(Re)Building Core Government Functions in Fragile and Conflict Affected Settings

Joint Principles for Assessing Key Issues and Priorities

6. Local Governance
Disclaimer

This redacted and revised version of “Rebuilding Core Government Functions in Fragile and Conflict Affected Settings” is an *Exposure Draft* being released for public interest and consideration. The thinking on core government functions is continuing to evolve, and this paper is one of several efforts at engaging on this topic. The principles and guidelines explored here will be tested over the next few years, and a revised version will be produced subsequently in light of the lessons learned. It does not reflect the views and opinions of the World Bank Group or its Board of Directors, nor of the United Nations.
Preface

This report forms part of a response to growing calls for the United Nations, the World Bank and the International Monetary Fund to engage more systematically and coherently in fragile and conflict-affected contexts and indeed in major crises affecting security and development. In 2013, the Secretary-General’s Policy Committee called on these institutions to develop a joint approach and methodology to assess needs and improve the provision of support to core government functions in the immediate aftermath of conflict. This was echoed recently by the High-Level Independent Panel on Peace Operations in 2015 and falls within the scope of the Partnership Framework Agreement for Crisis-Affected Situations signed in April 2017 by the UN Secretary General and the WB President.

In the immediate aftermath of conflict, understood as the first three years after the cessation of widespread violence, the short-term objectives of assistance are usually focused on stabilization: to provide a minimum level of security, set in motion the beginning of an economic recovery and lay the initial foundation for long-term institutional development. The importance of restoring core government functions has been repeatedly identified as critical to sending confidence-raising signals to the population in the aftermath of conflict, to both project the authority of the state and for the delivery of services that improve development outcomes.

The lessons learned over the past decade emphasize the importance of incorporating a political economy approach to building core government functions, the need for flexibility and adaptation to changing political and security circumstances, the management of risk and the importance of staying the course in the face of crises and temporary reversals. Rather than adopting comprehensive reforms or entirely new business processes, it is about building on existing institutional legacies, adapting existing systems and working in an incremental manner. Tradeoffs between introducing the basic building blocks of public financial management, and understanding the need to distribute rents that create stability will need to be recognized and addressed. A key requirement for a durable recovery is a political settlement that is sufficiently inclusive of the major elite coalitions with the capacity to mobilize organized violence. Partnerships between the United Nations and the World Bank can enable greater flexibility in providing support, through enhancing the areas where one partner has a comparative advantage, whether it be geographical access, depth of technical expertise or an explicitly political mandate.
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A.6 Local Governance
Chapter 6. Local Governance

6.1 Objective

The immediate objective to pursue is to extend the legitimacy of the state through outreach and engagement of central government through sub-national administration; build confidence in the public administration by enabling resource distribution at the local level; signal efforts by the state to respond to pressing service delivery needs, in particular through engagement of communities in local recovery processes; and address drivers of insecurity or conflict by expanding engagement of the population in processes for decision making and the distribution of public goods.

6.2 Local governance in a post-conflict setting

Centre-periphery dynamics can be a key driver of responsive and inclusive governance, but also of violent conflict. Sub-national institutional arrangements take shape gradually and in some contexts they may not be in place for several years after a peace agreement is brokered and a political transition is underway. Yet, systems of local governance hold a unique set of opportunities and challenges in the immediate aftermath of conflict. On the one hand, sub-national institutions may have continued to function during the course of armed conflict. They may hold potential to serve as a nexus of the citizen-state relationship and for addressing some of the underlying drivers of fragility by projecting authority, distributing resources, and incorporating citizens into an evolving political settlement.

On the other hand, there is a risk that sub-national institutional arrangements exacerbate fragility by promoting factional interests or by creating conflict between state and non-state authorities, between levels of government, and among groups vying for control of a particular jurisdiction. It also increases the arenas of contest - demarcation of sub-national territories can be especially contested in fragile settings and additional tiers and entities of government may provide new arenas for rent-seeking. Further, devolved local government systems have often struggled to meet expectations because of constraints on capacity and resources (fiscal, human, and even physical) at sub-national levels in part due to a lack of political will.

A number of contextual factors influence the extent to which sub-national institutions are able to meet expectations and deliver perceived benefits:

- **Peace may be slow to reach the ground.** Conflict may continue at local level after national peace agreements have been signed, as local groups may not have the incentives to abide by these provisions. Localized grievances can trigger local, or even national, insecurity even years after a national level settlement has been brokered. There is also a risk that sub-national institutional arrangements can exacerbate instability by promoting factional interests or conflict between groups vying for control of a jurisdiction; or if distributive mechanisms are operating on the basis of patronage it may lead to perceptions of inequality between groups.

- **Severed connections between local and national.** Transportation and communication networks are frequently cut or militarized, and support from central government is diverted to from civilian administration to security and military forces. At the same time, local revenue generation collapses as trade and commerce decline, whilst aid flows to the local level mostly skirt local governments and fund non-state actors instead. Also, local governments are often the first responders in supporting populations, whilst dealing with damage suffered
by public infrastructure and s during conflict, a thin asset base (office, mobility, communications, technical services), and a decimated workforce (killed, fled, attrition).

- **Social capital.** Even in relatively stable contexts, citizens often face numerous obstacles to holding local authorities (formal or informal) to account. These obstacles are often exacerbated in the immediate aftermath of conflict; communities may be deeply divided as a result of conflict; violence can sever ties at all levels (family, community, state) and disproportionately impact on specific groups. The social foundations of local government can be destabilized by the displacement of populations, the presence of armed actors, and/or militarization.

- **Contested legitimacy of local governments.** Civil and political conflict can undermine accountability and discredit even highly effective/capacitated governing institutions. Local elected and legally-approved authorities may be ignored or become illegitimate during or right after conflict and new *ad hoc* decision-making bodies and informal leadership can take control of assets and authorities of local administrations.

### 6.3 Principles

- **Function over form.** The resumption of minimal levels of service delivery and the facilitation of participation in decision-making where possible is critically relevant in creating or re-instating formal institutional arrangements or agreeing to best-practice options for the future sub-national institutional arrangements of the state. This may mean making use of community decision making rather than formal subnational government decision making.

- **Avoiding the capacity fallacy.** Weak technical capacity of local governments can be a constraint on resuming service delivery, but this should not be a deterrent to promoting post-conflict local solutions; laying the foundations for longer-term capacity building.

- **Accountable decision-making to restore confidence in the state.** Local elections may not be feasible in the immediate post-conflict situation, and the existence of mechanisms for accountable decision-making at the local level cannot be assumed. Yet, an emphasis can be given to building and strengthening what institutional and social accountability mechanisms do exist, especially with regard to revenue and expenditures of local governments. In the absence of agreed laws, these may be informal.

- **Recognizing local diversity.** “One-size-fits-all” packages of support may be needed in the immediate aftermath, for the sake of rapid response, but support should shift to differentiated approaches as soon as possible. A regionally differentiated approach may be necessary: not all areas of a country had to deal with the violence on a same basis, and surviving regional capacities are uneven. Urban areas in particular require a different approach to more dispersed rural populations.

- **Reducing the distance between the national and the local.** Building linkages between local and national governance early on, including by rebuilding intermediary levels of government, ensuring communication capacities and enabling resource flows, is key to rebuilding the viability of the state. Investing in community-driven interventions may increase in the short-term the provision of services, but can delay the rebuilding of functional intergovernmental relations, important for state-building and long-term recovery.
6.4 Priorities

6.4.1 Immediate post-conflict priorities

• **Identify local governance realities.** Conflict periods can make post-conflict *de facto* local governance situations significantly distinct from *de jure* formats. Identifying the physical and functional presence of local governments and the *de facto* decision-making arrangements is a prerequisite to any assistance framework.

• **Explore whether it is desirable to stabilize and empower transitional forms of local leadership until local government is restored.** Determining whether a local government leader is an acceptable partner will need to be established and specific criteria should be agreed between partners.

• **Restore basic functionality of sub-national governance.** Directly related to the above, immediate measures may be required to restore basic working environments and stop attrition of staff. This may include provision of basic equipment, resumption of payroll payments, and rehabilitation of facilities, as well as ensuring basic security to local government staff. It is important to restore the basic functionality to delivery services and not de-couple services from the functionality of the government.

6.4.2 Peacebuilding through local governance

• **Prioritization of geographic constituencies.** This requires identifying areas of the country with the greatest ability to destabilize the political settlement, and rapidly assessing whether conflict risks warrant engagement in specific areas, through ad-hoc stabilization or early recovery programs.

• **Sequencing of security and civilian support.** It is critical that expansion of local security provision is prior to but closely coordinated with deployment of civilian administration. Locations with higher risks (e.g. where demobilized fighters resettle, large internally displaced populations, urban centres) should be prioritized.

• **Enabling outreach and engagement at local level.** Local authorities should be supported to reach out to marginalized groups in local politics (women, youth, minorities, ex-fighters). This can help tie potential spoilers into the local political process, as well as mobilize social capital of customary leaders, and other civil society actors, around local governance arrangements.

• **Foster effective communication and exchange between local levels of governance and national political processes.** Creating avenues for sustained participation in national politics may take time, and in their absence expectations have to be managed, often through using local platforms to enable direct dialogue between national and local actors.

6.4.3 Local recovery and service delivery

Planning for and implementation of reconstruction and recovery of the periphery provides opportunities to strengthen local government systems, build capacities and contribute to legitimacy of the evolving political settlement through delivery of public services.

• **Systematization of planning process.** Ideally, local plans should be informed by national sector priorities using simple standardized guidelines developed by central government. It should aim to align with responsibilities for service delivery between levels of government and with non-state actors.
• **Participatory needs assessment and preparation of local recovery plans and budgeting.** As much as possible, plans should be strategic and identify overall objectives and investment needs. Plans should also have financing.

• **“Emergency” zoning and urban planning for towns that suffered significant infrastructure damage or have a high influx of IDP populations.** This may lay the ground for more strategic urban planning when capacities and conditions improve.

• **Support role of local governments in local economic recovery.** First to manage labor-intensive employment schemes for public works, then by developing and coordinating mid-term local economic recovery strategies.

• **Establish monitoring and evaluation system on local service delivery** to identify immediate gaps and plan long-term capacity development of service delivery. These systems can be ad-hoc and depend on the presence of international peacekeeping or other forces as part of efforts to monitor citizen’s perceptions of the recovery process.

6.4.4 **Core capacities and access to finance**

**First, a local government workforce needs to be stabilized or re-established.** In addition to the following points, a number of issues related to public employment are laid out in Chapter 4.

• Regularize employment status of local government staff for an interim period to guarantee a minimum of stability in workforce. This could include establishing temporary local government organograms, and working to allocate responsibilities assigned for service delivery and recovery, but where available may also link to job descriptions and corresponding salary scales.

• Gradually exert regulatory control over local government recruitments.

• Selective capacity development of local government staff for information management, coordination, participation, planning and budgeting, and project development and management.

**Second, create or strengthen central government support structures to local governments.** Effective capacity in central government to dialogue with, regulate and provide support to post-conflict local governance structures is essential.

• Identify which agency or authority has responsibility for communications with local governance structures, undertake the mapping exercise mentioned above and organize an immediate support package to restore their operational capacities and basic service delivery.

• An early review of the constitutional, legal and organizational framework may be important, to facilitate an understanding of what aspects of the pre-existing system still exist and can be built on. Even in “clean-slate” contexts, efforts should be made to build upon elements of past systems.

**Third, securing financial resources for local governments** is both a matter of political survival and legitimacy, as well as an opportunity for capacity development. These measures should be designed and implemented consistently with the diagnosis and recommendations for central government public financial management - PFM as discussed in Chapter 3.
• Fiduciary risks are high in the immediate post-conflict period at the local level, but risks of weakening support for peace is even higher if local governments are devoid of means to deliver.

• Early measures to strengthen local revenue generation. Local revenue generation with an emphasis on a direct link between tax payments and increased service delivery can prove effective, particularly in cities and resource-rich areas. Non-regulated taxation practices that appeared during conflict, whether by state or non-state actors, should be addressed.

• A review of the legal and regulatory framework of fiscal federalism should be initiated.

• Measures should be considered to assure financial transfers to local governments. This should plan for gradually building local government financial management capacity including gradually shifting to a single bank account system and upgrading of accounting systems.
Annex: Diagnostic Questions

A.6 Local Governance

Mapping the pre-conflict and conflict environment
- What was the nature of intergovernmental or centre-periphery relations prior to the conflict? What was the role of subnational institutions, both de jure and de facto?

- What were the sources of state capacity, authority and legitimacy at the regional and local level? How do these map onto traditional structures for the exercise of power and authority? Have the social foundations of local government been destabilized by the displacement of populations or the infiltration of armed actors?

- Are there lagging regions in the country? Are there areas where certain groups are excluded from local governance and what was the impact?

- Did local coalitions prevent/reduce the collapse of subnational structures during conflict or take over local governments’ functions in the course of conflict?

The post-conflict enabling environment
- Are federalism, sub-national governance arrangements and/or decentralization part of the peace agreement or a central part of the political transition? And if so, what role (if any) will decentralization play in the emerging political settlement?

- What is the legislative framework for sub-national governance? How clear are formal legal provisions on the roles and responsibilities allocated to each tier of government?

- Is there an on-going policy process or constitutional debate directly relevant to the functioning of subnational institutions, including local elections?

- Are there pockets of significant support or resistance to the idea of reforming the intergovernmental system? Among political elites, in particular parts of the country, from within civil society, or among a popular constituency?

- Is there a likelihood of renewed conflict if there is no rapid signaling by the central government of a willingness to change intergovernmental arrangements?

- Are there any issues with border delimitation for subnational units and how they are handled?

- What is the importance of local elections in the peace agreement? How likely are these to serve as a source of legitimacy or accountability on the one hand or a source of conflict?

- Has peace been slow to reach the ground in some regions? Which regions are still impacted by day-to-day violence even after the formal cessation of the conflict? What are the drivers of this violence (i.e. unaddressed grievances from conflict, crime, disputes between groups?)
Mapping the presence of subnational institutions

• Where are local governments operational, at which levels and to what extent?

• What is the general state of repair of subnational government infrastructure and assets (buildings, mobility, communications, and technical equipment). If not all subnational government have re-established a presence, what are the main constraints?

• What are the *de jure* responsibilities and functions of local governments? What functions are local governments actually capable of carrying out?

• Are subnational governments fully, partially or barely staffed? Are target staffing levels known?

• Is the subnational governments’ payroll handled by the central government partially or totally?

• What are local governments’ capacities for handling basic PFM functions?

Mapping the relationship between central government and regional governments

• How well connected are the local and national networks? This includes physical infrastructure (i.e. roads, flights between regions, etc.) and ICT connections (mobile network, internet connections).

• What, if any, are the *de jure* links between provincial and local (municipal) government structures? What are the *de facto* links and how functional are they?

• What are the most common forms of communications between local and central governments? Do subnational government leaders have to take their issue directly to central level or is there an established protocol through intermediary levels?

• Is there a central government ministry, department or agency responsible for coordinating local governance? If so, what are its mandate and responsibilities? What is its *de facto* ability to carry these out?

• Is guidance provided to subnational governments by the central regulatory authority? Is the central authority capable of verifying the legality of local governments’ actions, to what degree and how?

• Which measures did the central government take to tackle logistical issues of subnational governments, such rebuilding/repair of facilities, transfer or procurement of equipment, etc.?

• Does the central government have the capacity to provide direct technical support to subnational governments in the delivery of their functions through its deconcentrated services and/or provincial governments and/or sub-contractors?

• Which are the main non-state actors having a marked influence on local governance processes (peacebuilding/conflict management/reconciliation, local security, service delivery, representation / voice)? What is their legal status? Which resources (human, financial, technical) do non-state actors rely on to perform their roles, and in particular importance of donor support and community support?

• How are relations between subnational governments and informal governance institutions organized? Are there overlaps between the role of subnational government and informal institutions with regard to leadership and legitimacy, service delivery and taxation? Are traditional structures (where relevant) officially recognized by the state and what support from the state does this entail?
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**Review of service delivery by local governments**

- What is the division of responsibilities between the central government, subnational governments, and non-state actors as laid out in legal provisions and as carried out in practice? How clearly has the allocation of responsibilities been established? What are the overlaps and other issues?

- Are immediate needs of populations for these services hardly/partially/fully met (qualitative assessment using benchmarking)? Are all sectors/regions of the population reached equitably - if not, which have less access? Are all geographical areas covered?

**Capacity and resource gaps for subnational governments**

- Do local executives (mayors, village heads, governors, etc.) have leadership experience before the conflict? And how were the selected? Have local tiers of government continued to function during the conflict?

- Are local councils considered to be legitimate by the population? And how were they selected? Level of previous experience with local legislative function? Are local councils able to play an active role in conflict resolution, policy formulation and oversight of local executive branches? What kind of technical support do they receive to assume their functions?

- Did the majority of subnational governments produce annual plans and budgets in the last fiscal year? What was the process for developing these plans?

- Is local and sectorial planning integrated? Is infrastructure planning in cities linked to longer-term urban planning process?

- What was the share of current expenditure as compared to investment expenditures? What was the breakdown between capital, operational and salary expenditures? How does this compare with pre-conflict data?

- What is the percentage of the overall national budget allocated and expended through subnational governments’ pre-conflict and post-conflict period?

- What are the amounts of intergovernmental fiscal transfers (i.e. from the centre to subnational levels)? What are the formulas used to calculate allocations? How much funding is actually reaching subnational units? Compare these questions pre and post-conflict?

- With regard to intergovernmental fiscal transfers, do these function with predictability, flow of resources between levels of government, and transparency? Are any measures envisioned or under way to reform these processes?

- Is there a block granting systems and local development funds? Does it function?

- What is the share of donor assistance directly expended at local level and breakdown between allocations to subnational governments and to NGOs/CSOs?

- With regard to local revenue generations, what are the *de jure* sources of subnational governments’ revenue? How much has been collected (as a percentage of local government budgets) during the pre and post-conflict
period? What has been the breakdown between different sources (taxation, fees, investments, others)? Does the central government collect taxes and other revenues on behalf of subnational governments?

- What is the rate of execution in the last fiscal year? Are subnational governments directly responsible for financial execution of their budget? Which procurement practices are followed and their legality? What accounting systems are used? What constrains internal financial controls?

- Are subnational governments financial reports debated before new budgets voted by local councils? Does the central authority require financial reports on the past year before funding new budgets? Are subnational government accounts regularly audited by the central government auditing body?

- Are civil service positions common in the subnational governments’ workforce? Is it common for subnational government staff to work without contracts and if so, are measures taken to phase out practice? Do recruitments involve a selection process and if so, is the central government involved in any way in it? Do subnational governments use organograms and job descriptions?

### Inclusion and participation

- 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?

- Have local elections taken place? Were they competitive? What was the quality of these elections in terms of providing a mechanism for holding government officials accountable?

- If local elections have taken place, what is the data on women’s turnout rate and women’s presence in local councils and among elected mayors/governors? Are there significant differences in representation between local and national governing structures? Reasons?

- What is women’s enrollment among subnational government staff? What are the main hurdles? Is the issue of women’s representation in local councils and administrations present in CG discourse on local governance? Which measures are taken and what hurdles to implementation remain? Are some municipalities (especially in larger cities) making efforts of their own to increase this representation?

- Are women’s CSOs actively involved in local committees and participatory structures? In service delivery? Is funding made available to women civil society organizations (CSOs) by subnational governments (in cities)?