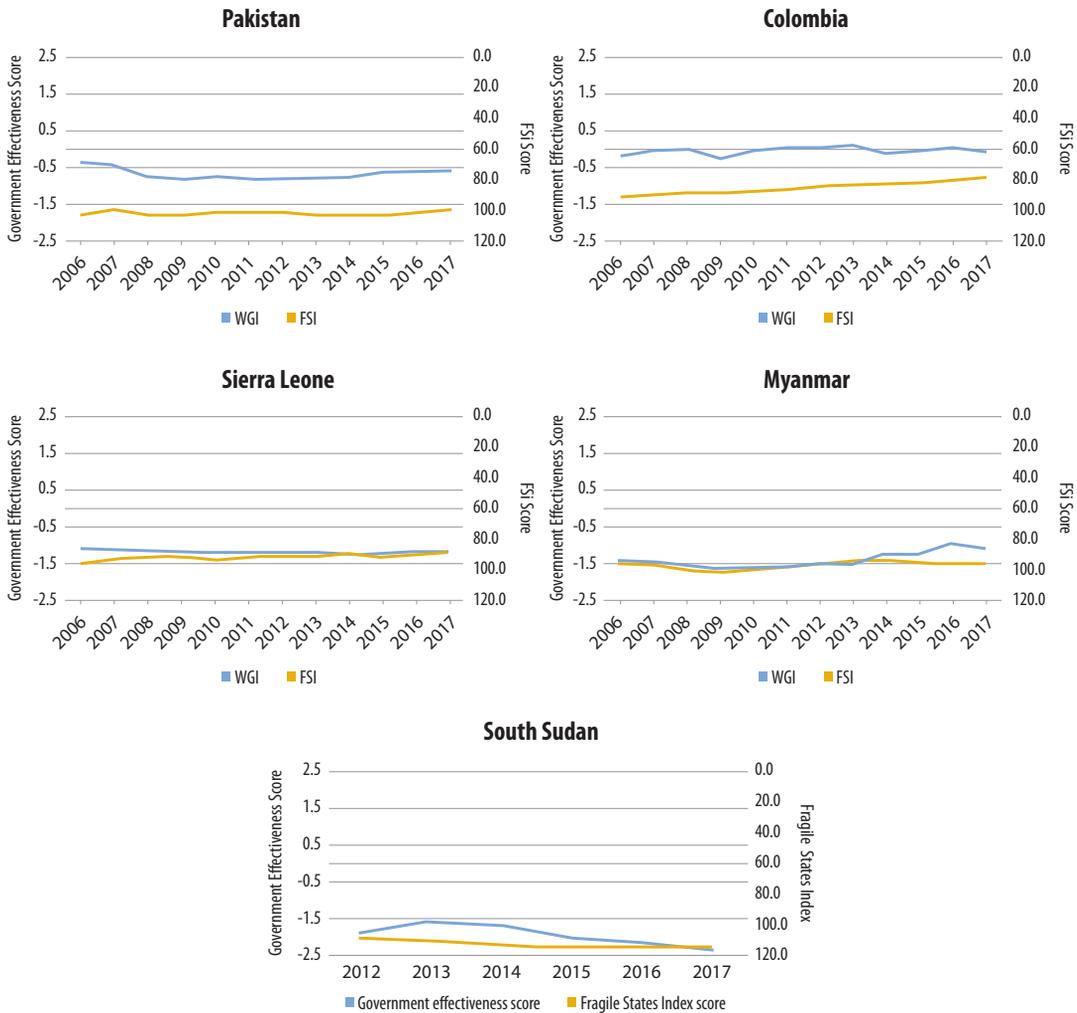
## Box 2: The connection between oil revenues and expenditure on CGFs

In South Sudan, net oil revenues had more than doubled during the period of transition to independence to over USD 2.2 billion in 2010, and further increasing oil prices drove the rapid growth of the administration through a patronage-based system (clientelism). Government expenditure was largely on salaries, allowances and issuing contracts for services. South Sudanese interviewees have referred to government positions being viewed as a 'social welfare mechanism', and anecdotally indicated that government's loose procurement practices at the time explain the large increase in the number of businesses operating in the country over the transition period (from approximately 2,000 in 2007 to over 17,000 companies in 2012). Such clientelism, as well as political repression, featured heavily in efforts to secure the secession referendum, and was for many interpreted as being 'formalised' with independence. The oil shutdown from 2012 to mid-2013 led to a significant drop in revenue, which limited the Sudan People's Liberation Movement (SPLM) senior leadership's abilities to manage the large clientelist structures. Paying salaries and basic operating costs for the organised forces as well as the civil service remained a priority – at between USD 1-2 billion, these comprised 60 per cent of overall spend. To sustain this level of spend in 2012, GRSS significantly reduced spending on public investment and other non-salary items, and other CGFs lost out. This pattern continued with the rapid fall in global oil prices in the second half of 2014: with no reserves left, government was tasked to manage increasing spending levels while net oil revenues halved in three consecutive years. Reducing levels of foreign exchange, steady government borrowing and rapidly diminishing trade levels due to insecurity all contributed to rapid exchange rate depreciation, and double-digit inflation month-on-month, leading to a collapse in the value of civil service salaries and security continued to decrease. This in turn resulted in a halving of aid disbursements to core government functions – several large support programmes to core institutions closed down, and new development aid commitments increasingly targeted maintaining basic social service delivery.

In Colombia, the drop in oil prices also took its toll on public –and CGF– expenditure. From 2010 to 2013 when oil prices soared, public expenditure increased close to 1.6 per cent, going from 17.6 per cent to 19.2 per cent of the GDP. However, as oil prices fell drastically and the economy began a process of deceleration, public expenditure was not adjusted in the same proportion, remaining close to 19 per cent of the GDP. The oil shock created a considerable imbalance in the fiscal accounts: in 2013, oil income reached 3.3 per cent of the GDP but in 2015, such income completely disappeared. At the same time, the depreciation of the exchange rate brought about by the oil price drop increased the value of external debt and interests, creating additional pressures to public expenditure. Government employment was perhaps the function most affected by this. In an attempt to counter such a fall in income, the Government cut back on expenditure by freezing staff costs, reducing by 15 per cent all general costs and cutting the investment expenditures by 13 per cent. Despite such measures, and due to the highly inflexible nature of some budget components, public expenditures as a percentage of the GDP only decreased by 0.3 points. Meanwhile, the National Planning Department and Ministry of Finance had calculated the expected cost of the post conflict for the next 15 years. Against such a dire economic backdrop, the government turned to a major re-focalization of the budget in order to draw out the resources to cover the costs of the post conflict.

However, as Figure 4 suggests, this relationship is weak at the very most, aside from South Sudan where it is worth noting that changes from the 2012 baseline indicators are actually marginal. In Myanmar, as highlighted in the case study report, it is critical to recognise that conflict has not generally been caused or characterised by a disintegration of state capacity, but rather the legitimacy of the central government. So despite a rapidly increasing fragility score

**Figure 4** Case study country World Governance and Fragility Scores



Source: World Governance Indicators and Fragile States Index

between 2006 and 2009, its ability to effectively govern remain unchanged over the same. The conversely rapid decline in fragility sees little change as well. In Sierra Leone, the data shows a steady decrease in government effectiveness over 2006-2017, coinciding with a parallel reduction in fragility. Similarly in Colombia, government effectiveness remains largely unchanged when comparing the baseline and endline figures, despite a consistent decline in fragility over the entire period.

**Lack of reforms or incomplete reforms are more connected to risks of conflict relapse than (increasing or decreasing) levels of expenditure.** Though these are intrinsically connected, what our research has found is that in some contexts, there are connections between (a) a lack of reform, or incomplete reform and (b) conflict risks. For example the connection between poor service delivery and the incomplete nature of decentralisation and local governance reform in Sierra Leone was revealed as a major concern during the Ebola crisis. Additionally, the lack of clarity and agreement over the implementation of the Special Peace Justice (JEP) in Colombia was cited as one of the biggest obstacles for the transition process, with interviewees further stating that this was more of a political problem than a spending issue.

**Similarly, and particularly in contexts of protracted crises, reform processes which are not inclusive or only provide benefits to a particular group do not serve to support peaceful transitions.** For example, while there have been reforms to local governance in Myanmar, most notably through the introduction of subnational fiscal transfers following the creation of State/Region governments - this has increased from around 3 per cent of total Union expenditure to around approximately 8 per cent of the budget in FY 2015/16 - a lack of genuine local governance persists. Chief Ministers of the State/Region governments are still appointed by the President, State/Region governments have a very limited revenue base and must rely on transfers from the union level. The powers of State/Region governments to raise revenue are limited to low value areas – even though many of the ethnic states are home to valuable natural resources. In many sectors there has been no decentralisation of powers, but rather de-concentration of Union ministries to State/Region level. This ultimately means that the majority of government policy is determined by Naypyitaw.

In South Sudan, although there was considerable government and donor spending on core government function reform programmes leading up to, and in the early years after independence, internal tensions at the level of local communities and ethnic groupings over land, security and resources – originating during the two lengthy civil wars that preceded the Comprehensive Peace Agreement (CPA) – were insufficiently addressed and in part exacerbated during the transition period. A largely clientelist political settlement was in this period formalised through a steady process of state capture, in which access to the state’s significant oil resources was competitively distributed. A significant share of the high levels of spend on core functions throughout the period under analysis – both before and after relapses into conflict – supported such state capture. This is reflected an extremely large government payroll, as a result of successive drives to employ large numbers of young, uneducated ex-combatants as well as returnees and to pay key senior officials large allowances, as well as high recurrent government operating costs as a result of large numbers of costly government contracts and public sector benefits that drove up spending arrears. Such excessive spending can particularly be seen in those institutions that are mandated to deliver core government functions.

# 4 Conclusions and Recommendations

Our findings indicate that the hypothesis for this research - *Fragile and conflict-affected governments that prioritise restoring core government functionality in their national budgets are more successful in their transitions towards peace and development* – can hold when three key conditions are true.

1. **When CGFs are prioritised by both governments and donors, and there is continued national ownership and leadership** for expenditure in particular areas to support meaningful reform.
2. **When CGFs are prioritised before the formal end of a conflict, and continue to be over a sustained period of time, even in protracted crises to deliver ‘complete’ reform**, rather than initial prioritisation and then a gradually declining interest by both governments and donors.
3. **When expenditure results in reforms which are genuine and equitable, benefitting society at large** rather than only a particular group or set of groups within it, or when expenditure on a function is being harnessed by the government for its own political agenda.

**Since the connection between expenditure and increased functionality is difficult to trace, the question of what success looks like remains open.** For the purposes of this study, an indicator of success is a reduction in the risk of relapse into conflict. Success in CGF spending also encompasses other aspects such as service delivery, which points to a need to further unpack this idea and adapt it to the reality of each country.

However, we have also found it to be the case that meaningful reform of core government functions can come about with minimal levels of budget prioritisation, and there are lessons to be learned from where this has been the case.

## 4.1 What works?

The case study countries provide a number of interesting examples of how best to achieve the three conditions set out above.

### How to align donor and government priorities

Although we have seen that donor influence over government prioritisation is often linked to their financial influence, and this is often lower in contexts where natural resource revenues finance a considerable part of a country’s budget, Colombia indicates that **donors can also exert political influence over government priorities. This is about striking a balance between hands-on guidance and support, and knowing when to take a step back and respect and promote national ownership.** In Colombia, donors respected the vision of the government’s peace deal, they advised on it, but ultimately it was designed - and paid for - by the government. The role of donors then became to help create the space and conditions for such a vision to materialise.

Even in contexts where the political leadership of a country are not prioritising a particular reform area, it remains possible for donors to **affect change by identifying and working with technocratic ‘reform champions’**. Examples from both Sierra Leone and South Sudan indicate that working with such champions in difficult political contexts was key to successful reforms, not least because these institutional entrepreneurs manage to navigate complex governmental politics and utilise moments of crisis to leverage their knowledge, connections and resources. While the research recognises the need for pragmatism to do what there is space to do; targeting areas which might be stepping stones for larger reforms for instance, it seems increasingly important that in these challenging environments **the international community should not shy away from some of the more politically challenging reform areas**, or risk these becoming entrenched throughout a transition and hence more difficult to reform.

From a donor perspective, alignment also requires tailoring support which understands both the capacity and the resources within government to implement reforms; both of which are often much more limited in FCAS contexts.

### How to continuously prioritise CGFs over a sustained period

Several cases have shown that **prioritisation of CGFs can begin *before* the formal end to conflict or moment of transition**. In Sierra Leone, donors began supporting reform of the security sector several years before the formal end to the conflict, and this led to early successes in terms of right-sizing and improving basic effectiveness; vitally important in the security context of the country. In Colombia, the evolution of public expenditure has happened alongside an evolution of institutions responsible for core government functions, meaning structures and systems were in place by the time the peace deal was signed.

**Even in contexts of protracted crisis and ongoing violence, it is possible to continue supporting reform process**. In each of our five cases, **technocratic reforms such as in public revenue and expenditure management, and to a lesser extent public administration, tended to be more resilient to instability and were more likely to be sustained**. This is often because they are not as politicised as other sectors such as security and local governance.

**Continuous prioritisation can be achieved without continuous expenditure either by donors or government**. Examples from Myanmar illustrate some, albeit small, reform successes with very limited expenditure. For instance by establishing an effective Development Assistance Coordination Unit (DACU) playing an advisory role under the government’s economic committee, made up of individuals who are full-time employed in separate institutions.

However, the research recognises that donor commitments in protracted crises face challenges in the context of multiple transitions and cyclical phases of violence, and South Sudan was a particular example of this. The difficult question remains: how can you continue to engage in a meaningful way in the most challenging contexts, even when the political and security situation is deteriorating?

## How to ensure reforms are genuine and equitable

There are unfortunately fewer examples of success in this area, indicating that this is perhaps the most difficult condition to achieve. What several of our case studies indicate is the danger of **expenditure in a particular sector being harnessed for political gain or political survival by the government**; such as security sector and public administration spending in South Sudan. Indications are that **designing programmes which are inclusive of a broad group of stakeholders and multiple parties to the conflict**; involving both civilian and military institutions in the case of South Sudan, may help to bolster the influence of reform programmes and thus their outcomes.

The absence of good evidence to demonstrate how this condition can be achieved, means there remain several unanswered questions. Both Myanmar and South Sudan illustrate two notable dilemmas: How can governments and donors achieve this equitability in the context of a non-inclusive political settlement? And how might it be possible to balance humanitarian assistance with support for central government when they are seen by the population as being a party to the conflict?

## 4.2 What could work? Recommendations for the donor community

**Understand expenditure within the broader political economy so as to gain insight into the incentive structure behind potential government support (or not) for specific reforms, and drivers of particular prioritisation.** This can be particularly useful where such reforms are less technocratic and focus on oversight and accountability, and such an analysis will also help to identify reform-minded individuals with whom donors can work. In addition, the UN CGF framework could even provide a structure around which to conduct a PEA, illuminating the potential windows of opportunity and the reform options within the functions as well as between them.

**Engage consistently and continuously, even in the most challenging situations.** Needs are greatest in times of crisis and withdrawing in moments of political instability means that reform processes simply follow cycles of violence and any improvements in functionality are lost. Understanding the nuance under which technical staff/technocrats operate in FCAS, and especially in protracted crises, is vital to continue to push for reforms, even in the face of political instability and push-back. Lack of such engagement can lead to an attitude to generalise the incentives that drive decision making and behaviours within the government.

**Tackle the challenging reforms early on, not only the short term fixes.** Our case studies indicate that donors need to be bold in moments of transition. While short-term reform ‘fixes’ will bring about short-term stability, key challenges and weaknesses which remain unaddressed in moments of transition, risk becoming more entrenched structural problems which are increasingly difficult to solve as time goes on. Providing political and financial support for some of the most difficult reforms up front is crucial for the long-term stability of countries transitioning away from conflict.

**(Re)Conceptualise transitions.** Whilst this research does not seek to advocate for a categorisation of countries according to typologies of conflict or transition, the differences between the case studies demonstrate that a nuanced understanding of the type of transition - or multiple transitions - a country is undergoing is vital for donors considering the prioritisation of CGFs. It helps not only to understand the institutional legacies of a conflict or period prior to a transition point and the extent to which that background will influence likely developments, but in addition it helps to elucidate the political economy of decision-making within a government as well as the sets of incentives which exist to prioritise, or not, a particular CGF. In turn, this understanding can bring about more tailored responses to reform packages in FCAS and we hope, will help the donor community to move away from pre-conceived plans based on ‘best-practice’ which are not embedded in the political realities of a specific context.

For UNDP in particular, there is space to **raise the profile of the debate around CGFs, and promote the framework**, both within the institutions’ own country offices and beyond, with other donors. There is clear alignment with the World Bank, but UNDP often also works closely with bilateral donors. From the experience of this research, these donors are often not familiar with this agenda. It would also be beneficial to **understand what the picture of CGF expenditure and reform looks like in more FCAS contexts**. Having more examples will help to provide further guidance on how best to analyse CGF expenditure given different classifications, and will provide a bigger picture with which to test the findings of this study.

### 4.3 Which areas require further investigation?

There are however a number of so-called ‘wicked’ or intractable problems where further investigation, perhaps using other case studies, would prove helpful to identify methods by which these can be addressed.

- Common to each of the five case study countries was the centralisation of political power and reluctance to enact meaningful local governance reform and devolve decision-making. This was especially acute in countries transitioning from military to civilian rule, and has meant that in most of the case study countries meaningful local government is largely absent. How to rebalance this status quo and challenge centralisation, particularly in the context of historical conflicts in these countries, is a real dilemma.
- The precise timing and sequencing of reforms both within and across CGFs is a complex process to unpick. Particularly in contexts where there has been institutional collapse, or the need for a new set of institutions exists such as transitions to independence, donors and governments find themselves asking; ‘what is a priority when everything is a priority?’ Balancing windows of opportunity at certain transition points with lack of political will in particular reform areas remains challenging.
- Making a strong connection between expenditure and functionality is particularly demanding, especially in FCAS where data can be patchy, or in some instances non-existent. Even with good quantitative and qualitative data to understand the ‘reform story’ behind the development of a certain function, it remains difficult to make definitive claims about the link between

expenditure and functionality. Further thinking on indicators of functionality, even if individual to a specific context, would greatly benefit research in this area. Similarly, the question of what success looks like requires further attention. If a reduction of the risks of conflict relapse is one way to go about it, then risk assessments will be required to identify what these are for each country. Such an analysis will need to be complemented by considerations on service delivery and state legitimacy, among others.

Further work in this area could consider a closer examination of the distribution of expenditure within a country; at local or provincial level, since local governance emerges as such an important factor in FCAS. Although accessing and analysing this level of data would be challenging and considerably more involved, it would enable a more robust analysis of the equitability and effectiveness of government expenditures. Another consideration would be to pinpoint what expenditure is genuinely discretionary within particular departments. Such a method would provide a more accurate picture of where reforms are genuinely possible.

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## Annex A Theoretical Framework

Core Function	Measurable Priorities	Relevant Institutions	Budget lines of interest	Relevant Donnor Programmes	Outcome Indicators
<b>Executive decision-making &amp; coordination at the centre of government</b>	Structured, routinised and predictable decision-making process	PMO Min. of Planning MoF	Planning Directorate Strategic policy units (PMO/cabinet) Presidency Council of Ministers National development strategy	Centre of Government Reforms Technical Assistance to the Presidency/PMO	World Governance Indicators CPIA Governance Indicators Polity IV PEFA OPM Qualitative Index
<b>Public Finance: Revenue and expenditure management</b>	Create/Strengthen: - Central Public Finance Authority - Revenue Agency - Supreme Audit Institution  Mid-term Fiscal Perspective Budgeting capacity in major line ministries  FMIS  Investments reflect direction of reconstruction/recovery program  Post-conflict expenditure programs follow traditional budgeting process	MoF Social Sector Min. Revenue Authority Audit Institution Parl. Oversight Comm. Min. of Post-Conflict Out of Budget DDR/SSR	Core units of MOF (e.g. Planning, Budget, Treasury, Tax Policy) Revenue Authority Audit Institutions PFM/Fiscal reform lines IFMIS Investment Training lines on PFM Post-Conflict Programmes (e.g. Reconstruction, DDR, SSR)	PFM Reform Programmes Revenue Mobilization Programmes Post-Conflict Support Programmes (e.g. DDR/SSR)	Ratios (e.g. budget execution, revenue to GDP) CPIA Governance Indicators PEFA OPM Qualitative Index
<b>Government employment and public administration</b>	Control the size of government workforce Training to selected government programmes (e.g. skills in CPAF)	Min. Public Admin. Pub. Sector Reform Unit	Pub. Admin. Min. Pub. Sector Reform Unit HR management systems Wage bill - front line staff Wagebill per head growth Training budget line Allowances & supplements	Civil Service Reform Progr. Civil Service Training Progr.	Worldwide Bureaucracy Indicators PEFA (e.g. Payroll Control) OPM Qualitative Index
<b>Security Sector</b>	Avoid large/sudden spikes in security expenditure Support for DDR Controlling major crime	Min. Internal Affairs MoD MoJ Min. of Post-Conflict Out of Budget DDR/SSR	MoD vs Inter. Affairs Allocations Police force MOJ SSR & DDR	Rule of Law SSR DDR Military Training	Global Peace Index World Governance Indicators Polity IV OPM Qualitative Index
<b>Local Governance</b>	Restore basic functionality of sub-national governments: - financial resources for basic equipment - resumption of payroll payments - rehabilitation of facilities	Min. of Local Gov. MoF Sub-national Admin.	Central vs Subnational Allocations Decentralisation Reform Local Government Training Local Government Infrastructure	Decentralisation and Local Governance Programmes	World Governance Indicators PEFA OPM Qualitative Index
<b>Aid Management, financing and donor relations</b>	Single aid management unit Multi-donor trust funds Aid channelled through country systems	MoF	On budget vs off budget Development Cooperation Dep. Investment on AIMS	Sectoral Composition of Aid Aid mechanisms (Budget Support, SWAP) AIMS support	OECD Global Partnership Monitoring Framework PEFA OPM Qualitative Index

## Annex B Interview Templates

### B.1 Key Informant Interview Template – Donors & Think Tanks

#### *Introduction:*

OPM was commissioned by UNDP to conduct a study seeking to understand whether (and how) prioritising spending on core government functions can lead to more successful transitions towards peace in fragile and conflict-affected countries. The research will cover five comparative case-studies including Colombia, Pakistan, South Sudan, Sierra Leone and Myanmar.

We will use a mixed-methods approach which will involve an analysis of public expenditure patterns in conjunction with a qualitative enquiry to capture the views of government and other stakeholders on the priority given to Core Government Functions (CGF).

The Core Government Functions we will analyse have been defined in a joint UN/WB report and comprise:

1. Executive decision-making and coordination at the centre of government;
2. Public revenue and expenditure management;
3. Government employment and public administration;
4. Local governance;
5. Security Sector;
6. Aid management, financing and donor relations.

The key transition milestones we have identified for [the case study country] are:

#### *Questions*

Which areas of government functionality are prioritised today? [Prompt: were any of these CGFs? what reasons led to their prioritisation?]

How has that changed over time following the end of the conflict/ during identified transition phases?

To what extent were these reforms driven – in part or as a whole - from the political will of the country's leadership, by the country's bureaucracy (e.g. reform champions) or by the donor community? [Prompt: why did certain actors drive certain reforms?]

What, if any, quick impact initiatives were undertaken in the immediate aftermath of conflict/during the transition? [Prompt: What was their purpose – e.g. to restore basic functionality, to cement reform, to prioritise particular rehabilitation?]

## Executive coordination at the centre of government

What has been undertaken to reform the structure of the planning and decision-making processes at the centre of government following the end of the conflict/transition?

To what extent have reforms translated in an improved coordination at the centre of government?

Are there existing dysfunctional practices surrounding operations at the centre of government? Do these persist from before the conflict/transition milestone? Are they linked to capacity constraints or to broader political resistance?

## Public finance: revenue and expenditure management

### *Legal & Organizational*

Was the strengthening or creation of central public finance agencies (e.g. Ministry of Finance, Ministry of Planning, Treasury, Revenue, Accountant General, Auditor General) undertaken following the end of the conflict/transition milestone? Which measures were undertaken?

Was any kind of mid-term fiscal perspective introduced in the country following the end of the conflict/transition milestone? [Prompt: What kind (i.e. MTFF or MTEF)? Why?]

Were other policies adopted to reform the legal and institutional set up of the PFM system (e.g. transparency, programme based budgeting)? [Prompt: why/why not?]

To what extent have reforms translated into an improved legal and institutional set up of the PFM system?

### *Revenue*

Which tax policy and administration measures were adopted to guarantee a steady flow of revenue following the end of the conflict/transition milestone?

To what extent have reforms translated into improved revenue collection?

*[If extractive revenues are important in the case study country]* What provisions are in place for sound governance of extractive revenues and their appropriate allocation? How well do these function in practice?

### *Expenditure Management*

What sort of budget planning or budget execution reforms were conducted - if any - (e.g. commitment control, cash management, accounting and reporting) following the conflict/transition milestone? [Prompt: Were other policies adopted to reform expenditure management?]

Do adequate provisions exist for cooperation between the finance and the planning functions, whether located in a single ministry or separate ones? Does this cooperation happen effectively in practice?

Was any kind of financial information system adopted or restored by the central financial institution following the end of the conflict/transition milestone? What type of system was installed?

Were there any initiatives to strengthen the capacity of line ministries or sectors following the conflict/transition milestone? Which line ministries were prioritised?

Were there special post-conflict expenditure allocations or programmes? How were the allocations to these programmes planned, executed and accounted for?

To what extent have reforms translated into improved expenditure management?

### **Government employment and public administration**

Were policies adopted to reform the civil service (e.g. revision of recruitment and promotion criteria, compensation structure, wage-bill ceilings) following the end of the conflict/transition milestone?

What happened to government employment during the conflict, and the identified transition milestones? [Prompt: Did employees leave the country? Were there certain ministries/regions lacking in staff?]

Was there previously partisan political interference in individual personnel decisions? Is this still the case?

Do certain parties, groups or factions currently control some ministries? Do these arrangements help support the political settlement and consolidation of security, or are they motivated by other considerations?

What sort of training or capacity building efforts were conducted following the end of the conflict/transition milestone? Which functions' and ministries were targeted? Why?

What other sorts of public administration reforms were adopted following the end of the conflict/transition milestone?

To what extent have reforms translated into a more effective public administration and civil service?

### **Security sector**

Which sort of measures were adopted to reform the security sector following the end of the conflict/transition milestone? Which areas were prioritised? [Prompt: Was there any programme of disarmament, demobilization, and reintegration? What did it consist of? Was there any programme to develop/reform the police force? What did it consist of?]

Are there significant fractures in the police force or military along ethnic, religious, ideological, regional lines? Are there police/military factions aligned to political factions?

How are military groups or institutions viewed by the public? Do they enjoy broad legitimacy?

Which initiatives were undertaken to legitimize the security apparatus (e.g. separation of military and police, vetting processes of new recruits, integration of minorities)?

What judicial reforms have been undertaken and how are these linked to the political settlement achieved at the end of the conflict/transition?

### **Local governance**

Did the peace/transition settlement include a comprehensive agreement on local government? [Prompt: What was envisioned (e.g. restoring basic functionality, devolution of functions, revenue sources)? Which areas were prioritised (e.g. securing financial resources for basic equipment, resumption of payroll payments, rehabilitation of facilities, planning/budgeting, urban planning)?

How are resources allocated across local governments? Were there any changes to the methodology employed following the end of the conflict/transition? Was there specific prioritisation of certain locations or sectors?

What are the main sources of direct revenue to local governments? Have these changed following the end of the conflict/transition? Do these revenues account for a large part of local governments' resources?

(How) has communication between sub-national and national government changed since the transition milestone(s)? What if any strategic connections are made between national and sub-national reform processes?

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

What is the overall status of mechanisms to promote participation (information-sharing, participatory planning, permanent local development committees, social accountability, etc.)? Where they exist, are any of these structures parallel to subnational government decision-making rather than connected to it?

To what extent have reforms translated into a more effective subnational governance system?

### **Aid management, financing and donor relations**

What has been the pattern of support for CGF from donors since the end of the conflict/ transition milestone(s)?

Which UN agencies/bilateral donors provided support specifically for CGF?

How effectively was this timed and coordinated?

What were the specific areas of focus?

Were there other areas beyond CGF which were prioritised by the donor community?

Was an aid management unit set up, and what was the process and timing for this?

Has an aid information system been established or restored after the end of the conflict/transition milestone?

Have multi-donor trust funds focused on CGF? [Prompt: If yes, what have been the advantages and drawbacks of aid funding through MTDFs in the post-conflict phase?]

To what extent has the aid provided to the country been using or is aligned with its own systems? [Prompt: To what extent are the external financial resources provided to the country 'on-budget'?]

To what extent was donor funding accompanied by technical assistance and capacity support?

At what stage in the transition process did this happen? Was there a sequenced approach to this? Was the timing optimal?

Was technical assistance prioritised to the correct areas?

Has this shown results in developing local capacities over the medium/long-term?

To what extent have these reforms translated into a more effective aid management system?

## **B.2 Key Informant Interview Template – Government Representatives**

### ***Introduction***

OPM was commissioned by UNDP to conduct a study seeking to understand whether (and how) prioritising spending on core government functions can lead to more successful transitions towards peace in fragile and conflict-affected countries. The research will cover five comparative case-studies including Colombia, Pakistan, South Sudan, Sierra Leone and Myanmar. We will use a mixed-methods approach which will involve an analysis of public expenditure patterns in conjunction with a qualitative enquiry to capture the views of government and other stakeholders on the priority given to Core Government Functions (CGF).

The Core Government Functions we will analyse have been defined in a joint UN/WB report and comprise:

1. Executive decision-making and coordination at the centre of government;
2. Public revenue and expenditure management;
3. Government employment and public administration;
4. Local governance;
5. Security Sector;
6. Aid management, financing and donor relations.

The key transition milestones we have identified for [the case study country] are:

## *Questions*

Which areas of government functionality are prioritised today? [Prompt: were any of these CGFs? what reasons led to their prioritisation?]

How has that changed over time following the end of the conflict/ during identified transition phases?

To what extent were these reforms driven – in part or as a whole - from the political will of the country's leadership, by the country's bureaucracy (e.g. reform champions) or by the donor community? [Prompt: why did certain actors drive certain reforms?]

What, if any, quick impact initiatives were undertaken in the immediate aftermath of conflict/during the transition? [Prompt: What was their purpose – e.g. to restore basic functionality, to cement reform, to prioritise particular rehabilitation?]

## **Executive coordination at the centre of government**

What has been undertaken to reform the structure of the planning and decision-making processes at the centre of government following the end of the conflict/transition?

To what extent have these reforms translated in an improved coordination at the centre of government?

## **Public finance: revenue and expenditure management**

### *Legal & Organizational*

Was the strengthening or creation of central public finance agencies (e.g. Ministry of Finance, Ministry of Planning, Treasury, Revenue, Accountant General, Auditor General) undertaken following the end of the conflict/transition milestone? Which measures were undertaken?

Was any kind of mid-term fiscal perspective introduced in the country following the end of the conflict/transition milestone? [Prompt: What kind (i.e. MTFP or MTEF)? Why?]

Were other policies adopted to reform the legal and institutional set up of the PFM system (e.g. transparency, programme based budgeting)? [Prompt: why/why not?]

To what extent have these reforms translated into an improved legal and institutional set up of the PFM system?

### *Revenue*

Which tax policy and administration measures were adopted to guarantee a steady flow of revenue following the end of the conflict/transition milestone?

To what extent have these reforms translated into improved revenue collection?

### *Expenditure Management*

What sort of budget planning or budget execution reforms were conducted - if any - (e.g. commitment control, cash management, accounting and reporting) following the

conflict/transition milestone? [Prompt: Were other policies adopted to reform expenditure management?]

Was any kind of financial information system adopted or restored by the central financial institution following the end of the conflict/transition milestone? What type of system was installed?

Were there any initiatives to strengthen the capacity of line ministries or sectors following the conflict/transition milestone? Which line ministries were prioritised?

Were there special post-conflict expenditure allocations or programmes? How were the allocations to these programmes planned, executed and accounted for?

To what extent have these reforms translated into improved expenditure management?

### **Government employment and public administration**

Were policies adopted to reform the civil service (e.g. revision of recruitment and promotion criteria, compensation structure, wage-bill ceilings) following the end of the conflict/transition milestone?

What sort of training or capacity building efforts were conducted following the end of the conflict/transition milestone? Which functions' and ministries were targeted? Why?

What other sorts of public administration reforms were adopted following the end of the conflict/transition milestone?

To what extent have these reforms translated into a more effective public administration and civil service?

### **Security sector**

Which sort of measures were adopted to reform the security sector following the end of the conflict/transition milestone? Which areas were prioritised? [Prompt: Was there any programme of disarmament, demobilization, and reintegration? What did it consist of? Was there any programme to develop/reform the police force? What did it consist of?]

Which initiatives were undertaken to legitimize the security apparatus (e.g. separation of military and police, vetting processes of new recruits, integration of minorities)?

What judicial reforms have been undertaken and how are these linked to the political settlement achieved at the end of the conflict/transition?

### **Local governance**

Did the peace/transition settlement include a comprehensive agreement on local government? [Prompt: What was envisioned (e.g. restoring basic functionality, devolution of functions, revenue sources)? Which areas were prioritised (e.g. securing financial resources for basic equipment, resumption of payroll payments, rehabilitation of facilities, planning/budgeting, urban planning)?]

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What are the main sources of direct revenue to local governments? Have these changed following the end of the conflict/transition? Do these revenues account for a large part of local governments' resources?

(How) has communication between sub-national and national government changed since the transition milestone(s)? What if any strategic connections are made between national and sub-national reform processes?

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### **Aid management, financing and donor relations**

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