

Hamish Nixon

# The ‘Subnational Governance’ Challenge and the Independent Directorate of Local Governance

## 1. INTRODUCTION

From early in the post-Bonn period it was apparent that extending state authority to the diverse regions of Afghanistan would be a key challenge. Historically, especially since the late nineteenth century, formal state authority has been highly centralised in the monarchy and ministries, while its reach throughout the country has been limited and mediated through customary law, tribal alliances and religious leadership. The state largely funded itself through foreign aid and customs revenues rather than taxation of economic activity, and the administration never extended much beyond district centres. The conflict since 1979 further weakened that reach by empowering regional and local strongmen who gained prominence in the anti-Soviet resistance and the internecine struggles that followed. The Afghan governance context is thus characterised by formal centralisation combined with de facto local fragmentation.

The Bonn Agreement<sup>1</sup> adopted the core provisions of the 1964 constitution including a unitary state

administered according to the ‘principle of centralisation’. A key challenge was mitigating the power of regionally based strongmen and re-establishing revenues from border posts to the treasury. This process was advanced in 2003–04 through the incorporation of several such individuals into cabinet posts and the development of a relatively robust single treasury account and public finance law.<sup>2</sup> This system enabled multi-donor mechanisms including the Afghanistan Reconstruction Trust Fund to channel resources to on-budget national programmes, but its centralisation and controls were also a brake on decentralisation of fiscal powers. The 2004 constitution maintained a unitary state, currently divided into 34 provinces and 398 districts. There are approximately 217 municipalities that have the unique ability to raise and retain some revenues. A key feature of this structure is that – excepting municipalities – there are no local governments as such, only local administrations, and no separate budgets for subnational tiers of the state. The constitution allows delegation of ‘certain authorities to local administration units’ while ‘preserving the principle of centralism’, and mandates elected bodies at village, district, provincial and municipal levels but provides little guidance for reforms to the subnational

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<sup>1</sup> ‘Agreement on Provisional Arrangements in Afghanistan Pending the Re-Establishment of Permanent Government Institutions’ Bonn, United Nations, 5 December 2001, available at [www.unama.unmissions.org/Portals/UNAMA/Documents/Bonn-agreement.pdf](http://www.unama.unmissions.org/Portals/UNAMA/Documents/Bonn-agreement.pdf).

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<sup>2</sup> World Bank/DFID, ‘Public Financial Management Performance Assessment’, June 2008.

governance system.<sup>3</sup> However, keeping a constitutional unitary state came as a response to a deep suspicion of decentralisation stemming from the factional conflicts of the early 1990s.

## 2. BEFORE IDLG: LACK OF STRATEGIC FRAMEWORK

Successive frameworks for reconstruction and development – including the 2002 National Development Framework and the interim and full Afghanistan National Development Strategy in 2006 and 2008 – emphasised improving governance at all levels but failed to provide a coherent reform agenda. Instead, disparate initiatives proceeded with no clear direction for the long-term roles of subnational administration.<sup>4</sup> The National Solidarity Programme (NSP) established (by election) Community Development Councils to manage local development grants, but their relationship to formal government or constitutional village councils was not defined. District development councils were also introduced through the UN Development Programme's (UNDP) National Area-Based Development Programme (NABDP) but with few funds and poorly defined linkages to community councils or state administration. In August 2005, a law on provincial councils that was passed in advance of provincial council elections did little to establish clear roles and relations with other subnational institutions for the new councils.<sup>5</sup>

In addition, subnational governance became a focus for military and civilian personnel in the Provincial Reconstruction Team (PRT) bases as they spread throughout the country from 2003 to assist in extending the authority of the Afghan government. Spurred by a lack of government responsiveness, outreach or services as well as a newly evident insurgency, PRTs relied on Quick Impact Projects (QIPs) or 'capacity-building' of local officials to try to generate local progress. These efforts often appeared to have as much a force protection, counter-insurgency or domestic political purpose as any sustainable reform agenda.<sup>6</sup> In addition to locally-contracted

development spending, US PRTs spent largely via the military Commander's Emergency Response Fund (CERP), while other nations' PRTs generally had fewer resources. Initially modest, these initiatives grew dramatically in size and quantity: in 2010 approximately US\$1 billion was appropriated for CERP, equivalent to the previous nine years combined.<sup>7</sup> While there has been some coordination with provincial governors – often taken to represent provincial interests – in general these initiatives have tended to replace government capacity rather than build it, create unsustainable infrastructure, and undermine strategic planning and prioritisation by the government.

Among PRTs and other subnational governance donors such as UNDP, much emphasis has been placed on provincial planning and budgeting through local consultations on priorities and the creation of 'Provincial Development Plans' (PDPs). However, these efforts did not address the absence of a provincial budget to plan against, resulting in elaborate 'wish lists' that either were funded through off-budget parallel systems or created unfulfilled expectations. A focus on development spending and the bifurcation of Afghanistan's budget into operating and development components meant that the recurrent costs of providing services were rarely considered.<sup>8</sup> Even Ministry of Finance pilots to increase subnational input into planning and budgeting resulted in repeated costly technical assistance exercises with limited sustained impact due to centralisation in the fiscal system.<sup>9</sup>

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Are Peripheral to the Bigger Governance Challenges in Afghanistan', *Journal of Military and Strategic Studies* 10 (Fall 2007): 1.

<sup>7</sup> Colin Cookman and Caroline Wadhams, 'Governance in Afghanistan: Looking Ahead to What We Leave Behind', Center for American Progress, 12 May 2010, 30.

<sup>8</sup> The Afghan national budget is presented as two components: an ordinary budget for recurrent expenditures such as salaries, operations and maintenance that is partially funded by Afghan revenue and by donor sources such as the ARTF; and a development budget for capital investment and other development spending that is wholly donor funded. In reality, many recurrent functions of government are funded via the development budget through national programs.

<sup>9</sup> Islamic Republic of Afghanistan, 'Provincial Budgeting Assessment and Way Forward', Ministry of Finance Budget Department, Kabul, 12 April 2009.

<sup>3</sup> *Constitution of the Islamic Republic of Afghanistan*, 2004, Arts 137–140.

<sup>4</sup> Hamish Nixon, 'Subnational Statebuilding in Afghanistan', Synthesis Paper Series, Afghanistan Research and Evaluation Unit, Kabul, April 2008.

<sup>5</sup> Sarah Lister and Hamish Nixon, 'Provincial Governance Structures in Afghanistan: From Confusion to Vision?' AREU Briefing Paper Series, Afghanistan Research and Evaluation Unit: Kabul, May 2006.

<sup>6</sup> Barbara Stapleton, 'A Means to What End? Why PRTs

### 3. THE IDLG: CONFLICTING IMPERATIVES, UNSOLVED POLICY DILEMMAS

In 2006–07, momentum built around the idea to create a focal point for subnational administration and policy, probably due to a convergence of three imperatives:

- First, major donors, concerned about poor government performance and corruption in light of the worsening security situation, pushed for the separation of the appointment and management of governors and their offices from the Ministry of Interior, which was increasingly viewed as unreformable.
- Second, there was increasing recognition of the need for more coherent policy in the subnational governance area if reforms were to reverse the problems of extreme centralisation.
- Finally, the Karzai government may have seen an opportunity to wield more influence over subnational appointments and institutions, potentially important levers in the run-up to 2009 presidential elections.

The Independent Directorate of Local Governance (IDLG) was established 30 August 2007 with Jelani Popal, a Popalzai like Karzai and an experienced NGO administrator, as its first director. Its mission was ‘to consolidate peace and stability, achieve development and equitable economic growth and to achieve improvements in service delivery through just, democratic processes and institutions of good governance at subnational level’. This broad scope was reflected in the wide-ranging expectations the new institution was saddled with by government and donors alike, and the IDLG struggled to reconcile three competing identities. As inheritor of the section of the Ministry of Interior responsible for provincial and district governors’ offices, the new institution took on board approximately 10,000 civil servants, with all the existing problems of patronage implied by that structure. At the same time, the directorate became a focus for program development for ‘the promotion of cooperation and partnership with government’ to dampen spiralling insecurity.<sup>10</sup> Emblematic were the Afghanistan Social Outreach Programme (ASOP), which created appointed councils at district level to manage local issues, and

<sup>10</sup> Islamic Republic of Afghanistan, ‘Afghanistan Social Outreach Programme: Programme Document’, IDLG, October 2008, 1.

the ‘Performance-based Governor’s Fund’.<sup>11</sup> These programs followed a pattern of intense international interest and a counter-insurgency focus, followed by implementation delays brought about by efforts to create national program frameworks and fund the programs through the budget – unsuccessfully due to lack of consensus in the Afghan cabinet and among donors regarding the initiatives.

Third, the IDLG was tasked to develop a subnational governance policy that ‘creates a unified framework of sub national governance entities’ and have it passed by a cabinet subcommittee.<sup>12</sup> The IDLG leadership, with management support from international partners, embarked on a truncated consultation with mid-level ministry officials, eventually releasing the draft policy in late 2008. The document, in English and more than 400 pages, was an unwieldy amalgam of sound situation analysis, broad aims and complex policies that assigned wide-ranging and ambiguous responsibilities to many subnational governance institutions, rather than clarifying roles and relationships. A key weakness was an attempt to address over-centralised budgeting through a technically and politically unsound proposal to divide the development budget into separately planned components, without differentiating the functions of those components or taking into account key features of the fiscal system.<sup>13</sup> Subsequent drafts failed to address these issues, and only donor pestering led to the conditional approval of the policy by the Afghan cabinet in mid-2010 despite concerns among several ministers. An impasse with the Ministry of Finance on the fiscal proposals persists at the time of writing.

IDLG, rather than a neutral mechanism for generating policy and representing the interests of subnational tiers of administration and local populations, became another arena for political contestation and the centralising instincts of the government, possibly contributing to Popal’s resignation in 2010. Donors, keen on counterinsurgency (COIN) doctrines that prioritised the short-term need for stabilisation over a

<sup>11</sup> Ibid. See also Independent Directorate of Local Governance, *Performance-Based Governor’s Fund: Program Handbook*, IDLG/The Asia Foundation, 15 February 2010.

<sup>12</sup> Islamic Republic of Afghanistan, ‘Decree on Drafting and Reviewing of the Sub National Governance Policy’, 8 May 2008.

<sup>13</sup> ‘Interim Joint Donor Comments on Draft Subnational Governance Policy’, policy note provided by informal donor Sub-national Working Group to IDLG and JCMB, 18 September 2008.

technically and politically viable approach to local governance, contributed to the failure of the policy process to develop a vision of systemic reform to state institutions. It is indicative that none of the programme initiatives developed by IDLG formed part of the policy framework the same institution developed. The latest manifestation of these conflicting imperatives – the District Delivery Programme – does attempt to involve other government ministries but risks unbalanced and unsustainable resource-flows to insecure areas rather than long-term development of a viable fiscal and administrative system at the local level.<sup>14</sup>

#### 4. CONCLUSION: UNRESOLVED ISSUES

The key challenges to improving subnational governance and services in Afghanistan largely remain what they were several years ago.<sup>15</sup> There is confusion between the responsibilities of line ministries and provincial and district governors in delivering services. While the national budget is allocated among ministries, many subnational efforts have empowered or funded governors, and the accountability relationships between them, local representative bodies and central government remain muddled. This confusion has worsened contradictions in local appointment policies, with counterinsurgency agendas

conflicting with attempts at introducing regular procedures.<sup>16</sup> The national budget process and responsibilities within ministries for spending remain extraordinarily centralised, resulting in unresponsive planning and inefficient and incomplete use of existing budgets. Off-budget spending dwarfs the use of government systems in some places, while virtually ignoring others, and no system for a just horizontal distribution across regions has yet been applied. Spending remains focused on projects and not recurrent costs of providing services.<sup>17</sup>

From the international side, these pathologies are in part a product of increasingly desperate short-term counter-insurgency imperatives coupled with the absence of a clear vision of the roles, resources and accountability relationships of local administration. This lack of vision stems in turn from an absence of will in the central government to explore politically acceptable means of de-concentrating or devolving power to local levels, or giving representative institutions a real role in governing. Even modest reform of local governance is politically fraught and protracted under the best of circumstances, and in Afghanistan most efforts have worked around or deepened these challenges rather than encouraging the emergence of a political and technical process that can confront them systematically.

#### ABOUT THE AUTHOR: HAMISH NIXON

Hamish Nixon spent five years in Kabul as the World Bank's subnational governance specialist and the governance researcher at the Afghanistan Research and Evaluation Unit. He has researched and advised on peace processes and post-conflict governance in Cambodia, El Salvador and Afghanistan, and supervised or monitored post-conflict and transitional elections in Afghanistan, the Balkans, Russia, the Middle East, Central America and Southeast Asia.

<sup>14</sup> The District Delivery Program has gone through multiple iterations but generally consists of efforts to direct extra resources and efforts to staffing district administration and funding projects via both on and off-budget means.

<sup>15</sup> The Asia Foundation, 'An Assessment of Subnational Governance in Afghanistan', Kabul, 2007; and Nixon, 'Subnational Statebuilding in Afghanistan' (see FN4).

<sup>16</sup> Martine van Bijlert, 'Between Discipline and Discretion: Policies Surrounding Senior Subnational Appointments', Briefing Paper Series, Afghanistan Research and Evaluation Unit, Kabul, May 2009.

<sup>17</sup> World Bank, 'Service Delivery and Governance at the Sub-National Level in Afghanistan', Report No. 40617, Kabul, July 2007.

## ABOUT THIS CHAPTER

This chapter is part of a larger volume called *Snapshots of an Intervention: The Unlearned Lessons of Afghanistan's Decade of Assistance (2001–2011)*, edited by Martine van Bijlert and Sari Kouvo. The volume is a collection of 26 short case studies by analysts and practitioners, each with long histories in the country, who were closely involved in the programmes they describe. The contributions present rare and detailed insights into the complexity of the intervention and, in many cases, the widely shared failure to learn necessary lessons and to adapt to realities as they were encountered.

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