



**SERVICE DELIVERY AND GOVERNANCE
AT THE SUB-NATIONAL LEVEL IN
AFGHANISTAN**

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ABBREVIATIONS

ABC	Afghans Building Capacity
ACBAR	Afghan Coordinating Body for Afghanistan Relief
ACSP	Afghanistan Country Stability Picture
ADB	Asian Development Bank
ADF	Afghanistan Development Forum
AGCHO	Afghanistan Geodesy and Cartography Head Office
ANCB	Afghan NGO Coordination Bureau
ANDS	Afghanistan National Development Strategy
ASGP	Afghanistan Subnational Governance Program
ASP	Afghanistan Stabilisation Programme
BPHS	Basic Package of Health Services
CDC	Community Development Council
DDP	District Development Plans
DED	District Education Department
DED	District Executive Director
DFID	Department of International Development
EQUIP	Education Quality Improvement Program
ESC	Executive Steering Committee
GIS	Geographic Information System
GoA	Government of Afghanistan
IANDS	Interim Afghanistan National Development Strategy
IARCSC	Independent Administration Reform and Civil Service Commission
IT	Information Technology
LICUS	Low Income Countries Under Stress
MoE	Ministry of Education
MoEc	Ministry of Economy
MoF	Ministry of Finance
MoI	Ministry of Interior
MoPA	Ministry of Parliamentary Affairs
MoPH	Ministry of Public Health
MOPW	Ministry of Public Works
MoUD	Ministry of Urban Development
MRRD	Ministry of Reconstruction and Rural Development
NABDP	National Area-Based Development Programme

NGO	Non Government Organizations
NSP	National Solidarity Programme
OAA	Office of Administrative Affairs
OOG	Offices of Provincial Governors
PAA	Provincial Administrative Assembly
PAG	Policy Action Group
PAR	Public Administration Reform
PC	Provincial Council
PD	Provincial Department
PDC	Provincial Development Committee
PDP	Provincial Development Plan
PED	Provincial Education Department
PG	Provincial Governor
PHO	Provincial Health Offices
PRR	Priority Reform And Restructuring
PRT	Provincial Reconstruction Team
SCA	Swedish Committee of Afghanistan
SMC	School Management Committees
SN	Sub-National
TSD	Technical Services Department
UK	United Kingdom
UNAMA	United Nations Assistance Mission in Afghanistan
USA	United States of America
USAID	United States Agency for International Development
YTD	Year to Date

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EXECUTIVE SUMMARY

INTRODUCTION

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. 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. 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?
- *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 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; whether robust and institutionalized systems of government can be expanded and deepened within 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 and development.*

2. **One of the key constraints to strengthening the sub-national system in Afghanistan is the absence of a clear policy framework** regarding its desired institutional structure, and a strategy 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.”

3. **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.

THE SUB-NATIONAL INSTITUTIONAL STRUCTURE: MAIN ELEMENTS, KEY ISSUES

4. **Territorially, Afghanistan is divided into 34 provinces, 2 of which were created by the Karzai administration immediately before the Presidential election of May 2004.** Although there is some disagreement about numbers and boundaries, as of April 2007 the Central Statistics Office considered that there were 364 rural districts, and 34 provincial urban centres, some of which are subdivided into *nahia* or urban districts. A commonly agreed figure is that there are a total of 217 provincial and rural municipalities with a population of more than 5000 people. According to the household listing exercise (2003-2005) there are an estimated 40,020 rural villages.

5. **The institutional structure of governance and administration in Afghanistan can be divided into four main levels:**

- a. The *provincial level*, which comprises
 - Provincial Line Departments (PDs), with basic service delivery responsibility in key sectors (health; education etc.);
 - Provincial Governors (PGs, or OOGs), appointed by the President, with considerable formal and informal powers, including sign-off on expenditures, participation in procurement, and certain powers of appointment;
 - Provincial Councils (PCs), elected, with advisory, monitoring and conflict resolution roles;
 - Provincial Development Committees (PDCs), with limited co-ordinating and planning functions.
 - b. The *district level*, which comprises
 - District Offices (DOs) of some central ministries with limited functional responsibilities;
 - District Governors (DGs), appointed by the President, with a relatively limited formal role.
 - c. The *municipal level*, which comprises Municipal administrations led by mayors, currently appointed by the President, with functional and service-delivery responsibility mainly for urban services.
 - d. The *village level*, which comprises CDCs (currently in about two-thirds of the country), elected according to different systems in different areas, responsible for local infrastructure development and some administrative functions.
6. In addition there is a very substantial cohort of ancillary organizations which exist alongside and outside of the state, and which are deeply involved in service delivery. The most important of these fall into two categories: Provincial Reconstruction Teams and NGOs.

7. The main body of the report provides a detailed and updated overview of each of these elements and identifies the key issues that each confronts. The remainder of this Executive Summary focuses on the key cross-cutting features of the SN system as a whole and a proposed strategic framework for strengthening it.

THE SUB-NATIONAL INSTITUTIONAL STRUCTURE: KEY FEATURES

8. The institutional structure described above exhibits five important features. Collectively considered, these constitute the core of the “sub-national problem” in Afghanistan, and generate the basic challenges that efforts to strengthen the system must address.

9. **First, the overall structure is characterized by significant systemic contradiction.** Direct formal functional and budget authority for the delivery of most key services in the provinces - such as education, health, water and roads - is held by highly centralized Line Ministries which work in vertically integrated silos with relatively weak, “externalized” linkages between them. However, this system co-exists with – and is cut across by - the Provincial Governor system which allows the PGs to intervene in the affairs of the Line Ministries and other agencies (e.g. the Municipalities) through a number of “soft” institutional channels, some legislated, some not. For example, PGs hold extensive powers over the appointments of civil servants to Departmental positions in their provinces and they hold approval powers for all expenditures of all the PDs funded from the core budget. In sum, centralized modalities of service-delivery are combined with – and subject to – a range of interventionist powers on the part of the PGs in a way which blurs and undermines accountability and creates significant operational difficulties.

10. **Second, even given the choice of a centralized governance and service-delivery intergovernmental structure for Afghanistan, existing institutional arrangements are often highly inefficient.** In particular, Line Ministries tend to be over-centralized, with their offices in Kabul retaining functions which could much more efficiently be performed at the provincial level. To some extent this problem is not unrelated to the one discussed above. So long as Line Ministries perceive that any significant deconcentration of budget or functional authority to their Provincial Departments is likely to make these authorities subject to influence and capture by the Provincial Governors, they are unlikely to have much incentive to do so.

11. **Third, the current system is both asymmetric and inequitable.** While some of the current institutional asymmetries appear to make sense, others are the result of arbitrary processes connected with history, varying donor practices, and the like rather than considered design choices. The models of the Provincial Governors offices that are being implemented in the PAG provinces, for example, are rather different from those in Balkh and Herat – resulting in higher degrees of Governor influence in the latter - and it is not at all clear why. Ultimately, these are likely to introduce significant strains and tensions at the SN level as the system consolidates and attempts to cohere. The inequitable distribution of resources across sub-national jurisdictions also presents a key problem. Per capita expenditures in health and education differ widely and consistently between provinces and cannot be accounted for by physical and other conditions that might cause input costs in different provinces to vary. These inequalities are also large relative to other countries characterized by strong inter-provincial inequity, even those with intergovernmental structures similar to those of Afghanistan.

12. **Fourth, while the most autonomous and potentially accountable elements of the sub-national system – the Municipalities and the CDCs – escape some of the “systemic contradiction”**

problems mentioned above, they confront major difficulties of their own. Municipal Council elections have yet to occur, and until they are held the potential of municipalities to deliver accountable local government in their areas will be highly circumscribed. In addition, the fiscal and functional framework governing them is both unclear and constraining of effective and efficient service delivery. CDCs face existential questions derived from the possible discontinuation of the funding which provides them with the basic wherewithal to play a meaningful role.

13. **Fifth, like the rest of the Afghan state, the entire SN structure is afflicted by the sorts of problems which are characteristic of LICUS countries:** severe human resource weaknesses, an absence of properly functioning operational systems, shortages of equipment, and sparse supporting infrastructure (such as electrical power and phone systems) necessary to get things functioning properly. Afghanistan is particularly badly affected by these and reform and strengthening of the SN system will be no less affected by them than any other significant institutional reform in the society.

ADDRESSING THE SUB-NATIONAL CHALLENGE

14. The legal and political environment creates parameters for reform actions to address these problems. The most important of these is **a constitutional dispensation and political climate which precludes any significant reform to the underlying intergovernmental structure in the short or medium term.** The Constitution refers to “preserving the principles of centralism”, and it is also clear that the dominant consensus within the current political establishment is committed to the current, de jure, centralized intergovernmental structure and has no appetite for substantial political devolution to sub-national levels. Consequently, the basic thrust of any SN strategy must be to improve the functioning of the current system rather than to restructure it. Such **intra-structural reform efforts** need to be designed with two sorts of impact in mind: first, they need to strengthen specific elements of the system (organizational impacts); second, they need to ensure that the functionality of the system as a whole improves (systemic impacts).

15. Against this general backdrop, **the assessment given above suggests that at the sub-national level, four broad challenges need to be addressed if service delivery and governance are to be improved.**

16. **Challenge/Activity Area 1.** *Establish an overall direction for reform of the SN institutional system which, while building on the current one, diminishes the existing levels of systemic contradiction and begins to reduce the unproductively “mixed” character of current arrangements.* This direction should be based on the broad allocation of roles and responsibilities outlined in the figure overleaf. Among other things, this suggests two particularly important orientations for reform. First, in order to reduce the current levels of systemic contradiction, it is necessary to strengthen and consolidate the role of the office of the Provincial Governor in the areas of co-ordination and planning while limiting it with respect to the exercise of functional, budget and operational authority in the delivery of main services which fall under the Provincial Line Departments. Second, in order to enhance accountability, the oversight and “supervisory” role of the PCs to provide checks and balances over the activities of the delivery agencies needs strengthening.

17. **Challenge/Activity Area 2.** *The second major reform area is to focus on strengthening the performance of the main service-delivery agencies through improving their organizational structures.* One key, cross-cutting activity in this area is for Line Ministries to ensure that functions are divided between their Central offices and the Provincial Departments in order to

improve their organizational efficiency. In a number of cases this is likely to involve the deconcentration of various powers and functions of the Line Ministry from Central to Provincial Department level. In fact, in some cases this is already underway – MoE, for example, is currently in the process of deconcentrating teacher recruitment to the provincial level.

18. **Challenge/Activity Area 3.** *The third major challenge is to provide sufficient resources for the key organs of SN governance and service-delivery to play their ascribed roles.* For example CDCs face a fundamental threat as their access to funding under NSP is due to terminate, and without the funds necessary for their development activities they will wither and die. At the provincial level, organs such as the PCs need to gain access to sufficient funds to allow them to conduct their operations as envisaged under the recently amended law; while at municipal level an overall fiscal framework which provides a rational, equitable and affordable solution to the fiscal gap they face needs to be developed.

19. **Challenge/Activity Area 4.** *The final challenge is to enhance the operational performance of all of the various organs at the sub-national level through providing them with the systems and capacities that they require.* In some areas (e.g. some OOGs) substantial progress is being made; in others (the Provincial Councils), it has really only just begun. Needs obviously vary across organizations, but certain generic themes can be identified. Training is one; IT, offices and communications systems are others.

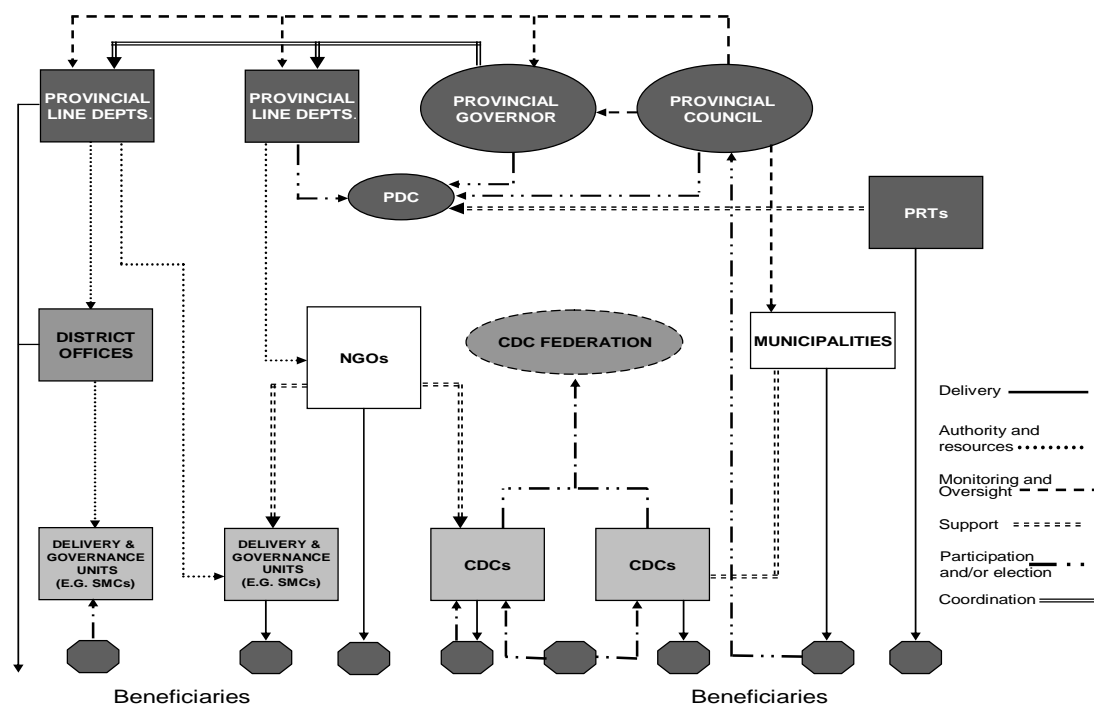
20. **In order to address these challenges, a wide range of concrete initiatives will need to be undertaken.** The most important of these are as follows.

Provincial Line Departments

21. **The performance of the Provincial Line Departments needs to be improved through a combination of capacity development and reorganisation, with specific reference to the division of powers and functions between central and provincial offices in order to enhance efficiency.** This needs to be designed and implemented as appropriate to the service-delivery model prevailing in each specific sector. In general, however, it is likely to involve both vertical intra-ministry deconcentration and increasing operational autonomy from provincial governor offices at the horizontal level. More specifically:

- a. Cross-cutting PAR reforms should be accelerated at the sub-national level, with appropriate coordination with the development of the capacity development plan for the common functions. *Ministries formulating restructuring plans under PAR (particularly the new phases) should explicitly address the division of powers and functions between central and lower levels in areas such as budgeting and expenditure authority.*
- b. *Reform Implementation and Management Units (RIMU) should continue to be established to manage and oversee ministerial reforms, although care should be taken that RIMUs do not become a large structure parallel to the civil service and a substitute for sustainable capacity development of staff in line positions.*
- c. *The provincial budgeting process should be deepened and expanded, with the proposed expansion in numbers of ministries and provinces, as well as management at the local level of 'goods and services' and 'asset acquisition' allocations, as planned.*
- d. *Other PFM reforms at the subnational level should be continued and expanded to ensure a strengthened oversight and monitoring role for the MoF.*

Roles and responsibilities of sub-national institutions: proposed directions



- **Responsibility for direct service delivery in sectors such as health, education, water and roads, should fall under the operational jurisdiction of the Line Ministries** (and, in their areas, CDCs and municipalities) using a variety of different service delivery models. These organizations need to improve their internal organizational efficiencies through increasingly deconcentrating functions and expenditure responsibilities from the central offices to provincial departments. Their internal operations, should become increasingly less permeable to the interventions of external agencies, particularly the Provincial Governors' offices. PRTs will also play a key investment role for the foreseeable future. Their activities need to be increasingly aligned with those of the organs of government and/or directed in a way which does not negatively impact institutional development processes.
- In the absence of district and municipal elections (and except in respect of CDCs) **the basic "bottom-up" accountability function in the provinces should be exercised through the Provincial Councils**. In essence this means that their monitoring and oversight functions in respect of both the provincial offices of the Line Departments and of the PG offices need to be expanded and consolidated. Going forward, their capacity to play this role needs to be strengthened through increasing their resources, improving their systems and making them increasingly self-sufficient in performing this function. A further dimension of the oversight role of the PCs is the approval power they hold in respect of provincial planning and budgeting, which appears now to be appropriately defined. At the community level, CDCs are structured in a downwardly accountable manner, hence exercise this function in respect of the activities which they undertake. They may also support the PC accountability role through providing information and so on. "Top-down" accountability for delivery agencies (e.g. the provincial offices of the line Ministries) is exercised through existing institutional processes and fiduciary mechanisms within the line departments and the mustofiat (at the provincial level), municipalities, and CDCs.
- **Co-ordination of the activities of the provincial line departments and provincial planning** is the core responsibility of the Provincial Governors in and through the institutions which fall under his jurisdiction (e.g. Provincial Administration Assemblies) or over which he presides (e.g. the PDCs.) Given that budget, functional and operational authority lie with the line Ministries/Departments the lateral co-ordination links will be institutionally "soft" rather than "hard" in character. Nonetheless they are important, and the province-level planning and co-ordination function needs to be strengthened by properly resourcing the key organizations which are responsible for it, particularly the Provincial Governors' offices and the PDCs. At lower levels, CDCs and Municipalities have planning responsibility for their areas. Federations or alliances of CDCs may be able to play a planning role at the District level, e.g. through the National Area Based Programme Initiative.
- **Conflict resolution** is dealt with by a combination of bodies, mainly PCs, CDCs and the District Governor - depending on the type and scale of the conflict. These bodies need to be resourced to be able to play this role more effectively.

Offices of the Governors

22. **The core reform initiatives here need to focus on consolidating the role and capacity of the OOGs for co-ordination and planning at the inter-departmental level, while reducing their incentive and ability to become involved in the operational functions and activities of the line agencies.** In particular:

- a. *Regulatory reform is needed to ensure consistency between the powers given to different institutions at the provincial level so that line departments are able to operate effectively.* For example, the sign-off powers of the governor on line department expenditures should be eliminated, or at least reduced. In time, a revised Local Government Law should clarify the co-ordination role of the OOGs at the inter-departmental level while reducing the scope for their involvement in intra-departmental matters.
- b. In order to avoid conflicting with the mandate of line ministries, *donors should avoid making substantial sums available to provincial governors for service delivery activities.*
- c. *The capacity of governors to play a co-ordination and development planning role in line with the overall institutional framework should be strengthened* through the continued roll out of reform of the OOGs through the PAR process, but using appropriate institutional models.

Provincial coordination and planning: PDCs/PAA and PDPs

23. In the current institutional structure, **PDCs and PAAs are the only fora where cross-sectoral co-ordination and province-wide development planning can take place.** PDCs are also developing an important role in the MOF provincial budgeting initiative, participating in the formulation of budgets. While PDPs are emerging as central to the planning process at the provincial level, there remains a need to clarify exactly what PDPs are and can achieve. Specifically:

- a. *The PDCs need to be given sufficient support to play their mandated role in development planning and budgeting,* according to the overall institutional framework. This mainly requires support in basic systems and organizational infrastructure, as well as institutionalization of internal practices through the development of standard practices and manuals, and so on.
- c. *The relative roles of the PAA and PDCs should be reviewed,* as there is currently the potential for overlap and duplication of effort. The PAA, under the leadership of the governor, could have a stronger reporting role to central government on provincial affairs.
- d. *The active and direct participation of the governors in the PDCs* needs to be strengthened through provision of appropriate support and by strong encouragement from the Office of the President.
- e. Given the problems with linking PDPs directly to resources or institutional action within the existing framework, *PDPs should be seen less as costed plans and more as strategic documents* giving some sense of priority issues to guide line ministry and donor decision-making in the provinces.

Provincial Councils

24. **The key role of the PCs is to exercise an accountability function. In order to strengthen this, a number of things are needed:**

- a. *Ensure widespread dissemination of and training to both councils, government bodies and other subnational actors on the roles of the councils as laid out in the revised Provincial Council law.*
- b. *Clarify the mechanisms by which the PCs can exercise their oversight role and act on problems that they identify.*
- c. *To strengthen the accountability function, clarify with all actors the role of PCs in providing qualified sign-off on budgets formulated by PDCs.*
- d. *Provide substantially more resources for internal systems and institutional development, also IT infrastructure, transport and so on. To ensure improved coordination in this, re-establish the joint government-donor technical working group on provincial councils, ensuring some means of PC input to it.*
- e. *Enable councils to link up with government and other (for example, PRT) data sources to enable improved monitoring and oversight.*
- f. *In the medium-long term, assess whether the current institutional location under the OAA allows the proper development of the councils as independent bodies.*

District level

25. **In the absence of an agreed institutional framework surrounding the Districts, *limited reform at this level is possible*.** However, some steps may be taken:

- a. *District offices of line ministries should be included in intra-ministry deconcentration initiatives.*
- b. *It is not clear that the district governor offices should be extensively strengthened in terms of staff numbers, given their limited role, the large numbers of districts and limited resources available to the government. However, it is important to ensure that district governors are appointed in a transparent manner and are held accountable for their actions. This will require reform at the MOI, as well as discussion with the National Assembly.*
- c. *Donors funding programmes operating at the district level and attempting to build institutions should ensure that they are establishing consistent structures across the country. Impromptu donor initiatives at the District level in the absence of a wider institutional framework should be avoided.*
- d. *Promote district level planning and service-delivery processes as they begin to develop (for example through NABDP) but ensure that planning at this level is kept relatively simple, with clear links both upwards and downwards.*

Municipalities

26. **Municipal challenges should** be addressed through a number of broad measures:
- a. Developing legislation which provides *a clearer categorization of the different sorts of administration which should be created in order to manage different sorts of settlement, and clarifying the resources consequences and claims of these* (e.g. what human resource and funding frameworks should pertain in each case, and so on).
 - b. *Clarifying the functional roles, expenditure assignments and frameworks* governing service-delivery for municipalities.
 - c. Formulating a *comprehensive financing framework for municipalities* which rationalizes and improves own-source revenue assignments (and clarifies municipal authorities over base and rate setting in respect of these); introduces measures to strengthen municipal revenue administration; and establishes a transparent rules-based system to allocate central transfers equitably and rationally among municipal jurisdictions.
 - d. Developing *improved budgeting, financial management and accounting systems* and instituting measures to build capacity to administer these systems within municipal administrations.
 - e. Introducing *elections for Mayors and Municipal Councils* at the earliest feasible opportunity.
 - f. Developing *institutional measures to deal with the CDC-wakil interface* and to bridge the current gap between the bottom-up system for expression of community voice and need, and planning and budget decision-making.

Community Development Councils

27. **Three key initiatives are needed to assist the CDCs face the basic challenges they confront:**
- a. *CDCs need to secure a regular and reliable funding flow to resource the local level development activities which provide their raison d’etre.* The primary initiative here should be to establish a dedicated fiscal transfer mechanism which gives them a source of ongoing funding which they can then allocate to local projects at their discretion. A secondary initiative should be to seek opportunities for steering funding which is meant to be dedicated to support sector-specific investments at the local or community level via CDCs, or federations of CDCs.
 - b. *As far as CDCs’ roles are concerned, these should be consolidated on the basis of the new Byelaw.* Insofar as the parameters of their role are concerned, CDCs should broadly take on public goods provision functions, and should not become involved in activities such as the selection of individual micro-finance beneficiaries or livelihood assistance as this would entail risks of conflict of interest, nepotism and corruption.
 - c. *The matter of “ownership” of CDCs at the central level will, of course, have to be settled within the central government by those agencies and Ministries which have a core interest in this question.*

Provincial Reconstruction Teams

28. **PRTs confront – in fact they constitute – a critical dilemma:** in trying to create the space for the Afghan state to develop and cohere they run the risk of undermining it. A number of steps may be identified in order to address this risk:

- a. *Scale down PRT activities in relatively secure areas and begin to route the resulting resources through government systems and budgets.* PRTs should really only exist where security conditions make them absolutely necessary. The ESC should undertake a review of PRT establishments in terms of this criterion and begin to phase them out, or rightsize them, accordingly, diverting the resource yield to supporting government institutions and on-budget projects and initiatives.
- b. *Each PRT commander should develop a condition-based plan for phasing his/her PRT out.* Given that PRTs are interim structures which have their own demise as their core objective, each PRT should formulate a description of the concrete conditions which would make the realization of this objective possible, key indicators of these conditions, and a plan for how they are to be achieved.
- c. *PRTs should begin to move away from small-scale community-level projects and initiatives,* where the conflicts between local prioritization and governance and top-down PRT processes are likely to be most pronounced, *Instead, the CERP budget and other such resources should be focused increasingly on larger scale, bulk and link infrastructure, where the need is obvious and process-conflicts are likely to be much fewer.*
- d. *Insofar as PRTs continue to provide resources outside of the government budget, they need to ensure maximum alignment with it.* This involves producing accurate and timely information on project costs and details and ensuring that government inputs are accurately costed, particularly salary and operating costs once the project is completed.
- e. *Finally, the ESC should issue a policy discouraging the poaching of government staff and provision of salary top-ups.*

Procedural steps

29. **In order for progress to be made on these fronts, two initial procedural steps should be taken:**

- a. *First, an Inter-ministerial Committee, reporting directly into the President's Office, should be formed to establish a framework for sub-national strengthening and reform.* In the short to medium term, this should focus on providing clearer direction for the evolution of the sub-national system, thus guiding donor initiatives in this area. In the longer term, this sort of body should oversee a more thoroughgoing policy exercise which should ultimately lead to the development of a new Local Government Law.
- b. *A donor group focusing specifically on sub-national issues (policy questions, institutional strengthening, capacity building, funding of services and infrastructure) should also be formed.* In many other countries, where the sub-national is of critical importance, these groups have been established and have played a critical role in co-ordinating donor activities and ensuring that they support, rather than undermine, the development of a coherent

institutional framework at the sub-national level. Apparently such a group has recently met. This is encouraging, and should be encouraged.

1. INTRODUCTION¹

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.² 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.³ 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,⁴ *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 country⁵ 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;⁶ whether robust and institutionalized systems of government can be expanded and deepened within

¹ 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.

² 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.

³ 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).

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

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

⁶ 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.”⁷

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.

⁷ 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

2. THE SUB-NATIONAL INSTITUTIONAL STRUCTURE: MAIN ELEMENTS, KEY ISSUES

A. TERRITORIAL AND INSTITUTIONAL OVERVIEW

2.1 **Territorially, Afghanistan is divided into 34 provinces, 2 of which were created by the Karzai administration immediately before the Presidential election of May 2004.** There is disagreement about the number of districts, with different ministries and government agencies disputing both overall numbers and boundaries. As of April 2007, the Central Statistics Office considered that there were 364 rural districts, and 34 provincial urban centres, some of which are subdivided into *nahia* or urban districts. The Ministry of Interior and Afghanistan Geodesy and Cartography Head Office (AGCHO) recognize different boundaries and numbers. There is also disagreement about the number of municipalities. However, a commonly agreed figure is that there are a total of 217 provincial and rural municipalities with a population of more than 5000 people. According to the household listing exercise (2003-2005) there are an estimated 40,020 rural villages, but some ministries estimate figures very different from that.⁸

2.2 As administrative units were mostly formed for political, rather than technical, administrative reasons, the population and land area of each of these units vary enormously. They also vary significantly in terms of terrain. All of this has implications for the development of the subnational systems and the delivery of services. The largest province, Kabul, has an estimated population of nearly 2.5-3.5 million, and the provinces of Ghazni, Herat, Helmand and Nangahar all have estimated populations of over 1 million. Nimroz and Panjshir, on the other hand, have populations of less than 120,000. The situation is the same for districts – with districts in the same province ranging from populations of less than 6,000 to nearly 100,000.⁹ Administrative units also cover vastly different geographical areas – estimates suggest that Helmand covers more than 57,000 km², whereas Panjshir covers less than 4,000 km². Some rural districts cover less than 50 km², whereas others are nearly 600 km².¹⁰

2.3 **The institutional structure of governance and administration in Afghanistan can be divided into four main levels,** each of which is discussed in detail below:

- a. The *provincial level*, which comprises
 - Provincial Line Departments (PDs), with basic service delivery responsibility in key sectors (health; education etc.);
 - Provincial Governors (PGs, or OOGs), appointed by the President, with considerable formal and informal powers, including sign-off on expenditures, participation in procurement, and certain powers of appointment;
 - Provincial Councils (PCs), elected, with advisory, monitoring and conflict resolution roles;
 - Provincial Development Committees (PDCs), with limited co-ordinating and planning functions.
- b. The *district level*, which comprises
 - District Offices (DOs) of some central ministries with limited functional responsibilities;

⁸ These estimates can vary quite dramatically. For example, estimates of 25,000-30,000 are not uncommon.

⁹ Source: provisional estimates from household listing exercise conducted in 2003-05

¹⁰ Source: unofficial estimates from satellite images.

- District Governors (DGs), appointed by the President, with a relatively limited formal role.
- c. The *municipal level*, which comprises Municipal administrations led by mayors, currently appointed by the President, with functional and service-delivery responsibility mainly for urban services.
- d. The *village level*, which comprises CDCs (currently in about two-thirds of the country), elected according to different systems in different areas, responsible for local infrastructure development and some administrative functions.

2.4 Provinces and districts are graded, determined largely by population, but with the influence of additional political factors. Grade 1 is the largest, and Grade 3 is the smallest. The grade of a province or district affects the size of the governor's office, as well as the position grades of the staff. This formal governmental structure is complemented by a large and substantial additional service-delivery and development infrastructure including NGOs, PRTs, and other initiatives.

2.5 The 1382 Constitution provides the overarching legal framework for subnational government, establishing Afghanistan as a unitary state, but stating (article 137) that "The government, while preserving the principle of centralism, shall delegate certain authorities to local administration units for the purpose of expediting and promoting economic, social, and cultural affairs, and increasing the participation of people in the development of the nation." It mandates the establishment of elected provincial, district, municipal and village councils, and the election of mayors.

2.6 The legal framework below the constitution is rather unclear with a variety of old and new laws and decrees which impinge in different ways on the institutions of subnational government. The 1379 Law for Local Administrations (issued under the Taliban) made minor revisions to various earlier local government laws. Revision of this law has been underway for several years but is currently stalled as key decisions, such as the institutional location of provincial governors, are under discussion. Relevant new laws include the 1384 Provincial Council Law and its recent revision, the 1384 Civil Service Law, and the 1385 Procurement Law. A recent by-law has also started the process of institutionalizing the CDCs (discussed in detail below).

B. THE PROVINCIAL LEVEL

Provincial Line Departments

2.7 The most active departments at provincial level are those of MOF, MOPH, MOE, MRRD, MOPW, MAAHF and MOI (which includes the governors' offices), with members of the judiciary and security services present as well. Recently the Ministry of Economy has been expanding into the provinces and now has representatives in every province. The presence of other ministries depends on the size or grade of the province or specific circumstances or locations.

2.8 Some departments of ministries follow a standard structure and size across the provinces, and others vary. However, most provincial departments are led by a department head, a grade 1 or 2 official, with deputies under him/her responsible for different areas. In Kapisa, for example, the education department has a total administrative staff of 280, and 2617

teachers. The health department, which in this province directly delivers health services (see below), has a total staff complement of 396.

2.9 Line departments are responsible for delivery of most services in Afghanistan. Two basic models predominate - direct delivery by the centralized state (as in the education sector), and contracting out of service delivery to NGOs and other entities (as in the health sector). These different models emerged as a result of the situation in relation to existing service delivery in 2001 and particular donor interests, coupled with the strength of leadership in the ministries. The different models display a different mix of constraints and challenges, but with many commonalities.

2.10 In education, 97% of Afghan students are enrolled in public schools operated by civil servants under the management of the Ministry of Education (MoE).¹¹ However, even in a sector where the majority of delivery is through the centralized state, donors also provide some inputs ‘in-kind’ or provide salary top-ups and direct payments, which has often reduced the ability of the Government to assess needs accurately and ensure an equitable distribution of resources. Indeed a recent review suggests that the Government has direct control over only 62% of the funds spent on education.¹² NGOs are also very important donors and service providers in the education sector and their activities cover a variety of areas from school supplies, supporting teachers’ salaries, building school infrastructure, assisting in curricula design, and implementing national education programmes.

2.11 Until recently, management of education delivery had been highly centralized. The MoE in Kabul has managed everything from curriculum development to teacher training, approval of the recruitment of teachers and administrative staff, development, production and distribution of textbooks, and especially the planning and management of the budget. Schools, for example, have had very little access to non-salary budget allocations. Table 2.1 below shows functional responsibilities by level.

Table 2.1: Current functional responsibilities in primary education¹³

Level of Governmental Administration	Key Functions
Central (Kabul)	<ul style="list-style-type: none"> ➤ Development of policy and strategies ➤ Budget preparation and execution ➤ Staff allotments, funding of salaries, material, equipment ➤ Staff appointments above grade 6 ➤ School registration, coordination of school construction & rehabilitation ➤ Development and implementation management of teacher training ➤ Curriculum and textbook development
Provincial Education Department (PED)	<ul style="list-style-type: none"> ➤ Staff appointment for grade 6 & below ➤ Distribution of materials ➤ Inspection of schools ➤ Academic supervision
District Education Department (DED)	<ul style="list-style-type: none"> ➤ Inspection of schools ➤ Identification of needs for teachers, material, equipment, construction and repair
Schools	<ul style="list-style-type: none"> ➤ Provision of education

¹¹ World Bank (2005) “Afghanistan: Managing Public Finances for Development” Vol 1. World Bank: Washington DC

¹² Oxfam International (2006) “Free Quality Education for Every Afghan Child” Briefing Paper. November 2006

¹³ Taken from World Bank “Stock-take PAR at MOE” November 2006

2.12 In practice, it seems greater authority is already being exercised at lower levels in some places. In Kapisa, for example, the provincial head of department is responsible for maintaining schools from his operating budget (Afs 3.5m for 152 schools), although decisions are subject to general provincial-level approval processes discussed below.¹⁴

2.13 **The health sector has a very different approach**, with the delivery of services mostly outsourced to NGOs and the private sector, with close supervision and regulation by the Ministry of Public Health (MoPH). In early 2002, the MoPH and major donors developed the Basic Package of Health Services (BPHS) which has been delivered through a variety of contracting mechanisms with a number of international and national NGOs, as well as directly by the MoPH in three provinces. Independent evaluations show improvements in quality of care, improved health indicators, and increased management capacity in MoPH.¹⁵

2.14 In the three ‘strengthening-mechanism’ provinces, where the PHO is contracted to deliver services directly, the department exercises more authority than other line departments. The PHO is directly responsible for the running, equipping and supplying of all the health facilities, as well as the immunization and vector control programmes. Although all drugs are procured centrally, most other procurements up to a limit of Afs 250,000 are the responsibility of the PHO, although subject to the general provincial approval process.

2.15 In reality, most sectors have a hybrid system of service delivery as a result of history, the influence of donors and the imperatives of service delivery. Different levels of deconcentration have developed over time and in different programmes, even within the same ministry. For example, in MRRD, some decisions about NSP, particularly in relation to the location of CDCs, were devolved at the beginning of the project. Yet, with the exception of Khandahar, MRRD remains extremely centralized in its procurement practices, and is likely to remain so for the foreseeable future.

2.16 **The PAR process and associated restructuring and re-appointment of staff through ‘priority reform and restructuring’ (PRR) has generally had limited impact to date in line ministries at the provincial level**, with the exception of MRRD and MoPH. Moreover, it appears that the restructuring undertaken to date across ministries has not included a consideration of the division of functions and responsibilities between central and provincial levels - the initial restructuring plans that ministries were required to submit under the PRR process did not explicitly address this question.

2.17 The new proposed ‘post-PRR’ Bank operation (\$20.4 million over 3-4 years) will help to continue reform and restructuring in four ministries. Other donors are also supporting similar initiatives and there should shortly be a considerable expansion of efforts into line ministries at the subnational level. For example, ADB is currently funding reform of the mustoufiat in seven provinces, ensuring restructuring and some capacity development, and it is hoped to expand this pilot effort to other provinces, although a new donor may need to be found.

2.18 **Generally speaking, in their relationships to their head offices, provincial departments have little autonomy** in key areas such as budget planning and execution, human resources and procurement. Thus:

¹⁴ Interview with Head PDE, Kapisa.

¹⁵ Waldman, R., Strong, L. and Wali, A. (2006) “Afghanistan’s Health System Since 2001: Condition Improved, Prognosis Cautiously Optimistic” Briefing Paper AREU: Kabul

- Provincial departments are secondary budget units and the budget for each provincial department is largely determined in Kabul. The provinces have, however, recently been given greater flexibility to shift expenditure allotments between minor codes.¹⁶ In practice, this change is implemented in varying ways across provinces with the mustoufie retaining different levels of control;¹⁷
- Provincial departments have no final authority over civil service appointments: above Grade 5, this authority is held by the Ministry (3-5) or the Appointments Board of the IARCSC (1-2); below grade 5, the Provincial Governor plays the overriding role;
- The 1385 Procurement Law gives provincial department heads the right to initiate a procurement process up to Afs. 20m (for Works), and Afs. 10m (for Goods and Services), but (i) it has yet to be implemented in the provinces; (ii) bids are assessed by a committee on which the PD has minority representation.

2.19 In response to the organizational inefficiencies resulting from this highly centralized structure, some strong Ministers have started to move ahead with significant reforms at all levels, including steps towards greater intra-Ministry deconcentration. MoE, for example, has begun considering how best to devolve some administrative and financial controls to lower levels. In particular, attempts are beginning to delegate key administrative functions, such as operations and maintenance of school buildings and management of associated expenditure, school mapping and selection of construction sites, and implementation of teacher training activities, to province, district, and school levels. The MoE has also started the process of overhauling the management and organizational system. Moreover, the World Bank funded Education Quality Improvement Program (EQUIP), with a strong emphasis on community-managed schools, has been declared the national education program of the country covering all 34 provinces. This program promotes School Management Committees (SMC) responsible for their own funds for infrastructure, teaching and learning activities, monitoring teacher attendance, and keeping their schools safe from violence.

2.20 However, the MoE has encountered a number of constraints in attempting to move ahead with deconcentration initiatives. These include:

- Low levels of internal capacity and systems
- Some disagreements with the IARCSC about the appropriate way forward
- Poor quality of candidates for appointments at the subnational level
- Attempts to influence subnational appointments from a variety of sources, including individual MPs, the National Assembly as a whole, and provincial governors.

2.21 One promising attempt to increase the involvement of provincial departments in decision-making and make their parent ministries in Kabul more sensitive to provincial needs has been **the provincial budgeting initiative** (see box 2.1). Although provinces did have some involvement in the budget preparation process during the Soviet period, recently there has been a highly centralized budget preparation and execution system. As mentioned above, line ministries are responsible for developing budgets with generally very limited input from provincial departments. Staff in Kabul decide how much funding they will request from MOF, how it will be split between the central offices and the subnational departments and the share across different

¹⁶ Historically, allotments have been broken down into major codes and minor codes and only the parent ministry in collaboration with the MOF has been able to change these allocations. Since 2004, the MOF has been issuing allotments at the major code level only and it is up to the provincial departments to decide how these funds are allocated at the minor spending code level.

¹⁷ For a discussion of this issue, see Evans, A. and Osmani, Y. (2005) "Assessing Progress: Update Report on Subnational Administration in Afghanistan" AREU:Kabul

provinces. Allotments are released on a quarterly basis, and the mustoufiat releases funds against requests, with the sign-off of the provincial governor. The provincial budgeting initiative, although limited so far in scope, is an attempt to improve the sensitivity of ministry budgets to provincial needs, as well as strengthen the co-ordination of investments across ministries at a provincial level. As it expands, it will enhance the ability of MOF to improve the equity and transparency of allocations across provinces and report accurately on provincial expenditures to the National Assembly and others. It may also correct some of the misperceptions created by reporting systems about the balance of spending between the centre and provinces.

BOX 2.1 : THE PROVINCIAL BUDGETING PILOT

The provincial budgeting pilot is intended to improve the budgetary efficiency and inter-departmental co-ordination of line ministries. Through program and provincial budgeting, the Ministry of Finance, in partnership with others, is (i) attempting to make the central ministries more sensitive to provincial imperatives; (ii) address process, procedure and system constraints; (iii) begin to take on the question of equity in the distribution of fiscal resources, both vertically (between the centre and provinces) and horizontally (between provinces).

Pilot ministries were selected on the basis of their impact on the I-ANDS and provincial development, and their capacity to implement reforms. Selected pilot ministries were MRRD, the MAAHF, and MoE. Three provinces were chosen for the pilot - Balkh as a province with good capacity, Panjshir as a newly established province, and Kandahar as a southern province with security problems. The pilot was conducted during the 1386 budget preparation process covering the period from July 2006 to February 2007.

The Ministry of Finance prepared general budget instructions as part of the annual budget process and requested additional information on the proposed provincial allocations of line ministries. Detailed additional instructions were provided to those ministries participating in the pilot. Provincial directorates, after consultation with the PDCs, sent a budget proposal to their respective ministries, reflecting provincial needs both within and across ministries. After revision, the ministries returned a budget proposal to be approved by the PDC. In case of disagreement, the line ministries retained an override authority, so budget authority remained essentially centralized, although with much greater input from the provincial level. Provincial allocations of line ministry budgets for the pilot ministries were then included in the budget documentation presented to the National Assembly.

The outcomes of the provincial budgeting pilot projects were generally encouraging. Important lessons were learnt and the pilot project will be expanded for 1387 budget preparation from 3 ministries to 8. Identified candidates are the Ministries of Public Works, Urban Development, Energy and Water, Agriculture and Finance. The MOF is further planning to decentralize the management of the ministries' goods and services budget as part of the expansion of the pilot.

However, the pilot highlighted the following systemic constraints and issues:

- The provincial governance structure has limited legal authority, and roles and responsibilities in budget formulation and execution are unclear.
- Pilot ministries currently do not have the capacity to communicate clearly their strategies, policies and procedures to their provincial directorates.
- Provincial Development Plans (PDPs) were still in an early stage in all three pilot provinces and the planning process had already started without clear objectives or methodology, often resulting in unclear goals and unrealistic expectations. Furthermore it is not clear how the PDP process will fit with budget processes (see below).
- Complete and consistent information on the development needs and priorities of the provinces was not available. Some provinces had a provincial profile and/or District Development Plans (DDP). However, these DDPs were in the process of being consolidated into Provincial Development Plans so inadequate information was available at the time of the pilot.
- Information on the provincial allocation of some programs and projects was often not readily available.
- There is disagreement between MOF and the ANDS Secretariat on whether there will be a provincial budget ceiling. The MOF intends only to provide ministry ceilings.

Drawn from GoA (2007) "*Provincial Development, Provincial Budgeting and Integration of the Provincial Development Plans into the Afghan National Development Strategy*" Draft discussion paper for the ADF April 2007, and interviews with MoF.

2.22 In sum, although the system is formally centralized, substantially different levels of deconcentration have begun to emerge in different ministries. In some cases, this is the result of a deliberate strategy. In others it is emerging as a result of decisions made about individual programmes, with inconsistencies even between programmes within the same ministry. There is a lack of clear cross-government policies relating to the appropriate levels for functional responsibilities. While a few ministries are experimenting with deconcentration, overall sentiment for centralized decision-making remains strong.

2.23 It may also be noted that the formal centralized decision-making of line ministries is attenuated by the role of other actors, particularly the provincial governor. This is discussed in detail below, but provincial governors exercise considerable influence on the appointments of line department officials, as well as approving all expenditures of departments. The power of the governor can also be strengthened by the tendency for strong inter-ministerial rivalries at all levels, exacerbated by the unclear divisions of responsibility in some areas. Further deconcentration within ministries therefore carries with it the risk of increasing the influence of governors on the day-to-day operations of line ministries, unless parallel action is taken to deal with the institutional contradictions in the system.

2.24 Finally, serious capacity and systems constraints characterize all Ministries, particularly at lower levels. An assessment conducted in 2005¹⁸ found that few government employees at the subnational level have more than a high school education, nor do they understand the functions of the institution that they work for and most are also unclear about their own role within it. There is also a lack of internal procedures and systems, as well as poor office facilities, including lack of space, equipment and basic utilities.

Offices of Provincial Governors (OOGs)

2.25 Provincial Governors are appointed by the President as his representative in the province, but are formally part of the MOI. The exact relationship with the MOI is somewhat unclear, and is currently under discussion. Moreover the level of support provided by the MOI to the governors' offices is minimal, due to the unreformed nature of that ministry and its overall emphasis on security, rather than sub-national administration issues.

2.26 The provincial governor typically has a staff of between 20-55, although exact figures are difficult to come by as the staff of district offices are formally included in the headcount of the OOG. The OOGs receive very limited non-salary budget allocations. In general, governors' offices also have limited capacity, particularly in terms of organisational infrastructure and systems.

2.27 The governor has significant authority over the police in the province, and direct authority over the district governors. The various duties and authorities of the governor are formally laid out in the 1379 Law for Local Administrations. Other old and new laws and decrees also stipulate certain powers in different areas for the governor, but in general there is a lack of clarity about the exact legally prescribed powers. Nonetheless, the governor is seen to be the central figure and the direct representative of the president and is usually held in great esteem. In reality in most provinces, he or she (there is one female governor in Bamian) plays a pivotal role in provincial affairs, although this depends partly on his own influence and personality, and his relationship with other local powerholders.

¹⁸ IARCSC and UNDP (2005) "Subnational Training Needs Assessment Report".

2.28 Provincial Governors exercise considerable influence over the day-to-day operational activities of the line departments. It is commonly understood that the directors of provincial line departments have a dual reporting line – to their ministry in Kabul and to the provincial governor. The governor signs off on all provincial expenditures over Afs1,000, although for sums over Afs 50,000 he has to refer the matter to the provincial administrative assembly (PAA, see below) which he chairs. There is some confusion over the extent to which this is a legally mandated authority; nonetheless, it is universally accepted. The 1385 Procurement Law also gives the governor a seat on the 3-person provincial procurement committee.

2.29 The governor is also influential in appointments and other management issues. According to Article 15 of the Civil Service Law, PGs have recommendation powers over appointments to Provincial Departments at grades 3-5 and approval powers over grades 6-10.¹⁹ It is also widely known that they exercise strong informal influence over the appointments that are made, supposedly objectively and on merit by the Appointments Board, to grades 1 and 2.

2.30 One of the key mechanisms through which some governors exercise their influence is as chair of the Provincial Administrative Assembly (PAA). PAAs have long existed in many provinces as coordinating entities between the heads of department and the governor, although they vary in membership and function across the country. In some provinces they do not meet at all, or the governor is not involved. In others, they are a weekly administrative meeting of heads of department under the chairmanship of the governor. In some places, much of the PAA's time is spent on spending and procurement issues, but they also deal with other administrative matters, as well as security. This is clearly a forum which the governor can use to exert considerable influence over the activities of line departments, as well as ensure his involvement in all procurement decisions.

2.31 The governor also chairs the provincial development committee (PDC), discussed in more detail below (though he may sometimes delegate this responsibility). There is potentially some overlap in functions between the PDC and the PAA. In the agreed plans for reorganization of the provincial governors' offices through PRR, the PAA is conceptualized as a higher body with a broader membership which includes issues such as security, and the PDC as one of several sub-committees of the PAA with a mandate limited to development and planning. The actual relationship between PAAs and PDCs seems to vary.

2.32 Although the governors receive limited non-salary budget allocations, many governors receive additional funding from other sources, or have influence over the spending of additional sums. In some cases this leads the governor to become active in service delivery. Some governors have always had access to considerable sums through personal networks which have enabled them to strengthen and equip their own offices while increasing their power of patronage. However, additional sources of funds have emerged since 2001. In particular, many PRTs support activities initiated by the governors.

2.33 Until recently, governors in insurgency-affected provinces have received 'special operating funds' of up to \$5million per year through the 'Governors' Discretionary Fund'. This is being phased out although there will likely be a provision to ensure that governors have small amounts of money for the travel and entertaining necessary for their job. In general, there is currently an emphasis (strongly supported by donors) on ensuring improved transparency and accountability

¹⁹ These powers will be further entrenched when the draft Regulations to the Civil Service Law, which endorse them, are promulgated.

for all sums from the government budget allocated to governors. There is also ongoing consideration by some donors (mainly USAID) as to whether funding can be used as an incentive to strengthen links to the centre, and encourage ‘good behaviour’.

2.34 The reform of the OOGs through PRR is being coordinated by the IARCSC, who have completed reform processes in Balkh and Herat, have initiated efforts in the other northern provinces of Jawzjan and Samangan, and are currently working in 7 provinces in the central region. The experience of reform in the OOG in Balkh is described in Box 2.2 below. As with PRR in all units, the process in the OOGs involves restructuring, including the development of an organogram and job descriptions, appointment of staff on the basis of merit and some capacity-building and training. The basic agreed structure for the OOG (as shown below in figure 2.1) has two major organizational departments under the governor and his deputy: the office of the chief of staff and the office of the executive director. The office of the executive director is responsible for day-to-day operational responsibilities and activities of the local administration. It has three major divisions: a sectoral technical services division; a local government operations division; and a finance and administrative division. There is also a separate internal audit office, reporting directly to the governor. The total civil service staff in the provinces which have completed restructuring is about 54.

BOX 3.2: REFORM OF THE GOVERNOR’S OFFICE - BALKH

Recognizing the need for reform in the OOGs, starting in 1383, the IARCSC and MoI worked together for over a year to develop new structures and related job descriptions in line with the functions of the governor for grade 1, grade 2 and grade 3 provincial and district governors’ offices. The implementation of this was piloted through the PRR process in Balkh, Jawzjan and Samangan provinces and Dehdadi district in the northern region. Reform of the governor’s office in Balkh province (Grade 1) began in 1384 and is the most advanced of the pilots. The process in Balkh was facilitated by a high level of understanding of and commitment to the reform process by the governor and his old staff and recognition of the need for competent staff.

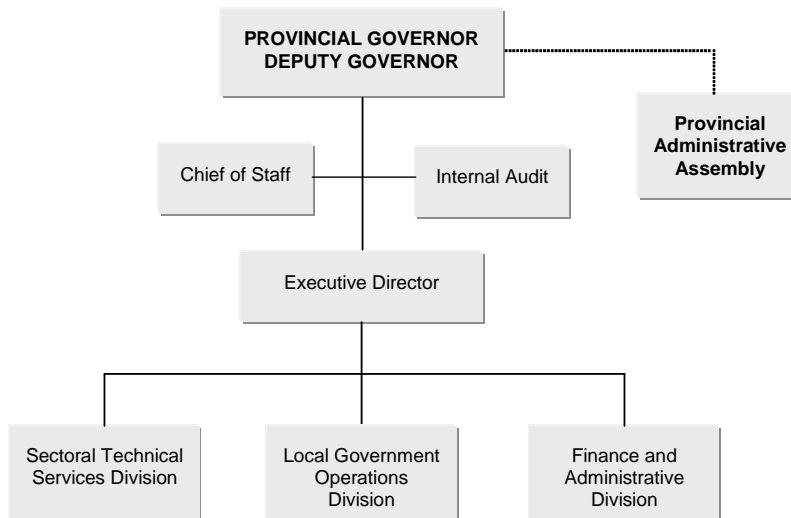
A merit-based appointment process to fill each position under the new structure was completed in line with the 1384 Civil Service Law. It appears that, overall, merit-based procedures were observed as approximately 70% of old staff were deemed unqualified for positions under the new structure. Prior to the reforms, only 2 staff had degrees. Following the merit based appointments process, there are now 21 staff with bachelors degrees and two with masters degrees.

While there has been no extensive review of the impact of the reforms to date, overall coordination of development activity seems to have improved. For example, a database with the profile of the province has been established. Communication between the Governor’s Office, Provincial Council, line ministries and the centre is also reported to have improved. Revenue collection and transfer back to the center has increased.

The reform is therefore generally considered to have been a success. However, coupled with the more general issues related to the role of the governor highlighted in this report, there are three issues in the OOG reform process that particularly need to be addressed:

- The role of the Technical Services Department (TSD). Establishment of this department possibly encroaches upon the mandate of sub-national line ministries, although there may be scope for the short-term establishment of such a department until capacity of line ministries is increased. Further consideration of the structure and mandate of the TSD is required to ensure that downstream problems between ministries are avoided.
- The lack of a retrenchment policy. Former staff understood the need for qualified personnel but there was great concern as to what would happen to those who were not qualified under the new structure. In the end, positions were found for these staff in unreformed ministries in the province. However, a longer-term solution to this issue across the civil service is urgently required.
- Capacity of IARCSC regional offices. The seven IARCSC regional offices are overstretched. As rollout of reform is expanded across the country, it will be necessary to increase staff numbers to ensure the IARCSC can provide the required support, particularly for provinces with low capacity.

Figure 2.1 : Organizational Structure of the Provincial Government Administration (Balkh Model)



2.35 The Afghanistan Stabilisation Programme (ASP), a national programme which has suffered a number of problems since its inception in 1383, has recently been revived and is also working to strengthen the OOGs, through the provision of technical advisors, training and facilitation skills. The ASP has advisors in every province, but is particularly focusing on the four provinces in the south receiving attention from the Policy Action Group (PAG) - Kandahar, Helmand, Uruzgan and Zabul. The activities of this programme appear to be poorly coordinated, although not directly overlapping, with the activities of the IARCSC.

2.36 The issues surrounding the roles and responsibilities of the Governors' Offices are some of the most difficult in the Afghan sub-national system today. In addition to their role in provincial planning and interdepartmental co-ordination, Governors are also (de jure and de facto) other intimately involved in the day-to-day operational activities of the line departments: they sign-off on expenditures, are involved in almost all procurement decisions, and have key powers in respect of appointments. But they do all this in the absence of an accountability structure which could incentivise service delivery or governance performance. Moreover, the flow of additional funds from a variety of sources to the governors' offices has the potential to strengthen the tendency of some governors to engage in informal service delivery. This runs the risk of establishing parallel service delivery mechanisms at the provincial level – with the governors' office duplicating the efforts of line ministries and working at cross purposes with them.

Provincial coordination and planning: PDCs and PDPs

2.37 Provincial Development Committees (PDCs) are emerging across the country as the main coordinating mechanism for development activities and planning. In November 2005, a Cabinet decision mandated the establishment of PDCs, with the secretariat held by the Ministry of the Economy. This brought some order to a confused situation in which different coordinating bodies with different names had appeared across the country – some with their roots in previously

established UNAMA-supported provincial coordination bodies, and others initiated by governors, or donors or PRTs.²⁰

2.38 MRRD and various donors, including UNAMA, have assisted in forming PDCs, and they have now been established in almost all provinces in different forms. Particularly where the provincial governor chairs, there are indications that they are becoming increasingly effective, at least as an information and management co-ordination mechanism. Annex II provides a list of dates of establishment, the main actors involved and their progress in developing PDPs. The main roles of the PDCs are understood to be²¹:

- to coordinate activities of the line ministries
- to prepare Provincial Development Plans (PDPs)
- to improve donor coordination
- to monitor the implementation of development projects; and
- to enhance the capacity of the provincial administration for public service delivery.

2.39 **As of April 2007, 21 provinces had completed PDPs, four had not started, and a further nine were in the process of developing them.** However, the PDPs that have been completed vary considerably in quality and many consist entirely of project ‘wish lists’ with few attempts at prioritization. They also vary enormously in their scope and scale. The case of the Kandahar PDP which requested US\$ 3bn has become legendary. Balkh province requested US\$ 970m over 5 years, Herat has asked for US\$ 284m for 1386. Bamian, on the other hand, only initially requested US\$5 m. Other PDPs are deliberately not costed. The Governor of Kapisa, for example, understands that PDPs are not linked to a hard budget and therefore sees the Kapisa PDP as simply a broad priority list to be presented to donors and the PRT. For that reason, it has not been costed.²²

2.40 **The PDP process has now been strongly linked into the ANDS process** and is being seen as a way of ensuring ‘bottom-up’ participation in national planning processes. However, there is a lack of agreement between the ANDS secretariat and the MOF about the exact nature of PDPs and their usefulness. Partly to resolve these differences, a joint technical committee made up of MoEc, MRRD, MOF and the ANDS secretariat has been created and to date has met twice. Its mission includes:

- Defining a unified vision of the objectives and financing mechanism for PDPs;
- Defining a mandatory common methodology to be used by all provinces for the preparation of their PDPs;
- Preparing a common format (template) for submission of PDPs to ANDS and MoF.

2.41 A number of difficulties surround the PDCs and PDPs. First, much of the motivation and impetus for provincial development planning has come from donors, particularly the PRTs, who are looking for projects to fund quickly to meet political and military as well as short-term development objectives. **However, as is evidenced from the wide variety of the outputs thus far, there is considerable confusion about the nature of PDPs, how they link to other processes, and what they are expected to achieve.** Most importantly, PDPs to date have not been tied to any budget or resource envelope. While there have been increasing calls to make them “budget constrained”, it is not clear what budget is being referred to, nor how helpful this

²⁰ See Lister, S. (2005) “Caught in Confusion: Local Governance Structures in Afghanistan” Briefing Paper Kabul:AREU and Lister, S. and Nixon, H. (2006) “Provincial governance structures in Afghanistan: from confusion to vision?” Briefing Paper Kabul:AREU

²¹ GoA “Provincial budgeting.....” ibid

²² Interview with PG, Kapisa.

prescription can possibly be. If PDPs are tightly linked to the core budget, they become largely meaningless as the core budget is dwarfed by the external budget insofar as development funding is concerned. If, on the other hand, they are linked to the external budget the term “constraint” becomes a little oxymoronic as the external budget, by definition, is only very loosely constrained and is largely programmed by donors. This dilemma is intractable. It springs directly from the nature of the Afghan budget and aid flows to Afghanistan, and an appreciation of its implications is fundamental to developing a constructive concept of what PDPs should really be.

2.42 Second, **how PDPs are meant to be produced with respect to “bottom up” (participatory) and “top down” (central) planning processes is unclear.** The reality is that PDPs have been formulated without much structured connection to bottom up planning processes (e.g. at District level) – nor is it clear how, under current conditions, they could or should be. And, while they are now linked into the ANDS it remains to be seen how any tensions emanating from this linkage (e.g. a disagreement between the ANDS and one or more PDCs on planning priorities for given provinces) will be resolved. Although the GOA has committed itself to abolishing parallel planning mechanisms, and despite the formation of a joint technical commission to look at such issues, some of these issues may be inherently unresolvable within current institutional arrangements.

2.43 Third, there are **many differences between PDCs being established in different provinces.** The composition of membership varies, as does meeting regularity and capacity. In some places PC members are invited to attend, in others they are not. In some places, donors and other international actors, particularly PRTs are dominant, but in others they seldom participate. If PDCs are given increasing roles in budget approval (as the provincial budgeting pilot proposes) increasing tensions with the trend towards full membership of international actors may emerge.

2.44 Finally **PDCs have few resources to enable them to fulfil their functions.** The original cabinet decision on their formation specified that PDCs should not have separate budgets or additional staff as they are only a coordination mechanism for existing staff. However, in practice some minimal resources are necessary to enable them to carry out their roles, particularly given the weakness of the Ministry of Economy in the provinces. At present they often receive logistical or practical support from the PRTs, and in some places UNAMA is effectively providing the secretariat.

Provincial Councils

2.45 **The election of 34 provincial councils (woleyati shuras) in September 2005 marked the establishment of Afghanistan’s first elected provincial-level institutions.** Each council has between nine and 29 members depending on the population of the province. Across the 34 PCs there are 420 members. Members are elected in a single provincial constituency, meaning that all districts may not be represented on a council. The election law states that a quarter of the seats on a PC should be reserved for women. Each PC elects a Head, a Deputy and a Secretary for the period of one year.

2.46 **The original law and supporting regulations ascribing their roles gave PCs mainly weak advisory functions and a role in provincial-level development planning.** A revision to the PC law has recently been signed into law by the President which responds to some of the PC demands for greater authority and gives them ‘oversight’ of the provincial administration and its financial resources. It remains unclear what this precisely should amount to in practice, but there is a general acceptance that this involves a widened role for the PCs in holding both the Provincial Governors and the Provincial Departments to account for their performance. In

recognition of this, PCs have already established Monitoring and Oversight Committees in some provinces. A recent presidential decree also instructs provincial governors to make development plans jointly with the PCs and to ensure that there is an ‘enabling environment’ for their activities and implementation of their oversight functions.

2.47 The revision to the PC law has increased the mandate of the PCs, but knowledge of the revision as well as the recent presidential decree is not widespread within the government, and the implications of it are poorly understood. There is an understanding in some parts of government that the revised law empowers the PCs to sign off on development budgets, including the budgets of each line ministry. However, senior staff at the MOF have not been aware of this to date, and it has not been factored into plans for expansion of the provincial budgeting pilot.

2.48 The passing of the revised PC law and issuing of the decree has also been **accompanied by an institutional shift whereby PCs now relate to the Minister for Parliamentary Affairs in the Office of Administrative Affairs (OAA)**. Previously they had a split relationship between OAA and MOI. The President has also expressed a desire to meet regularly with the heads of all PCs. The OAA understands that any serious complaints about the performance of provincial administrations should be brought to the attention of the President.

2.49 **Substantial capacity and resource constraints have inhibited the PCs’ abilities to operate effectively and carry out even their earlier limited mandate.** In January 2006, all 34 councils noted inadequate working space and finances among their main problems.²³ Attempts are now being made to allocate more resources to the PCs and their budget allocation has increased from Afs 120m to Afs 170m, or around US\$ 3.4million. This is apparently a reduction of the original full allocation of US\$4m promised in the previous year, which they did not receive. The increase in actual funds, however, still leaves them relatively few unallocated funds once the members’ monthly allowances of US\$400/month have been paid. The sum available is insufficient for establishing even basic systems and providing transport and other elements which will enable them to fulfill their functions effectively. Moreover, the budget allocations have been sent to PCs by OAA with standard line item allocations for expenses and equipment which are almost the same for each council. This clearly neither reflects the specific needs of the councils and the provinces they serve, nor makes any adjustment for the size of the council. Nonetheless, it is an improvement on last year that the councils have been informed of the money they have available for operating costs. Last year, many councils neither knew how much money was available, nor how to access it.

2.50 While venues and some other basic resources such as furniture were found for the inauguration of the councils in almost all provinces, in most places all resources were initially allocated through the offices of the provincial governors, over whom the PCs were supposed to be exercising some measure of oversight. In many places, resources are still provided through OOGs, but now the situation is a bit more mixed.²⁴ In some provinces, such as Nangarhar, Bamian and Panjshir, the PCs continue to use government buildings provided by the governor. In other places, the PCs have made their own arrangements. In Daikundi, Balkh, Sar-i-pul, Baghlan, Kunduz and elsewhere, the PCs rent property using their limited allocation. In Parwan, the PC made arrangements to purchase land, on the understanding that the PRT would construct a building. However, there are questions about ownership of the building, operating costs and so on. Transportation is also a serious constraint for PCs. Many councils received one or two

²³ Lister and Nixon (2006) *ibid*.

²⁴ The authors are grateful to ALGAP for providing much of this detailed information on the current operation of the PCs.

Russian jeeps donated by UNOPS/UNDP after the elections, but many of these were unusable and the councils generally do not have the resources to run them.

2.51 Some donors have also provided limited resources to the PCs. Aside from logistical and practical support that has been provided by the PRTs and others, the USAID-funded ALGAP project has provided technical assistance to PCs and PC members by organizing regional and national conferences to discuss the issues and share experiences, as well as assisting site visits of PC members within their provinces.²⁵

2.52 Donors are also beginning to provide more assistance. Although the USAID-funded ALGAP project is closing, the National Democratic Institute is rolling out a programme which will continue to provide training and support to the PCs. The UNDP Afghanistan Subnational Governance Program (ASGP) is also planning to work with PCs. Additionally, the US-funded Afghans Building Capacity (ABC) program to be implemented by Bearing Point could also contribute substantial sums. Numerous other donors are interested in supporting aspects of the PCs.

2.53 In April 2006, a joint government-donor working group was established to facilitate policy dialogue and the exchange of information, to improve cooperation in relation to the PCs, and to ensure improved coordination between donors. It was primarily composed of representatives from OAA, MOI, the Ministry of Parliamentary Affairs (MoPA), and the Meshrano Jirga, and those members of the donor community with support projects for the PCs. However, this ceased to function for various reasons. Attempts are now being made to revitalize it.

2.54 Despite the severe lack of resources and basic systems, PCs are beginning to play their roles increasingly effectively in some places. They are particularly active in dispute resolution, working to resolve conflicts between government and citizens and between different local powerholders. There are also examples of PCs beginning to exercise their oversight function, taking up issues with governors and local officials as well as reporting problems to the Meshrano Jirga. A small number of councils are even beginning to work with the mass media, including producing newsletters, in order to inform their constituents about important issues.

2.55 Research suggests that the actual relationships between governors and PCs vary from province to province, depending on local condition and individuals, with the security situation also influencing the dynamic between PCs and provincial governments. Recent work by the Asia Foundation found that in some places there was a significant degree of conflict between the governor and PC, much of it due to the lack of clarity about respective roles and mandates.²⁶

2.56 The most fundamental point about the PCs is that, aside from CDCs, they are the only source of bottom-up accountability in the subnational system in Afghanistan. While their role in this area remains limited, and they have no service-delivery or administrative functions themselves, it is an important one. From a legal standpoint this role has recently deepened. The critical challenge that PCs now face is to expand their resources and capacities in order to ensure that the role now described in law is realized in practice.

2.57 A related question concerns their independence. The provision of resources through the governors' offices, and the de facto approval right that PGs have over all PC expenditures, greatly curtails their ability to exercise their oversight and accountability role in respect of the OOGs. To

²⁵ Noted in TAF (2007) *ibid*.

²⁶ TAF, *ibid*

some extent, this has now been rectified with the provision of budgets through OAA and the trend towards PCs arranging their own office accommodation. But these important constraints still need to be properly addressed. In addition, at the national level, there is some disquiet that PCs may now be effectively be subordinated to the OAA and this may be an issue that should be addressed in the medium-long term.

C. THE DISTRICT LEVEL: DISTRICT GOVERNORS, DISTRICT OFFICES, AND DISTRICT DEVELOPMENT ASSEMBLIES

2.58 ***Uluswals/woluswals* (district governors) are appointed by the President and represent the Ministry of Interior at the district level.** District governors report to the provincial governor and their role is primarily to represent the government at the district level and to coordinate ministry activities. They are also responsible for civil registration of births, deaths and marriages. They may also assist in conflict resolution, through referral to the police or the local shura. They do not have primary authority over the district police who report primarily to the provincial police chief, nonetheless district governors are usually heavily involved in security issues. Some research suggests that most citizens' interactions with the district governor are around security issues. District governors have limited formal limited influence over other civil servants who are responsible to their respective ministries.

2.59 **Capacity at the woluswal level is extremely weak.** An estimated 40 percent of woluswals have not completed elementary school and they are generally very poorly resourced.²⁷ Although there has been some office-building through the ASP, and individual donor and PRT initiatives, some still have no offices. Many have no staff and no real operating budget.

2.60 However, as with provincial governors, **district governors often have more actual influence through their own personal relationships than they are formally ascribed**, and district governors have often been observed playing a 'gatekeeper' role between citizens and other authorities. Moreover woluswals are able to exert control over many activities in their districts, and for that reason, it is commonly understood that some district governorships are 'sold' since opportunities for benefiting from illegal activities in a district can be plentiful. This informal power and the opportunities for personal gain appear to have slowed reform efforts at the district level. In 2006, when there were plans to submit district governorships to more transparent, merit-based recruitment processes, the district governors used their connections to various power brokers, including the National Assembly, to block reforms.

2.61 **Staffing for the District Offices of the Line Ministries varies significantly**, depending on various factors, including the size of the district and levels of security. MRRD, MoE, MOPH, and MAAHF are the most commonly represented, but these offices are tertiary offices of the central Ministries, with limited implementation responsibilities and individual representatives have little decision-making authority. In districts where there are no education or health representatives, personnel in the basic health clinics and village schools report directly to the provincial departments.

2.62 Although mandated in the constitution, **district council elections have been postponed indefinitely**. Given the many difficulties and costs involved, it is very unlikely that there will be any directly elected accountability structure at the district level for the foreseeable future.

²⁷ TAF (2007) *ibid*

2.63 There has been relatively little government or donor activity to build institutional capacity at the district level. The IARCSC's plans to roll out reform of the district governors' offices have not progressed as originally planned. Indeed, it may be that the agreed structure for district governors' offices is rather ambitious and staff-heavy, given the limited capacity and resources at this level. According to the Balkh model, the new organizational design includes a district executive director (DED) with three sections reporting directly under him/her: a sectoral technical services section, a local government operations section, and an administrative and finance section. The ASP is also involved in some capacity-building and training activities in the district governors' offices, but only in a limited number of districts and provinces.

2.64 Some ministries are currently attempting to increase their staff at the district level. For example, MRRD is placing two social organizers in every district who will be responsible for facilitating rural development activities, in particular village and district development planning. The MOE is also trying to strengthen its district representation.

2.65 The most widespread initiative related to district institutions is MRRD's National Area-Based Development Programme (NABDP), which is forming District Development Assemblies of CDC representatives and facilitating their planning at a district level. This programme too has experienced delays but, as of April 2007, about 156 district development plans (DDPs) had been developed. However, as discussed above, these have not been integrated into other planning processes such as PDP processes. Moreover, the programme is also not always well integrated into the initiatives of other national programmes, such as the NSP.

2.66 There are other donor-funded initiatives working at the district level, but none of these have national coverage and they do not always work to an agreed institutional framework. The EC-funded work of GTZ on the Project for Alternative Livelihoods in Eastern Afghanistan is working with ASP to build the capacity of the wuluswal's office. However this project only covers 3 provinces. JICA has also been supporting initiatives in 4 provinces.

2.67 At the district level there is a glaring gap in terms of both an agreed overall institutional framework and activities to either create or strengthen such a framework. While there is some (albeit limited) consensus developing on roles and relationships at the provincial and community levels, and considerable activities and funding directed towards these levels, there is little clear idea of how the district level fits into the overall picture, and how best to link communities with provinces. Key questions here concern the number of Districts and whether there is room for District consolidation, their functional role, and their future in the context of the trend towards CDC federation (see below). In addition, some argue that it will never be fiscally sustainable for the state in Afghanistan to maintain a substantial presence at the district level, and it simply cannot afford so many layers of government. Others argue that the district level is the only level which can truly aggregate citizen interests and pass them 'upwards' and it is vital that there is capacity at this level. What is clear is that the role of the district governor needs to be clarified and better supervision put in place.

2.68 In this situation, and given that there is unlikely to be a directly elected body at this level for some time to come, it may well be that the most appropriate coordinating fora will be the DDAs. However it is important that it is clear how such efforts fit into other upward and downward processes, and that donors supporting this initiative are working to an agreed framework.

D. THE MUNICIPAL LEVEL²⁸

2.69 Municipalities are regulated predominantly by the Municipal Law of 2000²⁹ which creates Kabul Municipality as an entity with municipal status, provincial municipalities in each of the provincial capitals, and has allowed for the creation of in excess of 180 “rural” municipalities, most of which operate without guidance or regulation with an informal client relationship to a nearby provincial municipality. The emergence of rural municipalities appears to be related to inadequate – and unapplied – criteria for their creation.³⁰ This factor, as well as the differences between de jure and de facto administration of municipal areas and tensions between the Constitution and the Municipal Law, point to the need for establishing clearer criteria for municipal status and legislation governing the status of different sorts of settlement.

2.70 Municipalities are responsible for the management of their areas and for the delivery of basic infrastructure and services such as roads, drains, solid waste collection and disposal, sanitation and so on. In some cases (e.g. networked water supply, power) they play this role together with state utilities, such as the Central Authority for Water Supply and Sanitation, while the Line Ministries deliver the services for which they are responsible (education, health etc.). Municipalities are meant also to play a co-ordinating role around service delivery in their areas. However both this role, and the direct service delivery function, is made difficult by a lack of clarity over functional responsibility in law, and the absence of service delivery frameworks. For this reason – and many others (insufficient finance, lack of capacity etc.) – service coverage in municipal areas is low and the quality of service-delivery is poor. For example, only 10.2% of municipal dwellers have access to piped water; 61% of urban dwellers access their homes on unpaved roads, and there is no primary state-provided solid waste collection for 80% of the population in Kabul.

2.71 Historically, municipalities in Afghanistan have been self-reliant and are meant to finance their activities through own-source revenues. While this has established important autonomy for municipalities, it has also created a number of significant problems. First, municipalities are subject to unfunded mandates, with existing revenue sources being insufficient to cover the costs of a reasonable level of service delivery within their areas. Thus Kabul’s budget for 1386 was US\$ 30m for a city of 3.2m, or roughly \$7/capita, while that for Jalalabad was \$2.5/capita. These are both far below averages for other cities in the South Asia region. Second, the own-source revenue structure itself is very problematic: municipalities have proliferated a wide range of often illegal taxes and user-fees, which are not properly regulated at the centre; land sales, which are intrinsically unsustainable, have comprised a significant share of total income, and revenue administration is very weak (revenue yield thus significantly lags behind revenue potential). Moreover, notwithstanding the commitment to fiscal “self-sufficiency”, substantial funds are transferred to Kabul municipality, which relies on such transfers for over 40% of its total income. In the absence of any clear, rules-based system for distributing central transfers among municipal entities, this sort of flow is intrinsically inequitable, inefficient and vulnerable to a politicized allocation process.

²⁸ Most of the material for this and subsequent decisions on the Municipalities is drawn from an internal Bank report on the Municipalities drafted by Soraya Goga and Mihaly Kopanyi, June 2007, which contains much more detail on the issues discussed here.

²⁹ 11 other laws also apply, but the Municipal Law is the key one. There are a number of contradictions between the Constitution and the Municipal Law, some of which receive attention below.

³⁰ Municipal status is granted largely if the core settlement has more than 5000 inhabitants and there is capacity for implementing city master plan (Article 8 ML), though master plan often nonexistent.

2.72 Budgeting, accounting and financial management at the municipal level are all extremely weak. The municipal budget process is subject to a confusing number of oversight checks, or interference processes, on the part of the MoF, MoI and PGs,³¹ and there is seldom much relationship between municipal budgets and actual performance, particularly on the revenue side (see Table 2.2). Accounting systems are poor, and systems which allow for adequate control during budget execution (e.g. to manage cash flows and working capital) are essentially non-existent. Financial and accounts personnel lack the skills necessary to exercise their basic functions.

Table 2.2: Actual and Budgeted Income (Million Afs.)

City	Actual Income 1383	Budget Income 1384	Actual Income 1384	Budget Income 1385	Actual Income 1385
Kabul*	529.56	700.00	730.00	1000.00	1120.00
Mazar	10.87	25.36	39.78	406.00	N.A.
Jalalabad*	N.A.	700.00	69.00	864.00	84.60*
Kunduz	24.39	55.63	23.06	66.96	N.A.
Kandahar	120.47	369.73	110.19	238.00	N.A.
Herat	N.A.	N.A.	N.A.	390.00	N.A.

* for first 9 months of 1385.

2.73 The accountability framework governing municipalities is highly problematic. The most obvious difficulty is that, whereas the Constitution calls for the Mayors and Governing Councils of municipalities to be elected, no such elections have yet been held and both the Mayors and the Councils are appointed (the former by the President.) The allocation of functions between the Mayor and Councils is also unclear. Allocation of functions between the Mayor and the Councils is regulated by section 17 of the Municipal Law which suggests that the Municipal Council is the major governing body and “resident ... institutions are obliged to implement the decision of the council”. However, the section remains silent on the role of the Mayor. Legally there is thus no clear hierarchy between the mayor and the council. De-facto, however, the Mayor runs the council. He appoints the council members and they serve at his pleasure.

2.74 At lower levels within the municipalities (particularly Kabul), there are mechanisms for allowing for the expression of voice and determining community needs. Each neighborhood (*gozar*) has a *wakil-i-Gozar* who is appointed and paid by the municipality as their representative. The *wakil-i-Gozar* attends to the local administrative and management requirements of the municipality including registration of births and deaths, registration of land, dispute resolution between neighborhood residents etc. They are also the neighborhoods’ primary link in accessing services including trash collection, donor support, education, health etc., primarily through interaction with the District Office. However, there is no forum for the development needs to be taken from the district level to the central level of the municipality for incorporation into the municipality’s broader development planning agenda, and city planners largely ignore this system of representation, except when the municipality requires District officers and the wakils to mediate the impact of plans and property expropriations. Consequently, there is a considerable fracture between the two parts of what should be considered a pyramid of representation and the institutional response to the needs of residents.

³¹ Widespread accounts of deep PG involvement in the determination of municipal budgets were confirmed in the course of discussions with the Mayor and municipal officials during the field visit to Kapisa.

2.75 Recent and older³² project experiences (e.g. the Bank funded Kabul Urban Reconstruction Project and the EU funded UNHABITAT EC 3 & 5 Project), have indicated some potential for CDCs and the *wakils* to co-exist, with the former playing a role as a mechanism for needs assessment, planning and monitoring and the latter focusing on management and administration. However, a number of issues would need to be resolved, including the sustainability of the CDCs themselves, the precise nature of the *wakil*-CDC interface, particularly around management roles, and the fracture between the system for determining community needs and ensuring that these are linked to actual budgetary and planning decisions.

E. THE VILLAGE LEVEL AND CDCs³³

2.76 The Malik or Arbab³⁴ has been the traditional representative of a village to the government and the community point person for dealing with community problems, although he can also call upon the help of the village elders' Shura.³⁵ The situation varies considerably in different parts of the country, and even from village to village, but in many parts of the country, maliks are still the day-to-day link between the people and district authorities. They are officially recognized by local authorities and authorized to refer issues to the government.

2.77 CDCs are local representative bodies, established at the village level. Assisted by facilitating agencies, they plan and execute basic infrastructure projects in sectors such as transport, water supply, power and education. They were introduced as the main vehicles for implementation of the NSP in 2003, and by the end of December 2006 covered over two thirds of Afghanistan's estimated 24,000 villages across all of the country's 34 provinces.³⁶ Table 2.3 summarizes the position:

Table 2.3: CDCs as of end December 2006

No. of Community Development Councils elected	16,072
No. of Community Development Plans completed	15,487
No. of sub-projects financed	20,038
No. of CDCs financed	10,873
No. of sub-projects completed	8,843
Total amount of block grants disbursed (in US\$)	\$249.5m
Total amount of block grants committed (in US\$)	\$278m
No. of districts reached by NSP	248

³² The forerunner of the CDCs in Afghanistan were the urban 'community fora' established by UN Habitat during the Taliban regime.

³³ Much of the information for this section was drawn from a recent Bank report on CDCs authored by Asger Christensen and Asta Oelsen.

³⁴ The old system of Malik/Arbab was replaced with Qaryadar (elected representative of people from Qarya or "village") by the 1964 constitution and then the whole system was replaced by community based councils, by Daud khan (1973-78). However, in many places Maliks continue to play important roles, and the reality is that most villages have a hybrid system of authorities.

³⁵ L. Dupree, 1966, "Aq Kupurak: A Town in Northern Afghanistan," South Asia Series, cited in TAF report.

³⁶ NSP Quarterly Report for October 1st to December 31st, 2006. MRRD.

2.78 A second NSP has recently become effective and intends to cover an additional 4,300 communities, which, together with the target of 17,600 for the first NSP would achieve coverage of 21,900 villages, comprising 91% of Afghanistan's estimated total.

2.79 Various assessments have been conducted of CDCs. Some of the main points emerging from these are:

- CDC-managed projects are significantly cheaper (around 30%) than for similar projects implemented through conventional processes;
- Economic Rates of Return are generally high (a little under 40%);
- Positive governance impacts have been substantial. CDCs have generally established legitimacy and increased public faith in the broader Afghan government;
- There is also some indication that the presence of CDCs correlates with the stabilization of local communities. For example, schools burning rates appear to be much lower for NSP-built schools than for regular schools, even in the areas where overall schools burning rates are high.

2.80 The average CDC grant under NSP works out at between \$17-\$33 per capita per annum.³⁷ Relative to international comparators, this is very high. The Commune/Sanghat Fund in Cambodia, for example, which targets entities quite similar to Afghan CDCs funds at the level of about \$1/capita/annum, while the very well known Kecamatan Development Programme in Indonesia funds at about \$2/capita/annum. Similar projects in East Africa come out at between \$1 and \$3 per capita per annum.

2.81 There are important reasons for the initially high funding levels of the CDCs. First, the rural infrastructure backlog in Afghanistan is particularly large. Second, investment at the local level through other channels and modalities has been very limited, and has encountered many difficulties. Third, the human settlement pattern in rural Afghanistan, combined with the way in which CDC boundaries have been drawn, means that each CDC covers, on average, a relatively small population. Per capita amounts characteristic of other countries would thus yield much smaller amounts at the CDC level, making it very difficult to identify projects of a size worth funding. At Cambodian per capita funding levels, for example, the average CDC in Afghanistan would only receive around \$1,000/annum – substantially less than the average \$8,500/annum that the average Cambodian Commune receives. These factors clearly need to be taken into account in thinking through the future of CDCs. The key point here is that at current funding levels, the NSP raises fiscal sustainability questions; however, at levels more in line with international norms, the picture changes substantially.

2.82 There have been a number of important recent developments concerning CDCs, in particular:

- In January this year the President signed a CDC Byelaw which gives these entities formal organizational existence over and above their relationship to NSP. In terms of this law, CDCs may receive funds from a variety of sources, have planning, allocation and project implementation powers for their areas, and are even given some limited administrative responsibilities in areas such as births and deaths registration;

³⁷ CDC report p. 7. The \$16 to \$33 range depends on whether the CDC spends its once-off allocation over 1 or 2 years, or a period in between.

- CDCs are developing relationships with line Ministries to assist with planning and implementation of sector projects e.g. planning and allocation of schools rehabilitation at the District level with MoE;³⁸
- In some areas of the country, through programmes such as the National Area Based Development Programme, they have begun to federate at the District and “cluster” level for planning, consultation and resource allocation purposes;
- CDCs are also increasingly being established in urban areas, where they co-ordinate their activities with the wakil-i-gozar.

2.83 While additional assessments of the CDC initiative are planned, three themes are becoming increasingly clear. First, while experiences are mixed and coverage of the country is still incomplete, the available data indicates that they have become important vehicles of local service delivery. Second, both from a legal viewpoint, and by virtue of their developing relations with other organs of government, CDCs are in the process of becoming institutionalized and formalized as local governance bodies at the sub-district level. Third, they have begun to provide the building blocks for growing the state upwards from the community level. In general, then the argument in favour of expanding and consolidating them appears to be a powerful one and is gaining ground.³⁹

2.84 However, at this juncture CDCs face a number of critical challenges. The first is that CDCs face an acute existential threat connected to their funding. The NSP provides a once-off grant to CDCs (which may be disbursed in more than one tranche). Aside from what they may attract from other line Departments or donors on an ad hoc basis (and there are strong constraints to this), there is no other or ongoing funding flow for these entities.⁴⁰ CDCs thus face a very uncertain future. Unless this challenge is met, it is likely that they will weaken and collapse, and the social and institutional capital that has been created will dissipate.

2.85 Second, there is the question of their role. Whereas CDCs have shown themselves to be efficient entry points for delivery of public goods (rural infrastructure), their suitability as delivery mechanisms for private goods (household livelihoods) seems more problematic. As of now, government, donors and implementing agencies do not have a common view on the roles and functions of CDCs vis-à-vis the provision of public and private goods or with respect to other delivery entities. Clarification is required to preclude the introduction of conflicting CDC ‘models’ operating in practice, as well as to avoid conflicts with other delivery mechanisms (e.g. with micro-finance institutions regarding delivery of credit for household investments in livelihoods).

2.86 Finally, there is the question of their institutional mooring within central government. To date, as a result of their association with NSP, central responsibility for CDCs has been assumed by MRRD. As they become increasingly detached from the NSP, and consolidate as local governance organs in their own right, it is not clear whether this should remain the appropriate point of central oversight and supervision. This issue will need to be addressed in concert with the two raised immediately above.

³⁸ NSP District School Construction and Rehabilitation Window

³⁹ This sense is based on numerous consultations and conversations held while conducting this study and the one which focuses specifically on CDCs, which does not imply that there is a consensus on this point. While some Ministries in GoA are clearly in favour of CDCs, others appear to be more skeptical at this point.

⁴⁰ From 2007 on about 5,500 CDCs will graduate from NSP annually and will no longer have access to any regular or predictable funding.

F. OTHER ACTORS

2.87 **The core governmental structure outlined above is complemented by a large cohort of additional service-delivery and development actors.** Two of these – the NGOs and PRTs – are particularly important.

Provincial Reconstruction Teams⁴¹

2.88 **There are currently 25 PRTs in Afghanistan, led by 13 different countries:** 12 by the USA, two by Germany and one each by New Zealand, Lithuania, Italy, Canada, the UK, Norway, Sweden, Hungary, Spain, the Netherlands and Turkey.⁴² They are dispersed widely throughout the country, covering both secure and insecure areas, but tend to be less concentrated in the central and northern areas than elsewhere.

2.89 **The role of the PRTs** has attracted much comment and debate. The PRT mission statement states that “PRTs will assist the Islamic Republic of Afghanistan to extend its authority, in order to facilitate the development of a stable and secure environment in the identified area of operations, and enable Security Sector Reform and reconstruction efforts”, and the most recent edition of the PRT handbook emphasizes that “PRTs play a vital role in occupying the vacuum caused by a weak government presence and hence deterring agents of instability.” In other words, according to official sources, the role of the PRTs is both widely and diffusely defined: it is “neither a combat nor a development institution”, yet it *is* “a civil-military institution that is able to penetrate the more unstable and insecure areas because of its military component and is able to stabilize these areas because of the combined capabilities of its diplomacy, military and economic components.”⁴³ This provides substantial latitude for the PRTs to pursue a wide range of activities in the areas in which they operate.

2.90 **In this context, different PRT organizational and activity models have developed in different provinces,** driven by variations in the conditions they face and different national leadership approaches. In essence, however, PRTs do two basic development-related things: (i) they provide a protective home for bilateral donor and other government agencies which undertake development programmes and initiatives in the provinces (e.g. USAID and the US Department of Agriculture in Nangarhar; DFID in Helmand); (ii) under the overall leadership of their commanders, PRTs themselves identify and implement development projects funded from military budgets (e.g. the CERP budget in the case of the USA) or occasionally development funds.⁴⁴

2.91 It has not been possible to get comprehensive data on **PRT budgets and activities**, but an examination of CERP expenditures over the past two and half years (table below) indicates the following:⁴⁵

- The funding flows are substantial. Total expenditures (for projects completed and under implementation) over the period amount to well over \$200m;

⁴¹ PRTs are examined here from an institutional perspective as regards their relevance to the sub-national system of service delivery and governance. Other questions – such as their impact on “humanitarian space” and the like – have not been considered.

⁴² ISAF PRT Handbook, Edition 3, February 2007, Appendix 3 to Annex D.

⁴³ Ibid p 3, p 5.

⁴⁴ For example, the EC funds some ‘governance-related’ activities of European PRTs.

⁴⁵ Information extracted from the ACSP database at ISAF HQ.

- The expenditures are distributed over a wide range of activities and sectors, with fairly high expenditures in areas which are, perhaps, a little unexpected. For example, while “hard” sector expenditures are understandably high (Transport/Roads and Energy at 25 and 17 percent respectively), expenditures in the “soft” sectors are also very significant (Governance accounts for 15% of the total).

Table 2.4: CERP Expenditures by sector October 2004 – May 2007, US\$

SECTOR	PROJECTS COMPLETED	PROJECTS ONGOING	TOTAL
Agriculture	3,453,355	6,894,876	10,348,231
Capacity Bldg	1,603,613	12,740,468	14,344,081
Commerce & Industry	899,309	0	899,309
Comm Development	2,188,802	638,300	2,827,102
Education	5,391,488	15,328,168	20,719,656
Emergency Assistance	16,159,733	6,840,866	23,000,599
Energy	31,670,193	4,417,090	36,087,283
Environment	110,214	0	110,214
Governance	24,570,900	7,584,628	32,155,528
Health	3,146,964	3,155,841	6,302,805
Security	1,515,675	626,368	2,142,043
Transport	27,188,212	27,339,016	54,527,228
WatSan	1,489,248	7,990,927	9,480,175
Unknown	1,513,177	40,000	1,553,177
TOTAL	120,900,883	93,596,548	214,497,431

2.92 In addition, **the funding approval process is not necessarily conducive to effective or rational programming of development initiatives.** Typically, a US PRT commander has discretion over sums of up to \$50,000/month and is under substantial pressure to approve projects of at least half of this on a monthly basis. Projects which require larger amounts must be sent up through the chain of command for approval, and the commander has little idea as to the likely success of the application. The process thus tends to incentivise the identification and support of a multiplicity of small-scale, short-term projects over larger-scale, bulky initiatives, irrespective of the development needs of the province.

2.93 **ISAF also provides resources which are ancillary but linked to the PRTs.** One of the most valuable of these is the Afghan Country Stability Picture (ACSP), a GIS containing detailed data on development spending, project plans and implementation status across the country.

2.94 **PRTs execute their development activities through institutional modalities which operate outside of and parallel to those of the government.** While they may consult with provincial or district governors or other local bodies, PRTs ultimately decide on development priorities and projects themselves, contract directly with companies to implement these projects,

provide supervision and oversight, and so on. This inevitably gives rise to a range of problems.⁴⁶ First, it is obviously difficult to ensure that PRT-determined priorities are aligned with those of local communities and leaders, particularly when they may be driven by different imperatives and concerns. Second, development investment may be fruitless if it isn't combined with sufficient recurrent cost funding. In Nangarhar, for example, in early 2006 an administration building put up by the PRT remained empty and unused months after construction as the government funds for office furnishings, power-supply and so on were not forthcoming. Third, however imperfect they may be, it is difficult to strengthen the institutional systems of government if they remain unused and under-resourced. In fact, "government weakness" can become a self-fulfilling prophecy as skills are attracted away from the government sector by PRT and other agencies seeking to deliver physical outputs. Finally, government accountability for service delivery is attenuated. In sum, the PRTs confront a fairly typical dilemma, but in highly concentrated form: "Foreign aid that bypasses legitimate government can undermine it."⁴⁷

2.95 PRT leaders are aware of these risks and have taken a number of steps to manage them. These include:

- the production of the third edition of the PRT handbook which stresses things like "careful processes of outreach"⁴⁸;
- ESC Policy Note # 1, December 2006, which, among other things, states that "PRTs are strongly encouraged to coordinate all projects with the PDC, link them with provincial requirements and involve the relevant line ministries in all phases of the project."
- Support for the development of PDPs to provide some way of aligning PRT expenditures with priorities as determined by Afghan leaders and communities.

2.96 Notwithstanding these efforts, the core PRT dilemma remains – and will continue to remain for as long as they retain their current institutional character. One way of illustrating this is to pursue a metaphor that the PRT handbook itself introduces. "The PRT is scaffolding", the handbook says, "it is an interim structure designed to help build up the capacity of the GoA to govern and deliver essential services...Once that purpose has been fulfilled, its mission is complete and the PRT structure can be dismantled". The potential difficulty is that while the scaffolding functions as a structure onto which an increasing number of things can be loaded, precious little attention may be placed on building the wall. Moreover, the problems in attempting a shift in focus (from scaffold to wall) may well be aggravated by conventional military practices and culture, not least the six or 12 month rotations of military staff, which tend to create a short-term time horizon for action. Institution-building, on the other hand, is a long-term process.

2.97 None of this should be taken to imply that there is no need for PRTs or that they should be disbanded overnight; but it does suggest that definite measures should be taken both to manage the risks that they present and to move steadily onto an institutional track which makes them increasingly redundant.

2.98 A final issue concerns the staffing and skills of the PRTs. Again, robust data is not available, but anecdotal evidence suggests that while some PRTs have civilian advisors, they often do not have a great deal of dedicated capacity in areas such as governance and institutional

⁴⁶ See Alastair McKechnie, *Funding Reconstruction and Development: Provincial Perspectives and the Role of PRTs*, May 2007, for an expanded discussion of these.

⁴⁷ Ibid p 3.

⁴⁸ ISAF PRT Handbook, February 2007, p 22

development. There may thus be something of a disconnect between some of the expenditure patterns (see above) and areas of PRT comparative advantage.

Non-Governmental Organizations

2.99 NGOs in Afghanistan have historically held an important role in Afghanistan. Many have been operating for years in areas where other agencies have been unable to work. In the context of a collapsed state they were often the only service providers.

2.100 There are several coordinating bodies for NGOs. Particularly influential are the Afghan Coordinating Body for Afghanistan Relief (ACBAR) which has been operating since 1988 and now has a membership of 94 national and international NGOs, and the Afghan NGO Coordination Bureau (ANCB) which has a membership of 330 Afghan NGOs.

2.101 It is difficult to assess the total amount of money currently flowing to NGOs from different sources and through different channels. The only systematic study in recent years estimates that in 1384, NGOs received some \$450m in grants and contracts, with 82% of their activity in the humanitarian and social protection sectors.⁴⁹ Estimates are flawed, but the same study argues that this represents 13% of the planned development budget but - if unexpended funds, as well as those disbursed to the Army, demining and the 2005 elections are discounted - the percentage rises to 27% of what might be regarded as true development aid that year.

2.102 It is perhaps more helpful to look at specific sectors and examples of NGO involvement to gain an insight into the importance of NGOs:

- In the health sector, as of May 2006, 27 NGOs – 11 national and 16 international have participated in the contracting system, delivering the Basic Package of Health Services (BPHS). More than 21 contracts were awarded to national NGOs, 27 to INGOs, and 4 to consortia of international and national NGOs. 34% of total funds have been awarded to national NGOs, and 49% to INGOs.⁵⁰ Some estimates suggest that 90% of total health service delivery is carried out by NGOs.⁵¹
- By far the largest programme for NGOs has been the NSP. It is estimated that, once the oversight partner's fees are discounted, in 1384 NGOs accounted for the disbursement of around \$180m of NSP money.⁵²
- In 1384, MRRD spent \$12m on a rural water and sanitation programme, 80% of which was contracted through NGOs.
- In 1384, USAID spent \$80m on an alternative livelihoods programme implemented through Chemonics, of which USAID estimate around 75% was sub-contracted to NGOs.

2.103 Despite their long history in Afghanistan, in recent years there has been something of a backlash against NGOs, with populist political figures claiming that NGOs are using aid money which should be available to the state, and squandering it on extravagant lifestyles. This situation was exacerbated by a large number of for-profit companies (mostly construction companies) who had registered as NGOs to take advantage of tax and other concessions.

⁴⁹ Pounds, N (2006) "Where Does the Money Go? A Study on the Flow of Aid to NGOs in Afghanistan" ACBAR paper.

⁵⁰ Waldman, R., Strong, L., Wali, A. (2006) "Afghanistan's Health System since 2001: Condition Improved, Prognosis Cautiously Optimistic" Briefing Paper. Kabul: AREU

⁵¹ Pounds ibid

⁵² All figures from 1384 from Pounds

2.104 In response to the criticism of NGOs there **have been two major initiatives to clarify the definition and role of NGOS in Afghanistan**, as well as improve accountability and transparency. Firstly, legislation was passed in June 2005 which defined an NGO, stipulated permissible activities and set criteria for the establishment and internal governance of NGOs, as well as clarifying reporting requirements. Profit-making bodies registered as NGOs were allowed to re-register as businesses. Under the new regulations, some sources suggest that there are now about 830 registered national and international NGOs operating in Afghanistan,⁵³ although others put the figure lower, with 189 INGOs and 367 local NGOs registered.⁵⁴

2.105 The second initiative, led by the NGO community itself, was the development of an NGO Code of Conduct, as a self-governing mechanism to ensure commitment to transparency, accountability and professional standards from all signatories. As of September 2006, the Code had almost one hundred Afghan and international signatories.⁵⁵

2.106 In addition to the recent improvement in the regulatory environment, **as the government gains capacity in some areas, there are changing dynamics between NGOs and government agencies**. For example, in the MOE leadership there is a general trend to try to exercise more control and oversight over the activities of NGOs and other community-based groups. The Minister has stated that he will try to bring the teachers in the community education project funded by USAID and implemented by NGOs onto the MOE payroll. There are also attempts to make sure that ministry staff are used where possible, instead of contracting out tasks to NGOs. Recognizing the changing roles of NGOs and government, the Swedish Committee of Afghanistan (SCA) recently handed over 400 schools to the government, and Care International is also in the process of handing over most of its schools to the government. Similarly, in the health sector the relative success of service delivery in the SM provinces has strengthened the argument in some quarters that not all delivery tasks should be contracted out to NGOs.

2.107 **NGOs are and will remain a key feature of the service delivery framework in Afghanistan and the government has publicly stated its continued commitment to working with NGOs.** Nevertheless, the involvement of NGOs in what are still perceived to be state activities (eg delivery of health services) remains politically sensitive and many continue to believe that NGOs should be and are only temporarily involved until the government regains the capacity to be a direct service provider.

⁵³ GoA figures cited in United States International Grantmaking “Country Information: Afghanistan” October 2006.

⁵⁴ According to the ACBAR database, cited in Pounds (2006) “Where does the money go? A study on the flow of aid to NGOs in Afghanistan”.

⁵⁵ Information from AREU (2006) “The A-Z Guide to Afghanistan Assistance” Fifth edition. Kabul: AREU

3. THE SUB-NATIONAL INSTITUTIONAL STRUCTURE: KEY FEATURES

A. THE SYSTEM

3.1 The institutional structure described above exhibits five important features. Collectively considered, these constitute the core of the “sub-national problem” in Afghanistan, and generate the basic challenges that efforts to strengthen the system must address.

3.2 **First, the overall structure is characterized by significant systemic contradiction.**⁵⁶

On the one hand, direct formal functional and budget authority for the delivery of most key services in the provinces - such as education, health, water and roads - is held by highly centralized Line Ministries which work in vertically integrated silos with relatively weak, “externalized” linkages between them. Thus, in an organizational sense, provincial and district “administrations” – defined as horizontally integrated entities in which different agencies responsible for specific sectors fall under a unified point of budget and executive authority – do not actually exist in Afghanistan. What is often referred to as a “provincial administration” is really just the aggregate of the provincial offices of the line ministries (i.e. the Provincial Departments), the Provincial Governor’s office, the Provincial Development Council and the like, with no “hard” institutional link between them. Equally, there is no such thing as a “provincial” (or “district”) budget, in the sense of an identifiable fiscal resource dedicated to expenditures in a specific province over which a single authority has allocation and execution responsibility. There are only aggregations of expenditure which take place for services delivered at the provincial level (e.g. by the Provincial Departments), which the central Line Ministries largely control, and which cannot even accurately be captured by the existing accounting systems.⁵⁷

3.3 *On the other hand, this highly centralized line ministry system co-exists with – and is cut across by – the Provincial Governor system* which allows the PGs to intervene in the affairs of the Line Ministries and other agencies (e.g. the Municipalities) through six “softer” institutional channels, some legislated, some not. First, as mentioned earlier, PGs hold extensive powers over the appointments of civil servants to Departmental positions in their provinces. Second, they are able to influence the day-to-day activities of these civil servants simply by virtue of being proximate to them. In fact, this power is being extended in a number of provinces as OOGs undergo PRR reform, gain increasing capacity in technical areas, and consolidate their influence through fora such as the Provincial Administrative Assemblies where they formally bring heads of provincial departments together in order to make joint decisions on operational matters such as financing priorities and procurement. Third, in some cases they have been able to gain effective influence over funds which allow them to build infrastructure in areas for which line Ministries are responsible (e.g. directly, through the “Governors Discretionary Fund”, now winding down, and directly through their influence over PRTs in their provinces⁵⁸). Fourth, they hold approval powers for all expenditures of all the PDs funded from the core budget (which power underlies the other powers they exercise e.g. on PD procurements through the Administrative Assemblies).

⁵⁶ The focus here is on the contradictions between systems internal to the government structure at the sub-national level. There are also contradictions between donor allocation and implementation systems and those of the government, which are well-known and are not necessarily specific to the sub-national level. Those which are most germane to sub-national service delivery and governance (e.g. the PRTs) receive attention at various other points in this report.

⁵⁷ MoF interviews

⁵⁸ See Rubin, 2007.

Fifth, they are able to exercise (varying degrees of) control over municipal budgets.⁵⁹ Finally, these formal and informal avenues of influence all exist within, and are reinforced by, an overall institutional culture which accords to the Provincial Governors a central and senior position in the political structure of the country, and which tends to defer to the inheritance of existing practices even when such practices are no longer consonant with institutional developments. So, for example, during the period in which actual allotments to provincial departments were significantly less than those budgeted, there may have been a legitimate role for PGs in the area of expenditure authorization – after all, someone had to ration the cash. This problem was solved some two years ago and the basis for the practice thus disappeared, but there has been no real initiative to review or curtail it.

3.4 *The main problem this overall system creates is that centralized modalities of service-delivery are combined with – and subject to – a range of interventionist powers on the part of the PGs in a way which blurs and undermines accountability and introduces significant organizational inefficiencies.* Governors are political appointees of the President, they have no formal responsibilities or budgets for service-delivery in the Province, have no institutionalized links downward to citizens or consumers for services, and thus cannot be held accountable for them. Yet they are able significantly to influence the way in which the chief service-delivery agencies (the line departments and the municipalities) operate and function. While there are undoubtedly some good governors who will exercise this influence benignly, given the accountability structure outlined above PG institutional incentives are unlikely to derive consistently from imperatives to improve service-delivery and it is thus unlikely that these interventions will be conducive to that purpose in aggregate. Moreover, the simple fact that an external agency is able to become involved both in high-level decision-making (such as senior appointments) and in the day-to-day operations (such as expenditure approvals) of the activities of the PDs is not conducive to operational efficiency on the ground, and provides a strong disincentive to the Ministries and their officers to seek improvements in this area (there is little point in doing so if such improvements can easily be overridden by Governor actions.) Finally, it is worth noting that a number of ongoing initiatives may well aggravate rather than ameliorate this problem. The PRR process underway in Balkh and other provinces is aimed at making the PGs more effective and improving the capacities of their offices. Unless these actions are carefully targeted, they may thus unwittingly also strengthen PG ability to interfere unhelpfully at the operational level.

3.5 **Second, even given the choice of a centralized governance and service-delivery intergovernmental structure for Afghanistan, existing institutional arrangements are often highly inefficient.** In particular, Line Ministries tend to be over-centralized, with their central offices in Kabul retaining functions which could much more efficiently be performed at the provincial level: teacher recruitment in the case of education, for example. To some extent this problem is not unrelated to the one discussed above. So long as Line Ministries perceive that any significant deconcentration of budget or functional authority to their Provincial Departments is likely only to make these authorities subject to influence and capture by the Provincial Governors, they are unlikely to have much incentive to do so.

3.6 **Third, the current system is both asymmetric and inequitable.** Institutional asymmetries in intergovernmental institutional arrangements are not uncommon internationally, of course, and are not intrinsically problematic – it all depends on why they exist and how they

⁵⁹ Research conducted by The Asia Foundation in course of their recent assessment of sub-national governance indicates that in some provinces the Provincial Governor plays a central role in determining the budgets of the larger municipalities.

affect the intergovernmental system as it evolves. In Afghanistan's case it is fair to say that while some of these appear to make sense, others are the result of arbitrary processes connected with history, varying donor practices, and the like rather than considered design choices. The models of the Provincial Governors offices that are being implemented in the PAG provinces, for example, are rather different from those in Balkh and Herat – resulting in higher degrees of Governor influence in these provinces - and it is not at all clear why. Ultimately, these are likely to introduce significant strains and tensions at the SN level as the system consolidates and attempts to cohere.

3.7 *The inequitable distribution of resources across sub-national jurisdictions presents a more obvious and a more pressing set of difficulties.* Some preliminary work conducted within the Ministry of Finance provides a sense of the magnitude of these. The following table gives a breakdown of the per capita budget allotments and year-to-date expenditures (as of November 2006) for health and education in each province as well as the totals per for all Ministries for 1385.⁶⁰ It also provides basic statistical indicators of density and spread.

Table 3.1: Provincial Per Capita Expenditures on Health and Education, 1385

PROVINCE	MoPH		MoE		ALL MINISTRIES	
	YTD	Budget	YTD	Budget	YTD	Budget
Badakshan	17.1	62.1	379	510	666	1,188
Badghis	40.1	129.3	80	123	356	2,330
Baghlan	24.0	73.4	283	442	614	1,379
Balkh	35.5	55.8	238	342	897	1,789
Bamyan	8.0	10.6	184	344	400	3,117
Daikundi	5.2	8.4	37	85	156	329
Farah	15.7	20.4	141	222	390	645
Faryab	5.9	8.6	185	292	429	686
Ghazni	7.9	17.1	140	215	351	592
Ghor	47.7	102.8	139	197	376	566
Helmand	9.6	12.1	66	104	405	597
Herat	14.5	20.6	184	261	651	1,121
Jawzjan	34.1	47.2	236	333	820	2,850
Kabul	5.7	14.1	85	137	558	3,633
Khandahar	12.8	25.2	85	216	554	1,366
Kapisa	46.6	151.3	205	298	616	1,124
Khost	25.6	76.5	158	336	579	1,022
Kunar	10.3	14.4	213	325	873	1,604
Kundoz	16.3	34.1	163	256	414	696

⁶⁰ Using Ministry expenditures in each province as a proxy for sectoral expenditures, which is all that is possible with current data. MoF warn that the data should be treated with caution as current financial reporting systems make the identification of “provincial” expenditures difficult.

PROVINCE	MoPH		MoE		ALL MINISTRIES	
	YTD	Budget	YTD	Budget	YTD	Budget
Laghman	10.4	15.9	234	349	510	912
Logar	11.6	15.9	183	285	438	702
Nangarhar	18.6	25.3	155	207	516	772
Nimroz	19.2	29.5	133	231	836	1,488
Nuristan	16.1	26.1	213	375	876	1,453
Paktika	58.7	129.3	162	527	667	1,359
Paktiya	14.5	45.7	127	207	973	1,622
Panjsher	71.7	157.8	228	330	890	1,513
Parwan	48.8	129.1	290	373	650	977
Samangan	4.0	10.5	137	219	417	2,219
Sar I Pul	5.3	7.9	155	246	1,180	2,859
Takhar	12.1	30.4	195	285	669	1,520
Uruzgan	6.1	16.1	49	151	397	879
Wardak	6.2	10.3	172	259	372	586
Zabul	5.5	80.5	54	122	970	1,361
Average	20.3	47.5	167.3	270.7	601.9	1,378
Std. Deviation	17.1	45.0	72.8	104.6	229.1	790.8
Coeff. of Var.	0.84	0.95	0.44	0.39	0.38	0.58

3.8 Health and Education were deliberately chosen because, while one might expect significant variations in per capita expenditures between provinces for Ministries such as Agriculture or Rural Development, where differing spatial and economic realities might rationally drive differing expenditure levels, for Health and Education roughly equal per capita expenditures⁶¹ will tend to indicate equitable distributions of expenditure across provinces. This is particularly so where a Ministry, such as Education, has made the provision of “equal access to quality education by all” an explicit policy objective.⁶²

3.9 In Afghanistan this is not the case. For instance, the budget allotment figure for health for the province of Panjsher is nearly twenty times that of Sar I Pul. Similarly, the budget allotment for education is six times greater for Paktika than for Daikundi. Nor do these magnitudes represent an “outlier” pattern, with a few provinces deviating strongly from the mean. The co-efficients of variation for budgetary allocation for Health and Education are .95 and .39 respectively; for YTD figures, .84 and .44 respectively. This indicates that the per capita expenditures in health and education differ widely and consistently between provinces and cannot be accounted for by physical and other conditions that might cause input costs in different

⁶¹ Discounting for the impact of factors which might affect the costs of delivery equal service levels, which in some provinces such as Badakhshan may be significant.

⁶² Education Sector Strategy for the ANDS, p. 1, March 2007.

provinces to vary (particularly where salaries, which constitute a large proportion of these costs, are not governed by market factors). These inequalities are also large relative to other countries, even those with intergovernmental structures similar to those of Afghanistan. In Laos, for example, which is generally recognized to suffer from large horizontal fiscal inequities between provinces, the co-efficients of variation for per capita expenditure on health and education were .40 and .38 respectively in 2003-04.⁶³

3.10 In other environments a limited degree of variation in per capita expenditure on health and education would not necessarily be regarded as problematic. Part of the rationale for increasing the autonomy of sub-national entities is that efficiencies arise when they are able to allocate their expenditures in line with – varying – local priorities. Afghanistan however, does not possess strong sub-national governance mechanisms for citizen voice. Thus expenditure variations are unlikely to reflect local preferences and so do not contribute to allocative efficiency at the sub-national level.

3.11 Finally, it should also be mentioned that these problems are aggravated by the fact that size, composition and regional distribution of significant fractions of the external budget, which comprises about 70% of total public sector expenditure in Afghanistan, is largely unknown. It is thus impossible to begin to distribute these expenditures in line with equity imperatives.

3.12 **Fourth, the most autonomous elements of the SN system – the Municipalities and CDCs - face issues of their own.** Municipalities have been established, under law, as important and self-sufficient local service-delivery and governance entities. Community Development Councils were established as community level infrastructure-delivery vehicles in rural areas under the NSP and have since become increasingly institutionalized to the point where they have begun to emerge as the de facto lowest level of local governance in Afghanistan. A common feature of these entities, which distinguishes them from entities at the provincial level is that, in principle, the elected authority in the municipal or community area is itself directly responsible for service-delivery in that area. In other words, in a structural sense, these entities are largely devolved local governments (or, in the case of CDCs, something approaching this) and do not suffer from the accountability and autonomy problems characteristic of the other organs of sub-national government in Afghanistan.

3.13 On the other hand, they confront significant issues of their own. Municipal council elections have yet to occur, and until they are held the potential of municipalities to deliver accountable local government in their areas will be highly circumscribed. In addition, the fiscal and functional framework governing them is both unclear and constraining of effective and efficient service delivery. CDCs face existential questions derived from the possible discontinuation of the funding which provides them with the basic wherewithal to play a meaningful role. Moreover, the level and scale at which they operate means that the roles that they play and the issues they face are very different from those of higher level bodies. These challenges are discussed in greater detail later – for the moment the important point is that the main issues CDCs and municipalities face are different in complexion to those at the provincial level and need to be addressed in their own right.

3.14 **Finally, like the rest of the Afghan state, the entire SN structure is afflicted by the sorts of problems which are characteristic of LICUS countries:** severe human resource weaknesses, an absence of properly functioning operational systems, shortages of equipment, and

⁶³ “The Central-Local Fiscal System in Lao: A Preliminary Assessment”, Roland White and Jorge Martinez, World Bank, March 2006.

sparse supporting infrastructure (such as electrical power and phone systems) necessary to get things functioning properly. Afghanistan is particularly badly affected by these and reform and strengthening of the SN system will be no less affected by them than any other significant institutional reform in the society.

B. THE REFORM ENVIRONMENT

3.15 The environment within which efforts to address the above problems unfolds generates both imperatives and parameters for action. The Introduction has already touched on some of the former; three factors are of particular importance in respect of the latter.

3.16 The first is **a constitutional dispensation and political climate which precludes any significant reform to the underlying intergovernmental structure in the short or medium term.** The Constitution refers to “preserving the principles of centralism”, and it is also clear that the dominant consensus within the current political establishment is committed to the current, de jure, centralized intergovernmental structure and has no appetite for substantial political devolution to sub-national levels.⁶⁴ This is a fundamental point of departure for the discussion on reform paths which follows.

3.17 Second, **there is weak oversight of the SN system at the central level.** A number of Ministries have overlapping responsibilities for the various sub-national organs (MoI and MoUDH in respect of municipalities, for example) and capacity to provide monitoring and management of any given aspect of the sub-national system is poor. In addition, the Ministries which are active at the SN level exhibit high degrees of bureaucratic and political rivalry, making it difficult to forge common, overarching reform perspectives, or to establish agreement on important reform initiatives. Reform and strengthening measures may thus well need to proceed in a focused, disaggregated and partial way rather than as part of a holistic, comprehensive reform with wide cross-government support.

3.18 Third, **although substantial progress has recently been made in trying to get greater alignment between donor activities which impact the SN level, donor initiatives remain weakly co-ordinated.** The very extensive funding which flows to sub-national initiatives through channels and modalities which lie outside of government systems compounds this problem. In addition, unlike many other countries where “the sub-national” is an important issue, and consumes significant donor time and funding, there is no joint donor forum in Afghanistan which focuses specifically on this problem and attempts to align donor resources across the broad range of research, analysis, policy formulation, institution reform and capacity-building activities which are necessary if sub-national systems are to be solidly built.⁶⁵

⁶⁴ See Rubin B., 2006 for a discussion of the dynamics underlying this.

⁶⁵ Such fora can be found in countries as diverse as Uganda, Cambodia and Indonesia.

4. ADDRESSING THE SUB-NATIONAL CHALLENGE

A. STRATEGIC FRAMEWORK

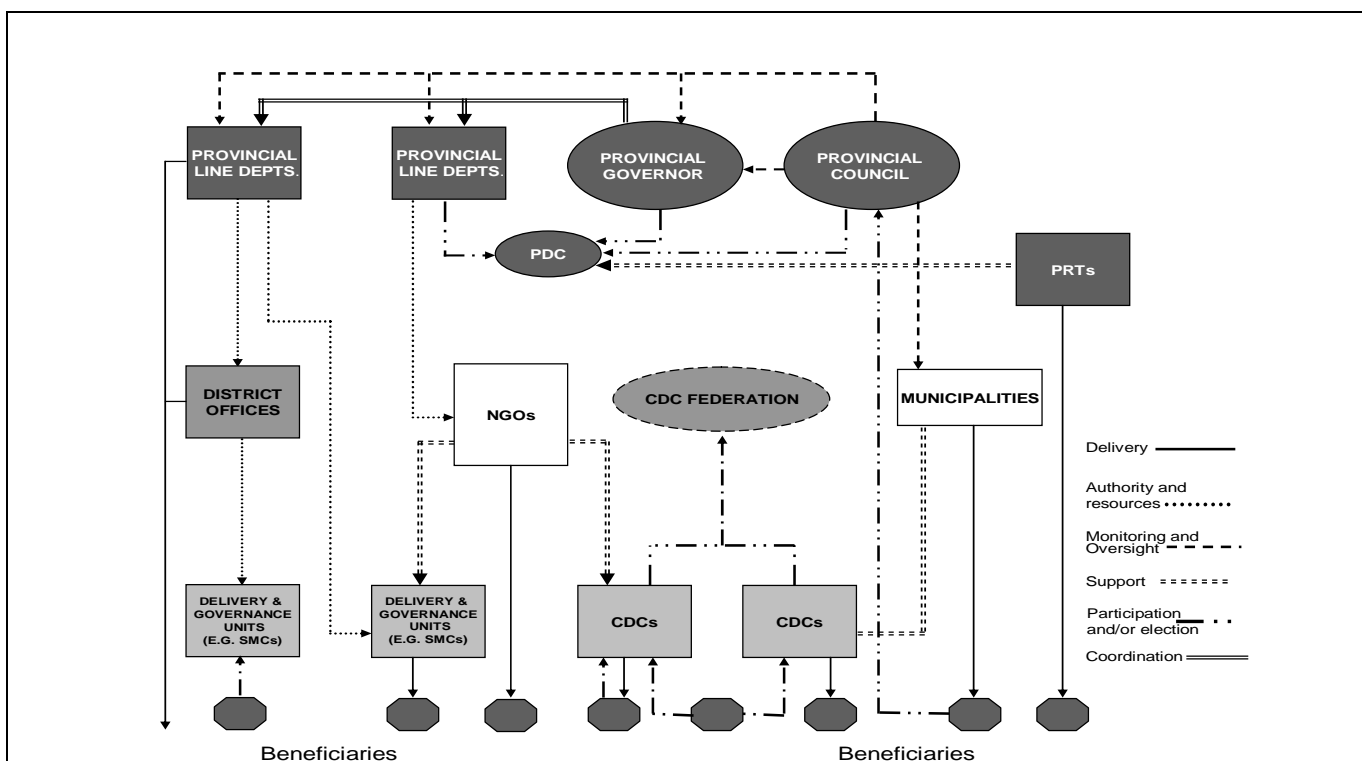
4.1 The IANDS places three core pillars at the centre of the Government's overall poverty reduction strategy: security, governance and development. It has become increasingly clear that if progress is to be made on these fronts, two cross-cutting public sector themes need consistently to be dealt with: service delivery and institutional capacity. These are related: sustained service-delivery is not possible without stronger public sector institutions and service-delivery activities provide the catalyzing processes through which such institutions can be strengthened.

4.2 Against this general backdrop, **the assessment given above suggests that at the sub-national level, four broad challenges need to be addressed if service delivery and governance are to be improved.** The strategic framework proposed here focuses on these. Later, the report suggests a range of concrete initiatives directed at specific sub-national organs, all of which contribute in some way to addressing one or more of these challenges.

4.3 It is important to stress that, given the reform environment discussed above, **the basic thrust, or intent, of any SN strategy must be to improve the functioning of the current system rather than to restructure it.** True, this structure has intrinsic weaknesses from both service-delivery and governance perspectives. A strongly de jure centralized state in a large, poorly linked country with a relatively thinly spread population – mainly rural, but rapidly urbanizing – inevitably confronts problems with regard both to organizational efficiency and accountability. It also imposes strong constraints on co-ordination and integration between different agencies. However, notwithstanding these difficulties, the emerging structure allows for improved performance in respect both of accountability and effectiveness/efficiency with appropriately focused reforms. Such *intra-structural* reform efforts need to be designed with two sorts of impact in mind: first, they need to strengthen specific elements of the system (organizational impacts); second, they need to ensure that the functionality of the system as a whole improves (systemic impacts). Again, these are related: specific elements of the system cannot function optimally if the system as whole does not improve (e.g. if increasing discretion is deconcentrated from the centre to provincial offices within Line Depts., increasing scrutiny of the activities of these Departments is required at the Provincial Level). Conversely, the system as a whole cannot function if its particular elements remain weak.

4.4 **Challenge/Activity Area 1.** *Establish an overall direction for reform of the SN institutional system which, while building on the current one, diminishes the existing levels of systemic contradiction and begins to reduce the unproductively “mixed” character of current arrangements.* This direction should be based on the broad allocation of roles and responsibilities outlined in Figure 4.1 and the accompanying explanatory text. Among other things, this suggests two particularly important orientations for reform. First, in order to reduce the current levels of systemic contradiction, it is important to strengthen and consolidate the role of the office of the Provincial Governor in the areas of co-ordination and planning, while limiting it with respect to the exercise of functional, budget and operational authority in the delivery of main services which fall under the Provincial Line Departments. Second, in order to enhance accountability, it involves strengthening the oversight and “supervisory” role of the PCs to provide checks and balances over the activities of the delivery agencies.

Figure 4.1: Roles and Responsibilities of Sub-National Institutions - Proposed Directions



- **Responsibility for direct service delivery in sectors such as health, education, water and roads, should fall under the operational jurisdiction of the Line Ministries** (and, in their areas, CDCs and municipalities) using a variety of different service delivery models. These organizations need to improve their internal organizational efficiencies through increasingly deconcentrating functions and expenditure responsibilities from the central offices to provincial departments. Their internal operations, should become increasingly less permeable to the interventions of external agencies, particularly the Provincial Governors' offices. PRTs will also play a key investment role for the foreseeable future. Their activities need to be increasingly aligned with those of the organs of government and/or directed in a way which does not negatively impact institutional development processes.
- In the absence of district and municipal elections (and except in respect of CDCs) **the basic "bottom-up" accountability function in the provinces should be exercised through the Provincial Councils**. In essence this means that their monitoring and oversight functions in respect of both the provincial offices of the Line Departments and of the PG offices need to be expanded and consolidated. Going forward, their capacity to play this role needs to be strengthened through increasing their resources, improving their systems and making them increasingly self-sufficient in performing this function. A further dimension of the oversight role of the PCs is the approval power they hold in respect of provincial planning and budgeting, which appears now to be appropriately defined. At the community level, CDCs are structured in a downwardly accountable manner, hence exercise this function in respect of the activities which they undertake. They may also support the PC accountability role through providing information and so on. "Top-down" accountability for delivery agencies (e.g. the provincial offices of the line Ministries) is exercised through existing institutional processes and fiduciary mechanisms within the line departments and the mustofiat (at the provincial level), municipalities, and CDCs.
- **Co-ordination of the activities of the provincial line departments and provincial planning** is the core responsibility of the Provincial Governors in and through the institutions which fall under his jurisdiction (e.g. Provincial Administration Assemblies) or over which he presides (e.g. the PDCs.) Given that budget, functional and operational authority lie with the line Ministries/Departments the lateral co-ordination links will be institutionally "soft" rather than "hard" in character. Nonetheless they are important, and the province-level planning and co-ordination function needs to be strengthened by properly resourcing the key organizations which are responsible for it, particularly the Provincial Governors' offices and the PDCs. At lower levels, CDCs and Municipalities have planning responsibility for their areas. Federations or alliances of CDCs may be able to play a planning role at the District level, e.g. through the National Area Based Programme Initiative.
- **Conflict resolution** is dealt with by a combination of bodies, mainly PCs, CDCs and the District Governor - depending on the type and scale of the conflict. These bodies need to be resourced to be able to play this role more effectively.

4.5 It is important to stress, however, that these are suggested as broad orientations to guide a process of ongoing activity. There is no expectation that, in a country characterized by a weak central state, ethnic complexity, an attenuated and dispersed settlement pattern and a history of political decentralization, specific steps in furtherance of these directions will be easily agreed or implemented. Moreover, as pointed out elsewhere, it appears that some of the current reform efforts cut against rather than in favour of this overall orientation. However, without some movement in this direction the service-delivery apparatus that is currently being built, and which has achieved some apparent recent success, is likely to run into increasing operational difficulties and the forward movement that has been established in a number of areas may be jeopardized.

4.6 **Challenge/Activity Area 2.** *The second major reform area is to focus on strengthening the performance of the main service-delivery agencies through improving their organizational structures.* One key, cross-cutting activity in this area is for Line Ministries to ensure that functions are divided between their Central offices and the Provincial Departments in order to improve their organizational efficiency. In a number of cases this is likely to involve the deconcentration of various powers and functions of the Line Ministry from Central to Provincial Department level. In fact, in some cases this is already underway – MoE, for example, is currently in the process of deconcentrating teacher recruitment to the provincial level. The rate and pace of such deconcentration will be determined, among other things, by capacity constraints – but it should also be recognized that, in the absence of functional deconcentration, capacity at the sub-national level will not built. Ultimately, functional deconcentration drives capacity-building, not the other way round.

4.7 Four important observations may be made here. First, the current PRR/PAR process is directly relevant. A new phase of PAR is currently being planned, in terms of which a number of affected Ministries have to develop a new proposed organizational structure which will provide the basis for a staffing plan. For those Ministries active at the provincial level, one key decision that will need to be made as part of this planning process concerns the division of functions between central and provincial offices. As proposed below, this process should be used as an opportunity to ensure that more organizationally efficient structures emerge. Second, notwithstanding this point, any deconcentration process should be crafted flexibly enough to allow different Ministries to implement the service-delivery models which are most conducive to success in their areas. For example, whereas deconcentration may be of significant benefit to MoE, which relies on a delivery model based largely on direct delivery via the state, the same may not be as true of MoPH, which relies on contracting out to NGOs and where centralized contracting authority could remain of importance. Third, Ministries could consider asymmetric approaches. MRRD, for example, has deconcentrated significant functions – procurement, for example- to its Provincial Office in one province (Kandahar), an experiment which appears to be going well.⁶⁶ Other Ministries could similarly pilot deconcentration in this manner. Fourth, Challenge 2 must be addressed in the context of Challenge 1. In other words, the extent to which Line Ministries deconcentrate to Provincial Departments will need to be moderated by the degree to which this risks the ‘capture’ of Departments by Provincial Governors. There is little point in trying to improve organizational efficiency through vertical deconcentration if this makes the delivery agencies more vulnerable to the exercise of a horizontal power which inhibits operational effectiveness. The central-provincial dimensions of the restructuring of the Line Ministries under PAR will clearly need to be carefully considered.

⁶⁶ Interview with Minister RRD, 05/20/07.

4.8 Finally, it is important to note that this Challenge/Activity Area relates as much to the Municipalities as it does to the Provincial Departments.⁶⁷ As the Municipal Report points out, the organizational structures of municipalities are fundamentally problematic and in need of reform. However, municipalities are not subject to PAR, so alternative initiatives will be necessary in this area.

4.9 **Challenge/Activity Area 3.** *The third major challenge is to provide sufficient resources for the key organs of SN governance and service-delivery to play their ascribed roles.* For example, as is pointed out later, CDCs face a fundamental threat as their access to funding under NSP is due to terminate, and without the funds necessary for their development activities they will wither and die. Establishing a modest annual fiscal transfer for these entities is thus a necessary condition of their continued existence.

4.10 Similar issues arise with respect to other elements of the SN structure. At the provincial level, organs such as the PCs need to gain access to sufficient funds to allow them to conduct their operations as envisaged under the recently amended law; while at municipal level an overall fiscal framework which provides a rational, equitable and affordable solution to the fiscal gap they face needs to be developed. A number of efforts will be needed to address these different needs.

4.11 A further dimension of the fiscal resource issue is *moving towards a more equitable distribution of fiscal resources across the country.* The specific conditions of Afghanistan make this uniquely difficult: there is an understandable tendency to concentrate expenditures in those areas which are most vulnerable to security threats, and the large off-budget flows (PRT funding and the like) distort distributional outcomes, whatever efforts are made in respect of the core budget. Arguably, too, this is a second generation issue which can only really be addressed once greater stability and predictability is established in vertical and sectoral flows – but it is ultimately an important question which should not be neglected indefinitely.

4.12 **Challenge/Activity Area 4.** *The final challenge is to enhance the operational performance of all of the various organs at the sub-national level through providing them with the systems and capacities that they require.* In some areas (e.g. some OOGs) substantial progress is being made; in others (the Provincial Councils), it has really only just begun. Needs obviously vary across organizations, but certain generic themes can be identified. Training is one; IT, offices and communications systems are others. Moreover, it should be possible to handle some of these needs on a modular basis i.e. to define a package of “basic needs” equipment for Provincial Councils, for example, and to roll this out to PCs across the country fairly efficiently. As with the three challenge areas above, specific proposals in this area are made in the section below.

B. SPECIFIC ACTIVITIES

4.13 **In order to address these challenges, a wide range of concrete initiatives will need to be undertaken.** This section makes proposals for these with reference to each of the main organs of sub-national service delivery and governance. Some of these proposals are new but many leverage off activities which are already in place or are planned. The matrix in Annex I categorises the proposed initiatives in each of the four general challenge/activity areas identified under the strategic framework outlined above. It also provides some (incomplete) reference to activities that are already underway and some summary comment on what is needed, thus

⁶⁷ Districts are part of Provincial Departments so are not separately considered.

outlining a rough and provisional “gap analysis” as a basis for future discussion and dialogue with the government and donor communities.⁶⁸ It should be stressed that the proposals made here cover a wide area and there is no expectation that they will – or should – all be embarked on at once. Rather, incremental movement will be required on as many fronts as is feasible at any given time.

Provincial Line Departments

4.14 Broadly speaking, Provincial Line Departments are overcentralized, suffer too much interference from Provincial Governors in their day-to-day operational activities, and are undercapacitated. **Their performance needs to be improved through a combination of capacity development and reorganisation, with specific reference to the division of powers and functions between central and provincial offices in order to enhance efficiency.** This needs to be designed and implemented as appropriate to the service-delivery model prevailing in each specific sector. In general, however, it is likely to involve both vertical intra-ministry deconcentration and increasing operational autonomy from provincial governor offices at the horizontal level. Ministries which demonstrate a willingness to pursue reform in this overall direction should receive concentrated support. More specifically:

- a. Cross-cutting PAR reforms should be accelerated at the sub-national level, with appropriate coordination with the development of the capacity development plan for the common functions.⁶⁹ *Ministries formulating restructuring plans under PAR (particularly the new phases) should explicitly address the division of powers and functions between central and lower levels in areas such as budgeting and expenditure authority, including procurement and contracts and facilities supply; planning; HR recruitment, deployment and management; and facilities management.* In order to ensure cross-ministry learning and smooth implementation, the ability of both IARCSC and line ministries to engage with each other must be increased.
- b. *Reform Implementation and Management Units (RIMU) should continue to be established* to manage and oversee ministerial reforms, although care should be taken that RIMUs do not become a large structure parallel to the civil service and a substitute for sustainable capacity development of staff in line positions.
- c. *The provincial budgeting process should be deepened and expanded,* with the proposed expansion in numbers of ministries and provinces, as well as management at the local level of ‘goods and services’ and ‘asset acquisition’ allocations, as planned.
- d. *Other PFM reforms at the subnational level should be continued* and expanded to ensure a strengthened oversight and monitoring role for the MoF. If the ADB does not continue its current funding for mustoufiat reform after May 2008, then an alternative donor should be found.

⁶⁸ The list of existing activities is partial and is based only on information that the authors were able to collect during the time available to them. It needs to be expanded and improved.

⁶⁹ See GoA “Capacity Development Plan for the Civil Service in Afghanistan” draft paper produced for the ADF April 2007

Offices of the Governors

4.15 OOGs are defined by a simultaneous ability to become deeply involved in the affairs of the service-delivery agencies in the provinces and a lack of any structured accountability for the performance of those agencies. **The core reform initiatives here thus need to focus on consolidating the role and capacity of the OOGs for co-ordination and planning at the inter-departmental level, while reducing their incentive and ability to become involved in the operational functions and activities of the line agencies.** Given the historical and political context and the important role that governors currently play in provincial affairs, change in this area is likely to be slow and incremental. However, the proposed initiatives are closely in line with the GOA's own identified areas for reform:⁷⁰

- a. *Regulatory reform is needed to ensure consistency between the powers given to different institutions at the provincial level so that line departments are able to operate effectively.* For example, the sign-off powers of the governor on line department expenditures should be eliminated, or at least reduced. In time, a revised Local Government Law (see below) should clarify the co-ordination role of the OOGs at the inter-departmental level while reducing the scope for their involvement in intra-departmental matters. Other laws, such as procurement, civil service laws and so on, as well as PAR guidelines and IARCSC initiatives, should – again, over time – be amended in line with this overall institutional direction.
- b. *In order to avoid conflicting with the mandate of line ministries, donors should not make substantial sums available to provincial governors for service delivery activities.*
- c. *The capacity of governors to play a co-ordination and development planning role in line with the overall institutional framework should be strengthened* through the continued roll out of reform of the OOGs through the PAR process. It is important that the specifics of the models being implemented and the capacity provided is reviewed in order to ensure that the OOGs are not being built and supported in a manner which encourages and allows for their deepened involvement in intra-departmental activity, particularly at the operational level. For example, the core need of governors is for organizational infrastructure and some technical support on planning and other issues, and they do not need technical sector specialists to become involved in line department functions.
- d. In this context, *an in-depth review of the Balkh experience* should be carried out, and the actual impact on institutional issues at the provincial level should be assessed.

Provincial coordination and planning: PDCs/PAAAs and PDPs

4.16 In the current institutional structure, **PDCs and PAAs are the only fora where cross-sectoral co-ordination and province-wide development planning can take place.** PDCs are also developing an important role in the MOF provincial budgeting initiative, participating in the formulation of budgets. However, practices vary widely across the country and capacity is generally weak, particularly as PDCs are supported by a weak ministry. While PDPs are emerging as central to the planning process at the provincial level, there remains a need to clarify exactly what PDPs are – and can achieve – and to manage expectations around the process. Specifically:

⁷⁰ See page 21 of GoA “Provincial Development, Provincial Budgeting and Integration of the Provincial Development Plans into the Afghan National Development Strategy (ANDS)” Draft discussion paper for the ADF. April 2007

- a. *The PDCs need to be given sufficient support to play their mandated role in development planning and budgeting*, according to the overall institutional framework. This mainly requires support in basic systems and organizational infrastructure, as well as institutionalization of internal practices through the development of standard practices and manuals, and so on. Donors over time should withdraw from providing the secretariat function to the PDCs.
- b. *The role of the MoEc* is a matter for the Government to decide but, assuming that it has a continued role in planning, then it is important that it should be supported to fulfil this function, rather than constantly circumvented, as is currently the case.
- c. *The relative roles of the PAA and PDCs should be reviewed*, as there is currently the potential for overlap and duplication of effort. The PAA, under the leadership of the governor, could have a stronger reporting role to central government on provincial affairs.
- d. *The active and direct participation of the governors in the PDCs* needs to be strengthened through provision of appropriate support and by strong encouragement from the Office of the President. Over time, the secretariat and support function for the PDCs could be moved away from a central ministry into the governors' offices to cement this participation, although this not a priority reform.
- e. Given the problems with linking PDPs directly to resources or institutional action within the existing framework, *PDPs should be seen less as costed plans and more as strategic documents* giving some sense of priority issues to guide line ministry and donor decision-making in the provinces. PDP processes should therefore be supported with due regard to their limitations and what is likely to come out of them. It is also important that information about what the PDPs can and cannot achieve is widely disseminated to ensure that expectations are lowered.

Provincial Councils

4.17 **The key role of the PCs is to exercise an accountability function** – in fact, aside from CDCs, they are currently the only source of 'bottom-up' accountability in the subnational system in Afghanistan. The recent revision of the legal framework has strengthened the scope of the PCs' mandate considerably, and this mandate will increase in importance as and when the Line Ministries deconcentrate. However, there are significant constraints, both financial and capacity-related, to their ability to exercise this mandate effectively. Two types of initiatives are needed – those that clarify and inform all actors about their roles and those that provide the resources and capacity to ensure that they can play these roles properly:

- a. *Ensure widespread dissemination of and training* to both councils, government bodies and other subnational actors on the roles of the councils as laid out in the revised law.
- b. *Clarify the mechanisms by which the PCs can exercise their oversight role* and act on problems that they identify. There is, for example, currently confusion about whether they should report issues to the governor, or to the President through OAA.
- c. To strengthen the accountability function, *clarify with all actors the role of PCs* in providing qualified sign-off on budgets formulated by PDCs.

- d. *Provide substantially more resources for internal systems and institutional development*, also IT infrastructure, transport and so on. To ensure improved coordination in this, re-establish the joint government-donor technical working group on provincial councils, ensuring some means of PC input to it.
- e. *Enable councils to link up with government and other (for example, PRT) data sources* to enable improved monitoring and oversight.
- f. In the medium-long term, *assess whether the current institutional location under the OAA* allows the proper development of the councils as independent bodies.

District level

4.18 There is a gap at the district level in terms of both an agreed overall institutional framework and activities to strengthen existing institutions. The reform of the offices of district governors has not proceeded as planned under the PRR initiative. It is also unlikely that there will be any directly elected bodies at this level in the medium term. The appropriate structures and roles at the district level is a topic for decision by the proposed inter-ministerial commission (see below). In the absence of an agreed framework, **limited reform at this level is possible**:

- a. *District offices of line ministries should be included in intra-ministry deconcentration initiatives.*
- b. It is not clear that the district governor offices should be extensively strengthened in terms of staff numbers, given their limited role, the large numbers of districts and limited resources. However, it is important to ensure that *district governors are appointed in a transparent manner and are held accountable for their actions*. This will require reform at the MOI, as well as discussion with the National Assembly.
- c. *Donors funding programmes operating at the district level and attempting to build institutions should ensure that they are establishing consistent structures across the country.* Impromptu donor initiatives at the District level in the absence of a wider institutional framework should be avoided.
- d. *Promote district level planning and service-delivery processes as they begin to develop* (for example through NABDP) but ensure that planning at this level is kept relatively simple, with clear links both upwards and downwards.

Municipalities

4.19 **The Municipal system faces challenges in a number of key areas:** the rules and criteria governing their establishment; the frameworks governing their service-delivery functions; financing; budgeting and financial management; their accountability framework and their relationship to CDCs. These could begin to be addressed through a number of broad measures:

- a. Enact new legislation providing *a clearer categorization of the different sorts of administration which should be created in order to manage different sorts of settlement, and clarifying the resources consequences and claims of these* (e.g. what human resource and funding frameworks should pertain in each case, and so on).

- b. *Clarify the functional roles, expenditure assignments and frameworks governing service-delivery for municipalities.*
- c. Formulate a *comprehensive financing framework for municipalities* which rationalizes and improves own-source revenue assignments (and clarifies municipal authorities over base and rate setting in respect of these); introduces measures to strengthen municipal revenue administration; and establishes a transparent rules-based system to allocate central transfers equitably and rationally among municipal jurisdictions.
- d. Develop *improved budgeting, financial management and accounting systems* and institute measures to build capacity to administer these systems within municipal administrations.
- e. Introduce *elections for Mayors and Municipal Councils* at the earliest feasible opportunity.
- f. Develop *institutional measures to deal with the CDC-wakil interface* and to bridge the current gap between the bottom-up system for expression of community voice and need and planning and budget decision-making.

Community Development Councils

4.20 **CDCs face three basic challenges:** an existential threat deriving from the potential drying up of their funding as NSP terminates; a more robust definition of their role; and the question of which agency at the centre takes ownership and responsibility for them as they develop an institutional existence outside of the NSP. In order to address these, the following steps should be taken:

- a. *CDCs need to secure a regular and reliable funding flow to resource the local level development activities which provide their raison d'être.* The primary initiative here should be to establish a dedicated fiscal transfer mechanism which gives them a source of ongoing funding which they can then allocate to local projects at their discretion. This should be distributed horizontally between CDCs according to a simple and transparent formula. Given international standards, and in order to make this sustainable, the funding level should be set substantially lower on per capita (or per CDC) basis than that under the NSP. While a donor operation, underpinned by a multi-year commitment from more than one donor source, will probably be necessary to put this system into place, the transfer should ultimately form an integral part of the intergovernmental fiscal framework in Afghanistan. A secondary initiative, equally important in the short term, should be to seek opportunities for steering funding which is meant to be dedicated to support sector-specific investments at the local or community level via CDCs, or federations of CDCs. The ARTF funded Rural Water Supply and Sanitation initiative is a good example, as are some of the projects taking place under the NABDP initiative. Such opportunities should be deepened and expanded.
- b. *As far as CDCs' roles are concerned, these should be consolidated on the basis of the new Byelaw, i.e. (i) allocation of their "own" funding, and planning and implementation of local projects using this funding, with a similar role being played in respect of sector-earmarked funds; (ii) a limited administration role, particularly in the areas of civil registration (e.g. births and deaths registers) and land verification; (iii) planning and allocation at the District or sub-District level where CDCs are able to federate or cluster; and (iv) providing information on service-delivery and governance to PCs to assist them with their accountability function. Insofar as the parameters of their role are concerned, CDCs should broadly take on public goods provision functions, and should not become involved in*

activities such as the selection of individual micro-finance beneficiaries or livelihood assistance as this would entail risks of conflict of interest, nepotism and corruption. Finally, it is important that CDCs do not become responsible for the governance and management of local service-delivery units (such as schools) in competition with bodies, such as schools management committees, which have been specifically set up for this purpose (the allocation of general CDC resources to specific schools within their areas would, of course, be another matter – here CDCs have a legitimate role).

- c. *The matter of “ownership” of CDCs at the central level will, of course, have to be settled within the central government by those agencies and Ministries which have a core interest in this question.* It would be premature to make a substantive proposal on this question, but as a matter of procedure the best way forward would probably to have this issue specifically flagged as one of the questions that the Interministerial Committee proposed below should look into and decide.

Provincial Reconstruction Teams

4.21 PRTs confront – in fact they constitute – a critical dilemma: in trying to create the space for the Afghan state to develop and cohere they run the risk of undermining it. A number of steps may be identified in order to address this risk and ensure, to employ the earlier metaphor, that the scaffolding they represent does not substitute for the wall they are trying to support.

- a. *Scale down PRT activities in relatively secure areas and begin to route the resulting resources through government systems and budgets.* PRTs should really only exist where security conditions make them absolutely necessary. The ESC should undertake a review of PRT establishments in terms of this criterion and begin to phase them out, or rightsize them, accordingly, diverting the resource yield to supporting government institutions and on-budget projects and initiatives.
- b. *Each PRT commander should develop a condition-based plan for phasing his/her PRT out.* Given that PRTs are interim structures which have their own demise as their core objective,⁷¹ each PRT should formulate a description of the concrete conditions which would make the realization of this objective possible, key indicators of these conditions, and a plan for how they are to be achieved. These plans should be subject to scrutiny and oversight of the PRT ESC, which should stipulate a standard format and timetable for their production and should monitor progress against it.
- c. *PRTs should begin to move away from small-scale community-level projects and initiatives,* where the conflicts between local prioritization and governance and top-down PRT processes are likely to be most pronounced, except where there may be a need for initiatives directly related to kinetic operations. Instead, the CERP budget and other such resources should be focused increasingly on larger scale, bulk and link infrastructure, where the need is obvious and process-conflicts are likely to be much fewer. Rehabilitation and surfacing of major roads is a good example here, as is the rehabilitation of water supply and drainage systems. The budget and approval processes for CERP (and other such) funds would need to be revised to be conducive to this.
- d. *Insofar as PRTs continue to provide resources outside of the government budget, they need ensure maximum alignment with it.* This involves producing accurate and timely information

⁷¹ ISAF PRT Handbook, Edition 3, p 5

on project costs and details and ensuring that government inputs are accurately costed, particularly salary and operating costs once the project is completed. At a more general level, PRTs should begin to provide regular aggregate budget and expenditure information on their development activities country-wide. Specifically, the ESC should provide a detailed annual report, with a semi-annual update, to GoA on these matters.

- e. *Finally, the ESC should issue a policy discouraging the poaching of government staff and provision of salary top-ups.* An overall orientation supporting local institutions and people to learn by doing, even at a cost in time and quality, should be encouraged, and PRTs should minimize the actions which push in the opposite direction.

C. PROCEDURAL STEPS

4.22 The strategic framework and activities outlined above provide an agenda for strengthening the SN system in Afghanistan. So far as the authors of this report are aware this is the first time that a proposal which focuses comprehensively on the overall system and the institutional arrangements which comprise it has been made. It is thus best seen as a basis for stimulating dialogue and discussion within the government and donor communities.

4.23 The matrix in Annex I summarizes the main elements of this proposal with reference to some of the key activities already underway.⁷² In doing so, it begins to point to areas where there is a significant disconnect between the things that are needed to strengthen the system and what is going on on the ground. To pick just one example, it is clear that if service-delivery and governance are to improve, bottom-up accountability needs to be strengthened, particularly if the trend towards deconcentrated organizational modalities is to intensify. Yet, with the termination of the USAID-funded ALGAP programme, the PCs, which provide the only real source of such accountability at the provincial level, will be virtually without any support of this type. This is a serious weakness which government and donors need collectively to address.

4.24 The proposal also provides substantive suggestions for the direction of institutional reform at the sub-national level. In so doing it identifies a number of policy issues for donors and government, in respect of which - explicitly or implicitly - choices will be made. These choices will inevitably influence the focus of donor activities going forward. They may also have implications for programmes which are already underway. For example, the PAR activities centered on the OOG in Balkh have largely been undertaken in the absence of a clear concept of the role of the OOG within the overall sub-national institutional structure. They have thus arguably led to the capacitation of an organizational model which is not entirely appropriate and which may aggravate, rather than ameliorate, the systemic contradictions identified earlier (in that PGs will now be encouraged to interfere more, rather than less, in the operations of the line departments). A review of a number of such programmes may be necessary by government and donors once high-level agreement on the overall way forward is reached.

4.25 In order for progress to be made on these fronts, a number of initial procedural steps are necessary:

- a. *First, an Inter-ministerial Committee, reporting directly into the President's Office, should be formed to establish a framework for sub-national strengthening and reform.* In the short to medium term, this should focus on providing clearer direction for the evolution of the sub-

⁷² This is only a partial reflection of the many activities underway. Further work would be necessary to generate a more complete list.

national system, thus guiding donor initiatives in this area. In the longer term, this sort of body should oversee a more thoroughgoing policy exercise which should ultimately lead to the development of a new Local Government Law (a project which began some time ago, but which now appears to be in state of suspended animation). This sort of proposal has been made before (most recently by The Asia Foundation), without success and the political barriers to the formation of such an entity seem to be high. But if at all possible something of this kind should be established.

- b. *A donor group focusing specifically on sub-national issues (policy questions, institutional strengthening, capacity building, funding of services and infrastructure) should also be formed.* In many other countries, where the sub-national is of critical importance, these groups have been established and have played a critical role in co-ordinating donor activities and ensuring that they support, rather than undermine, the development of a coherent institutional framework at the sub-national level.⁷³ Apparently such a group has recently met. This is encouraging, and should be encouraged.

⁷³ Examples include Uganda, Tanzania, Philippines, Indonesia, Cambodia.

ANNEX I: SUMMARY MATRIX - EXISTING AND REQUIRED ACTIVITIES TO STRENGTHEN SUB-NATIONAL SERVICE DELIVERY AND GOVERNANCE SYSTEM

	REFORM DIRECTION		ORGANISATIONAL STRUCTURE		FINANCIAL RESOURCES		OPERATIONAL SYSTEMS AND CAPACITY	
	Existing	Required	Existing	Required	Existing	Required	Existing	Required
LINE DEPTS	DFID-supported pilot provincial budgeting initiative in 3 ministries and 3 provinces.	Expand provincial budgeting initiative to increase budget input from line departments	Various ongoing PAR operations Proposed new Bank PAR operation Public sector component of USAID-funded ABC programme Development of RIMUs in ministries to guide reform. Limited deconcentration of some Line Ministries and increase of presence at District level.	Continued support for RIMUs Targeted and expanded donor support for Line Ministry deconcentration through PAR restructuring plans Ensure improved ministry – IARCSC engagement to ensure plans devised & implemented smoothly	On-budget resource flows plus some external budget		Donor initiatives for specific sectors at SN level. Eg to PHOs under SM initiative in health sector. ADB support to mustoufiat reform. USAID-funded ABC proposals in a number of sectors	Expanded capacity at SN level in line with implementation of deconcentration reforms

	REFORM DIRECTION		ORGANISATIONAL STRUCTURE		FINANCIAL RESOURCES		OPERATIONAL SYSTEMS AND CAPACITY	
	Existing	Required	Existing	Required	Existing	Required	Existing	Required
OOGS		<p>Develop concept of OOG role focusing on planning & coordination, narrowing involvement in operational functions of line depts.</p> <p>Regulatory reform in line with revised concept.</p>	<p>Ongoing PRR through IARCSC: Balkh & Herat completed, central provinces ongoing</p> <p>UNDP ASGP providing some support to northern region.</p> <p>Other donors working in specific locations eg British in Helmand</p> <p>ASP advisors in governors' offices</p>	<p>Align organizational structure (& capacity activities etc) with agreed design</p> <p>Ensure effective oversight support of OOGs within central govt (MOI or other).</p>	<p>On budget resource flows to fund operations</p>	<p>Guard against increased funds to OOGs for service delivery</p>	<p>Ongoing PRR through IARCSC: Balkh & Herat completed, central provinces ongoing</p> <p>UNDP ASGP providing some support to northern region.</p> <p>Other donors & PRTs working in specific locations eg British in Helmand.</p> <p>ASP advisors in governors' offices.</p> <p>UNDP ASGP providing some capacity-building in MOI.</p> <p>USAID-LGCD also could provide support.</p>	<p>Needed for all OOGs in line with revised concept of role of governor.</p>

	REFORM DIRECTION		ORGANISATIONAL STRUCTURE		FINANCIAL RESOURCES		OPERATIONAL SYSTEMS AND CAPACITY	
	Existing	Required	Existing	Required	Existing	Required	Existing	Required
PDCS/PAAS & PDCs		<p>Clarify relative roles of PDCs & PAAs by interministerial committee</p> <p>Clarify realistic concept for PDPs</p>	<p><i>PDCs</i> – MoEc supported by MRRD is establishing. UNAMA & PRTs providing secretariat, logistical and technical support in some cases</p> <p><i>PAAs</i> – indirect support from PAR process in some places.</p> <p><i>PDPs</i> – 21 have been delivered. Interface with ANDs emerging</p>	<p><i>PDCs</i> – Expand technical role on provincial budgeting.</p> <p>- Consolidate secretariat function and take within govt.</p> <p>- Clarify role of donors and other external agents on <i>PDCs</i> espec in terms of budgetary and other decisions.</p> <p><i>PAAs</i> – focus on coordination functions.</p> <p>Reporting function to central govt via OOG on provincial affairs.</p> <p><i>PDPs</i> – establish consensus on nature of PDPs as broad provincial strategies/guides to investment.</p>	<p><i>PDCs</i>-UNAMA and PRT in-kind.</p>	<p><i>PDCs</i> – Sufficient (modest) funds to support operations</p>	<p><i>PDCs</i> & <i>PDPs</i></p> <p>- UNAMA, PRTs , USAID-LGCD and other donors.</p>	<p><i>PDCs</i>- Secretariat function capacity should be developed within govt.</p> <p>- Some basic levels of IT etc to execute planning function</p> <p>- Strengthen capacity to engage with provincial budgeting initiative.</p> <p><i>PDPs</i> – capacity for <i>PDCs</i> to develop useful PDPs within understanding of limited nature.</p>

	REFORM DIRECTION		ORGANISATIONAL STRUCTURE		FINANCIAL RESOURCES		OPERATIONAL SYSTEMS AND CAPACITY	
	Existing	Required	Existing	Required	Existing	Required	Existing	Required
PCS	Recent revision to law increasing mandate of PCs Moving of PCs into OAA.	Consolidate and expand accountability & oversight role in line with new law Clarify position in relation to sign-off on budgets Clarify procedure for exercising oversight role.	USAID-ALGAP project (ending) looking at institutional position & functions UNDP ASGP working with OAA & PCs.	Develop models for internal organizational structure	Limited on budget flows. Ad hoc in-kind support from PRTs and others.	Expanded resource flows to support operations. UNDP exploring options. Expenditure should be made independent of OOG.	USAID-ALGAP project (ending) looking at institutional position & functions UNDP ASGP, NDI, USAID LGCD & others.	Sufficient office accommodation, comms. systems, IT, training & transport Facilitate access to govt & other data for monitoring & oversight Re-establish govt-donor working group
DISTRICT LEVEL		Agreement needed on appropriate structures & roles at district level Ensure planning processes at district level linked upward and downward.	IARCSC plans for reform of governors' offices. 1 pilot to date in Dehdadi. MRRD's NABDP establishing DDAs ASP providing limited amount of support in some areas EC-funded PAL project and JICA also have initiatives in some areas.	More transparent appointment process for district governors. Rationalisation & more uniformity in district-level initiatives for representative and development structures.	Very limited on budget flows, plus some external budget		ASP, PRTs and other donors.	Greater capacity to fulfill role in line with agreed overall institutional framework.

	REFORM DIRECTION		ORGANISATIONAL STRUCTURE		FINANCIAL RESOURCES		OPERATIONAL SYSTEMS AND CAPACITY	
	Existing	Required	Existing	Required	Existing	Required	Existing	Required
MUNIs.		<p>Introduce elections for Mayor and Mun. Councils</p> <p>Enact legislation clarifying criteria for establishment and functional and expenditure assignments</p>		<p>Formulate service-delivery frameworks</p> <p>Bridge fracture between mechanisms for expression of community needs and planning and budgeting decisions</p> <p>Resolve CDC-wakhil issue</p>		<p>Formulate a comprehensive financing framework governing OSRs and fiscal transfers</p>		<p>Improve budgeting, FM and accounting systems; and build capacity to implement these</p>
CDCs	<p>MRRD training on CDC by-law</p>	<p>Clarify relation of sector initiatives and programmes to CDCs at village level</p> <p>Clarify oversight agency within central government.</p>	<p>JICA and other initiatives around clustering.</p>	<p>Develop a perspective on 'CDC hierarchy' issue and level to which future resources flow.</p> <p>Clustering at district or sub-district level.</p> <p>Make representation systems uniform.</p> <p>Take view on internal capacity & structures.</p>	<p>Under NSP to new CDCs, & JICA to cluster level.</p>	<p>Annual predictable funding flow to support development & governance activities.</p>	<p>FPs providing through NSP</p> <p>AKDN providing in some areas.</p>	<p>Continued need for FP involvement and support.</p>

	REFORM DIRECTION		ORGANISATIONAL STRUCTURE		FINANCIAL RESOURCES		OPERATIONAL SYSTEMS AND CAPACITY	
	Existing	Required	Existing	Required	Existing	Required	Existing	Required
PRTs	Improved linkages between PRT activities and govt processes (agreed in Dec 2006 Executive Steering Ctee document)	Continue to improve linkages Focus on heavier trunk infrastructure rather than low-level community activities Develop concept for conditions under which PRTs become redundant and strategy to realize this concept		Clearer up front allocation of funding across provinces Follow-up on commitment to report expenditures to MOF.				

ANNEX II: PROFILE OF PDCS & PDP PREPARATIONS IN ALL PROVINCES (FEBRUARY 2007) BASED ON REPORTS CONSOLIDATED FROM UNAMA REGIONAL OFFICES⁷⁴

NO	PROVINCE	DATE OF ESTABLISHMENT	SUPPORTING AGENCIES	FUNCTIONING STATUS OF PDC MEETINGS	STATUS OF PDP PREPARATIONS
1	Herat	March 2006	UNAMA, PRT, INGs provided technical support to PDC to enhance their awareness and establishing of PDC. Short term workshops to enhance PDC capacity are organized and assisted PDC with coaching, mentoring and strategic planning process.	PDC meeting take place regularly. Governors, line departments, PRT and other donor agencies participate. MOE local department needs extra support to function properly	PDP has been compiled and sent to Ministry of MOE in Kabul
2	Farah	March 2006	UNAMA, PRT, INGs provided technical support to PDC to enhance their awareness and establishing of PDC. Short term workshops to enhance PDC capacity are organized and assisted PDC with coaching, mentoring and strategic planning process.	PDC meeting take place regularly. Governors, line departments, PRT and other donor agencies participate. MOE local department needs extra support to function properly	PDP has been compiled and sent to Ministry of MOE in Kabul
3	Badghis	March 2006	UNAMA, PRT, INGs provided technical support to PDC to enhance their awareness and establishing of PDC. Short term workshops to enhance PDC capacity are organized and assisted PDC with coaching, mentoring and strategic planning process.	PDC meeting take place regularly. Governors, line departments, PRT and other donor agencies participate. MOE local department needs extra support to function properly	PDP has been compiled and sent to Ministry of MOE in Kabul
4	Ghor	March 2006	UNAMA, PRT, INGs provided technical support to PDC to enhance their awareness and establishing of PDC. Short term workshops to enhance PDC capacity are organized and assisted PDC with coaching, mentoring and strategic planning process.	PDC meeting take place regularly. Governors, line departments, PRT and other donor agencies participate. MOE local department needs extra support to function properly	PDP has been compiled and sent to Ministry of MOE in Kabul
5	Kandahar	Mid 2005	UNAMA, PRT, CIDA and other stakeholders	PDC meetings take place sporadically. Governor office and provincial department of MoE have weak capacity to prepare regular sessions of the PDC.	PDP has been completed according to ANDS and Afghanistan Compact benchmarks

⁷⁴ Table taken from GoA (2007) "Provincial Development, Provincial Budgeting and Integration of the Provincial Development Plans into the Afghan National Development Strategy (ANDS)". Draft discussion paper for the ADF. April 2007.

NO	PROVINCE	DATE OF ESTABLISHMENT	SUPPORTING AGENCIES	FUNCTIONING STATUS OF PDC MEETINGS	STATUS OF PDP PREPARATIONS
6	Zabul	Late 2005	UNAMA, USAID, PRT and MRRD	PDC meeting are being held on monthly basis if the Governor presence was ensured.	PDP has been prepared as a list of projects which is not aligned with ANDS. ANBP/MRRD is planning to organize workshops in the near future
7	Uruzgan	Early 2006	Dutch and PRT support PDC. UNAMA requested to train PDC members	Meetings take place once a month	PDP has been developed as a list of projects which is not aligned with ANDS. ANBP/MRRD is planning to organize workshops in the near future
8	Helmand	Late 2005	PRT and DFID support. UNAMA requested to train PDC members	Meetings take place regularly once a month.	PDP has been developed as a list of projects which is not aligned with ANDS. ANBP/MRRD is planning to organize workshops in the near future
9	Nemroz	Early 2006	Since opening of new UNAMA office, it will provide support and attend the meetings	The meeting take place regularly under the leadership of the Governor	PDP is in progress but it is still a list of projects which is not aligned with ANDS. MRRD is planning to organize workshops in the near future
10	Paktia	Sept. 2006	UNAMA provides support	Meeting take place regularly but international stakeholders don't take part regularly. Most UN agencies have presence in Paktia but they don't show up for PDC meetings. Line departments participate at meetings.	Prepared prioritized list of the projects but it is not yet PDP. The provincial administration is waiting for more direction from the national authorities.
11	Khost	Mid 2006	Good participation by all agencies and UNAMA provided support	Meeting take place and the Governor is actively involved in the PDC process.	Prepared prioritized list of the projects but it is not yet PDP. The provincial administration is waiting for more direction from the national authorities.
12	Paktika	Mid 2006	Less support due to lack of presence of International Community	Meeting take place regularly but only limited to the government departments and few NGOs present in Sharana. PDC process is weak and need to be strengthened.	Prepared prioritized list of the projects but it is not yet PDP. The provincial administration is waiting for more direction from the national authorities.

NO	PROVINCE	DATE OF ESTABLISHMENT	SUPPORTING AGENCIES	FUNCTIONING STATUS OF PDC MEETINGS	STATUS OF PDP PREPARATIONS
13	Ghazni	Mid 2006	UNAMA	Meeting take place and all government line departments attend regularly. However, the administration has not done enough to ensure participation of NGOs and UN agencies.	Prepared prioritized list of the projects but it is not yet PDP. The provincial administration is waiting for more direction from the national authorities.
14	Bamiyan	May 2006	UNAMA, PRT, USAID and AKDN	Meeting take place regularly once a month but MoE department has no capacity to improve coordination, which is the major weakness of the process.	PDP has been developed and prioritized in line with ANDS and Afghanistan Compact.
15	Daykundi	Has not been established	Waiting for UNAMA's office to be opened	No information available	No information available
16	Kabul	Early 2006	UNAMA, PRT, Some UN agencies and NGOs	Sectoral departments, NGOs, UNAMA, PRT and some UN agencies including the governor attend monthly meetings regularly. Sectoral working groups have been established.	PDP has been developed with consultation of district representatives and PC members. The PDP is based on 5 years plan.
17	Wardak	Early 2006	UNAMA, PRT, Some UN agencies and NGOs	Sectoral departments, NGOs, UNAMA, PRT and some UN agencies including the governor attend monthly meetings regularly. Sectoral working groups have been established.	PDP has been developed with consultation of district representatives and PC members. The PDP is based on 5 years plan.
18	Logar	Early 2006	UNAMA, PRT, Some UN agencies and NGOs	Sectoral departments, NGOs, UNAMA, PRT and some UN agencies including the governor attend monthly meetings regularly. Some sectoral pilot working groups have been established.	PDP has been developed with consultation of district representatives and PC members. The PDP is based on 5 years plan.
19	Panjshir	Early 2006	UNAMA, PRT, Some UN agencies and NGOs	Sectoral departments, NGOs, UNAMA, PRT and some UN attend monthly meetings regularly. The governor usually not present. Sectoral working groups have been established.	PDP has been developed with consultation of district representatives and PC members. The PDP is based on 5 years plan.
20	Kapisa	Early 2006	UNAMA, PRT, Some UN agencies and NGOs	Sectoral departments, NGOs, UNAMA, PRT and some UN agencies including the governor attend monthly meetings regularly. Sectoral meetings also take place regularly.	PDP has been developed with consultation of district representatives and PC members. The PDP is based on 5 years plan.
21	Parwan	Early 2006	UNAMA, PRT, Some UN agencies and NGOs	Sectoral departments, NGOs, UNAMA, PRT and some UN attend monthly meetings regularly. The governor usually not present. Some pilot sectoral working groups have been established.	PDP has been developed with consultation of district representatives and PC members. The PDP is based on 5 years plan.

NO	PROVINCE	DATE OF ESTABLISHMENT	SUPPORTING AGENCIES	FUNCTIONING STATUS OF PDC MEETINGS	STATUS OF PDP PREPARATIONS
22	Nangarhar	August 2006	UNAMA, Other UN agencies, PRT, USAID, US State Department Rep., DAI, EC and GTZ participate in the meetings and provide support and input to PDC	Meeting take place regularly on the monthly basis and convened by MoE department – 12 technical working groups have been established and meet regularly.	No PDP has been established but MRRD is conducting several workshops about PDP prioritization. So far there is only prioritized list of the projects. The capacity of the local MoE department is limited.
23	Laghman	September 2006	UNAMA, Other UN agencies, PRT, USAID, US State Department Rep., DAI, EC and GTZ participate in the meetings and provide support and input to PDC	Meetings take place regularly on the month basis and the governor actively participating in all meetings. 12 Technical working groups have been established and they meet regularly.	No PDP has been established but MRRD is conducting several workshops about PDP prioritization. So far there is only prioritized list of the projects. The capacity of the local MoE department is limited.
24	Kunar	September 2006	UNAMA, Other UN agencies, PRT, USAID, US State Department Rep., DAI, EC and GTZ participate in the meetings and provide support and input to PDC	Meeting of PDC take place but with support of UNAMA. There is a need for more active role of the governor. 12 Technical working groups have been established and they meet regularly.	No PDP has been established but MRRD is conducting several workshops about PDP prioritization. So far there is only prioritized list of the projects. The capacity of the local MoE department is limited.
25	Nooristan	Not yet established	No support so far because of limited access to the province	No available information	No available information
26	Samangan	Jan. 2006	Only UNAMA provided support and participation of IC is very weak.	Meetings take place regularly with governor's involvement.	With assistance of UNAMA PDP has been prepared and sent to MoE in Kabul. The capacity of the local MoE department is limited (personnel and equipment issues).
27	Balkh	Jan. 2006	UNAMA provides some support to PDC.	Meeting doesn't take place regularly and participation of UN agencies is weak. Line departments attend meetings.	The PDP is at final stage of preparation
28	Jowzjan	Jan. 2006	Only UNAMA has provided support to PDC process.	Meeting doesn't take place regularly. There is a need for more active role of governor. UN agencies and other donors rarely attend the meetings.	PDP in form of prioritized list of projects have been prepared for 1385-86 and sent to MoE in Kabul. The capacity of the local MoE is limited (personnel and equipment issues).
29	Faryab	Sept. 2005	UNAMA and PRT have provided support.	Meetings take place regularly .	PDP has been prepared and send to MOE, Kabul. The capacity of the Local MOE department is limited (personnel and equipment issues).

NO	PROVINCE	DATE OF ESTABLISHMENT	SUPPORTING AGENCIES	FUNCTIONING STATUS OF PDC MEETINGS	STATUS OF PDP PREPARATIONS
30	Sari Pul	Jan. 2006	Only UNAMA has provided support to PDC process.	Meeting take place regularly and well organized on monthly basis. The governor and deputy governor participate actively.	PDP is finalized by PDC with support of UNAMA and submitted to MoE in Kabul in Feb. 2007. The capacity of the local MoE is limited (personnel and equipment issues).
31	Baghlan		UNAMA	Meeting doesn't take place regularly because of the limited capacity of the MoE and lack of the interest of governor.	Prioritized list of the projects has been prepared and will be approved in the next PDC meetings.
32	Kunduz	Feb. 2006	UNAMA	Meeting doesn't take place regularly because of the limited capacity of the MoE and lack of the interest of governor.	PDP approved but only as list of projects.
33	Takhar	Jan. 2006	UNAMA, Mercy Corps provided support to MoE department and organized two training how to develop PDP.	Meetings take place regularly with good support from the governor.	PDP approved through consultative process. It is prepared as the list of projects.
34	Badakhshan	Feb. 2007	UNAMA	Only one meeting of PDC took place.	Prioritized list of the projects has been prepared, however, not yet transformed into the PDP. The capacity of the MoE department is very limited.

Source: UNAMA, April 2007

ANNEX III : LIST OF PEOPLE CONSULTED FOR THE REPORT

#	Name	Designation	Organization
GOVERNMENT			
1.	Shanthini Dawson	Sr. Advisor	ANDS/MoEdc
2.	Paul O'Brien	Sr. Advisor	ANDS/MoF
3.	Ab. Rahman Raseq	Director of Provincial Relations Dept.	IARCSC
4.	Dr. Hamidzada	Director for T&D Dept.	IARCSC
5.	Frydoon Shairzay	Director of Administrative Reform	IARCSC
6.	Fazli Khaliuq Niazi	Team Leader, PEP	MoCN, Nangahar
7.	Md. Azim Karbalai	Head of Planning	MoE
8.	Mia Jan	HR Manager	MoE
9.	Mohammad Hanif Atmar	Minister	MoE
10.	Shantni Dawson	Sr. Advisor to the Minister	MoE
11.	Sayed Qias Seedi	Director of Economy and PDC	MoE, Nangahar
12.	Shahidi	Deputy Minister of MoEc	MoEc
13.	Curtis Borden	Provincial Budget Advisor	MoF
14.	Jean Marc LePain	Provincial Budget Advisor	MoF
15.	M. Mustafa Mastoor	Director General: Budget	MoF
16.	Mr. Farid Tani	Aid Coordination Unit	MoF
17.	Najibullah	Provincial Development Officer	MoF
18.	Paul Banerjee	Principal Advisor	MoF
19.	Richard Bontjer	Economic Advisor to the Minister	MoF
20.	Waheed Qaderi	Deputy Director General for Budget	MoF
21.	Wahidullah Shahrani	Deputy Minister	MoF
22.	Zia-Ur-Rahman	Fiscal Policy Analyst	MoF
23.	Arif Parwani	Director for Afg. Stabilization Prog.	MoI
24.	Ehsan Zia	Minister	MRRD
25.	Dave Naisbitt	PRT Commandar	Nangarhar
26.		Chairman PC + 8 PC members	Nangarhar
27.	Gul Agha Sherzai	Governor	Nangarhar
28.	Chris Alexander	Deputy Director	UNAMA
29.	Shakti Sinha	S. Governance Officer	UNAMA
30.	Abdul Zuhoor	Head of Education Dept.	Kapisa Province
31.	Dr. Mirza Mohammad	Head of Public Health Dept.	Kapisa Province
32.	Enayatullah Koochi	Head of Provincial Council of last year	Kapisa Province
33.	Satar Murad	Head of Kapisa Province	Kapisa Province
DONOR / MILITARY / NGO			
34.	Grant Curtis	Senior Country Specialist	ADB
35.	Michaela Prokop	Economist	ADB
36.	Naresh Duggal	Consultant	ADB
37.	D. Grube	Director	ARD
38.	Hamish Nixon	Sub national Governance Researcher	AREU
39.	Paul Fishstein	Director	AREU
40.	Dr. Jon L. Summers	Country Representative	Asia Foundation
41.	Fazel Rabi Haqbeen	Senior Program Officer	Asia Foundation
42.	Najibullah Amin	Program Officer	Asia Foundation
43.	George Noel Clarke	Governance Advisor	British Embassy, Kabul

#	Name	Designation	Organization
44.	George Noel Clarke	Governance Advisor	DFID
45.	Lindy Cameron	Head of DFID Afghanistan	DFID
46.	Mark Miller	Deputy Program Manager	DFID
47.	Sarah Hearn	Governance Advisor	DFID
48.	Dr. Farooq Wardak	Head of Erara-e-Omoor	Edara-e Omoor
49.	Ab. Rahman Raseq	Director Provincial Relations Dept.	IARCSC
50.	Mary Froelich	Captain, US Air Force	ISAF HQ
51.	Richard Davis	Brigadier	ISAF HQ
52.	Eiji Wakamatsu	Ass. to Resident Representative	JICA
53.	Haruyuki Shimada	Ass. to Resident Representative	JICA
54.	Hideo Kobayashi	JICA Policy Advisor to MRRD	JICA
55.	Mamoon Khawar	Assistant Program Officer	JICA
56.	Jess Garana	Community Development Advisor	MRRD/UNDP
57.	Lionel Laurens	Manager ABDP	MRRD/UNDP
58.	George Varughese	Dep. Country Manager	The Asia Foundation
59.	Harry Dickherber	Technical Advisor	The Asia Foundation
60.	Jon L. Summers	Country Representative	The Asia Foundation
61.	Chris Alexander	Deputy SRSG	UNAMA
62.	Shakti Sinha	Sr. Governance Officer	UNAMA
63.	Simon Hermes	Representative, Eastern Zone	UNAMA
64.	Mithulina Chatterjee	ASGP Program Officer	UNDP
65.	Paul Landberg	ASGP Project Manager	UNDP
66.	David A. Holmes	Political Officer	US Embassy, Kabul
67.	Gretchen M. Biery	US Treasury Financial Attaché	US Embassy, Kabul
68.	Bruce Etling	Democracy & Governance Director	USAID
69.	Dana Stinson	Field Program Manager: PRT Program	USAID
70.	Edwin F. Connerley	Senior Advisor	USAID
71.	Thomas Johnson	Program Director	USAID
INTERNAL (WORLD BANK)			
72.	Alastair Mckechnie	Country Director	World Bank
73.	Coulson Nigel Peter	Sr. Public Sector Specialist	World Bank
74.	Karine Fourmond	WSS Specialist	World Bank
75.	Ludmilla Butenko	Operations Advisor	World Bank
76.	Mariam J. Sherman	Country Manager	World Bank
77.	Mihaly Kopanyi	Sr. Infrastructure Specialist	World Bank
78.	Nigel Coulson	Sr. Public Sector Specialist	World Bank
79.	Nihal Fernando	Sr. Rural Development Specialist	World Bank
80.	Paul Sisk	Financial Management Specialist	World Bank
81.	Scherezad J. Monami Latif	Education Specialist	World Bank
82.	Soraya Goga	Sr. Urban Development Specialist	World Bank
83.	Susanne Holste	Sr. Transport Specialist/NSP TTL	World Bank

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