

# 1. INTRODUCTION<sup>1</sup>

## A. BACKGROUND

1.1 **Over the past year, and particularly in recent months, the question of sub-national administration has escalated tangibly in importance:** it has become the focus of much attention in Government documents, has been the subject of a number of substantial analytic efforts, and donors have begun to direct expanding amounts at initiatives targeted at the sub-national level.<sup>2</sup> There are three chief reasons for this:

- *A number of sub-national institutions mandated by the Constitution (such as the Provincial Council) have been established, lifting expectations but also exhibiting problems and generating considerable confusion about their roles and responsibilities. In some cases – such as the District and Municipal Councils - their introduction has been deferred indefinitely, creating a constitutional and institutional vacuum, and raising questions about how this is to be filled;*
- While numerous local investment and service-delivery programmes have been rolled out, they have often found that *co-ordination and alignment* are difficult and sustained delivery has been hard to achieve. Moreover, security-driven investment approaches (often, but not exclusively, emanating from the Provincial Reconstruction Teams), which focus mainly on the rapid creation of physical assets using non-government systems, have sometimes conflicted with government institutions and processes, potentially undermining the latter and raising questions about the overall trajectory of institutional development at the SN level.<sup>3</sup> And, where broadly successful programmes have generated institutional capacity at the sub-national level, key choices concerning the future of this capacity have become stark and unavoidable. What, for example, should become of the thousands of CDCs established under the NSP when their current funding runs out?
- As the CSIS noted earlier this year,<sup>4</sup> *the continued weakness of sub-national structures in certain parts of the country has allowed milita commanders and criminal elements to assert themselves, undermining local governance and service delivery and aggravating security problems. The resurgence of the insurgency and the destruction of local facilities in certain parts of the country<sup>5</sup> have brought home the point that the key question surrounding the character of the state in Afghanistan is not that of a strong centre vs a strong periphery(ies). Rather, it is whether the current de jure (and often hollow) state at the periphery can become a de facto state at the periphery;<sup>6</sup> whether robust and institutionalized systems of government can be expanded and deepened within*

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<sup>1</sup> This report was written by Roland White and Sarah Lister based on work undertaken in Afghanistan over January-May 2007. Arif Rasuli provided invaluable contributions throughout.

<sup>2</sup> On the Government side, see, for example, the Education Sector Strategy for the ANDS, March 2007, and the April 2007 paper on Provincial Budgeting and Provincial Planning developed for the recent ADF. Analytic initiatives include the USAID funded “Assessment of Sub-National Governance in Afghanistan” undertaken by The Asia Foundation, the AREU study underway, and the World Bank Public Administration study of which this report comprises a part. Donor programmes include the USAID ABC programme, NSP II, UNDP ASGP, and so on.

<sup>3</sup> Interview with Provincial Governor Nangahar; Commander Nangarhar PRT etc. It should be noted that the PRTs are acutely aware of this problem and have begun to take steps to ameliorate it (ESC Policy Note December 2006).

<sup>4</sup> *Breaking Point: Measuring Progress in Afghanistan*, p. 17, CSIS, March 2007.

<sup>5</sup> In the 18 months from March 2005, almost 150 attacks on schools were report (MoE data).

<sup>6</sup> The term “de facto” state is employed here as it has been in previous World Bank work to mean a “real” (as opposed to “paper”) state – see, for example, AREU and the World Bank, 2004, *A Guide to Government in Afghanistan*.

the provinces and below. It is increasingly widely recognized that success in this area is central to achieving progress in respect of the three fundamental challenges identified in the IANDS: security, governance, development.

## B. OBJECTIVES

1.2 **It is one thing for an issue to gain higher visibility; it is another for a set of coherent and definite steps to be formulated in order to address it.** Arguably, the critical constraint to strengthening the sub-national system in Afghanistan is the absence of either a clear policy framework regarding its desired institutional structure, and a strategy either on the part of government or of donors – to guide actions and activities to realize it. In fact, GoA has recently pointed this out, identifying a need for

“a strategic institutional framework to improve the operating capacity of sub-national governing units...[with] a need for higher clarity on the roles, functions, relationships and resource allocation for the various entities within the provincial administration.”<sup>7</sup>

1.3 **The Constitution and other legislation provide a legal foundation for a number of sub-national organs, such as the Provincial Councils and elected Municipal Councils, but this tends to be broad and ambiguous** and often begs more questions than it answers about who should be doing – and is accountable – for what, the resource flows that are necessary for the effective exercise of powers and functions, the implementing mechanisms that need to be developed, and so on. The costs of these lacunae have mounted steadily and have become increasingly visible to all. Both government and donors need greater clarity on the basic structure of the sub-national system, how its different elements fit together, how best to allocate roles and responsibilities among them, where to focus funding and institutional effort, and which sorts of planning, co-ordination and implementing mechanisms to support.

1.4 **This report comprises an initial effort to address this question.** It builds on the considerable analytical work that has already been done on sub-national administration and governance and seeks to add value in four areas: first, to provide additional information and analytic insight into the nature of sub-national service delivery and governance in Afghanistan; second, to develop a simple and coherent substantive framework regarding the sub-national system for discussion and dialogue within government and the donor community; third, to propose a number of concrete initiatives that could be undertaken in order to strengthen the sub-national framework as proposed; and fourth, to suggest some procedural recommendations in order to move things forward.

1.5 The report begins (Section 2) by providing an overview of the chief elements of the sub-national system in Afghanistan and the core issues surrounding each of these. It then (Section 3) proceeds to provide some analysis of its key features and the environment for reform. Section 4 suggests a strategic approach to strengthening sub-national governance and service delivery through outlining a number of broad challenges, developing a substantive concept for the evolution of the SN service delivery and governance system, and identifying the main generic activities that are necessary to strengthen it. It also recommends a number of specific initiatives that could be taken in respect of each of the main sub-national organs of government and concludes by proposing a number of procedural steps that may be taken in order to facilitate progress.

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<sup>7</sup> GoA, “Provincial Development, Provincial Budgeting, and Integration of the Provincial Development Plans into the ANDS”, April 2007

## C. QUALIFIERS

1.6 Three important points should be stressed at the outset, all of which go to issues of some sensitivity in the Afghan context. **First, the authors of this report are acutely aware that a great deal of government and donor activity is currently focused on the sub-national question and that, in certain areas, much progress has been made.** None of the sometimes critical insights offered here is made in ignorance of this, nor does the discussion proceed on the assumption that reform of the sub-national system can be approached as if it were a *tabula rasa* on which an abstract picture can be painted and imposed. On the contrary, this report takes the existing structure, and the current activities – many of which have delivered promising results – as a point of departure and seeks to build on these.

1.7 **Second, the normative perspective adopted in this report is an institution-building one.** This assumes that both government and donor efforts should be directed primarily at the goal of building institutional systems and capacities which will improve governance and effective service-delivery over the medium and long term. It implies that initiatives which focus on the creation of physical assets are important, but should be designed in such a way as to support rather than undermine this basic institutional goal. Initiatives which are likely to aggravate the existing institutional incoherence, or introduce institutional dissonance into the system, should be avoided, however tempting the short-term prospects of putting “pipes in the ground” or “tar on the roads” may appear. This perspective derives not just from a well-established consensus in the international literature that institution building is cardinal to development, it is also born of the view the ultimately the expansion of durable and credible institutions of governance and delivery are fundamental to the security of the Afghan state, and are a much better way of securing its future than attempts to buy popular credibility with short-horizon investments that leave no lasting institutional impact (and which usually degrade rapidly without institutional systems to maintain them).

1.8 Third, it needs to be acknowledged that the discussion of “the sub-national” and what to do about it has often been clouded by an assumption that an emphasis on the importance of the sub-national implies a normative view in favour of greater political devolution, something which is anathema to the current government (more on this later). These clouds need to be lifted. **The fact that this report suggests that it is imperative that greater and more disciplined effort be placed on sorting the subnational system out does not suggest that Afghanistan should go down the road of greater political devolution.** In fact, as section 4 indicates, the report takes the current central-provincial structure in Afghanistan, and the political consensus surrounding it, as a given and seeks ways to improve its performance and functioning within these parameters.

### **BOX 1.1 : VARIANTS OF DECENTRALIZATION**

This report uses the terms deconcentration, delegation and devolution to describe different variants of “decentralization” or the relationship between central and sub-national entities. In practice, most intergovernmental systems have some elements of each of these variants. This box clarifies these terms.

**Deconcentration** refers to decentralization of central government ministries and arrangements whereby subnational governments act as agents of the center. Sometimes regional branches of central offices and agent governments have some authority to make independent decisions, usually within central guidelines. Often, though, deconcentrated local government lacks authority over the scope or quality of local services and how they are provided.

Under **delegation**, subnational governments rather than branches of central government are responsible for delivering certain services, subject to some supervision by the central government. Delegation may improve efficiency when subnational governments can better administer programs of national interest—including certain aspects of education, water, and health—in ways that better reflect local circumstances. The center, or sometimes intermediate government, determines what should be spent, and may also set minimum service standards, while subnational governments define the details. The design of intergovernmental fiscal transfers, and the degree and nature of central monitoring, influence the balance between central and local decision making under delegation.

**Devolution** is the most complete form of decentralization. Independent or semi independent and, typically, elected subnational governments are responsible for delivering a set of public services and for imposing fees and taxes to finance those services. Subnational governments have considerable flexibility in selecting the mix and level of services they provide. Other levels of government may provide intergovernmental transfers. For devolution to work, the central and local governments must act as partners, with the former keeping its commitment to devolve functions, and local officials agreeing to make difficult choices and develop the capacity to exercise their powers effectively.

Taken from “*East Asia Decentralizes*”, Chapter 1, World Bank, 2005