

Islamic Republic of Afghanistan: Citizen-Centered Governance

A Roadmap for Subnational Reform

Islamic Republic of Afghanistan
May 2018

Foreword

The Government of Afghanistan seeks to ensure the balanced economic and political development of our country. Over the past decade, we have been able to strengthen central government bodies, including many line ministries. More recently, we have also been able to begin to strengthen governance at the municipal and village levels. However, to fully achieve our goal of balanced development, we need to develop a comprehensive subnational governance policy.

Balanced development requires the development of three areas: the provision of security, the provision of the rule of law, and balanced economic development. These three areas are interrelated. The provision of security requires the presence of Afghanistan's security forces in every district of the country. We believe that the continued development of armed forces will allow for this over time. The tripling of our air force and doubling of our special forces will allow for force projection throughout the country within four years. Just as importantly, a new generation of leaders is taking over senior positions in our military and police forces. Likewise, the reform of our police forces has begun. We have removed the ANCOP and border forces from the Ministry of Interior so that we can reorient the focus of our police from counterterrorism to provision of security for our citizens.

Second, balanced development requires the provision of the rule of law. In Islamic Jurisprudence, justice is the foundation of the state, and Afghan scholars have a long history of contributing to Islamic Jurisprudence thought. However, the course of our history also includes periods where the provision of justice was reduced. These periods typically coincided with periods of state fragmentation of authority, resulting from foreign invasions and civil war.

Although there are many reasons for such fluctuations, the key driver of instability has been the absence of agreed upon rules of the game regarding orderly succession to the high office. Our constitution, adopted after extensive consultation and intensive debate, provides the framework for future stability through citizen-based democratic governance. We now seek to provide a long-term and balanced path, as required by the constitution, so that we can ensure the provision of justice over time.

Third, balanced development requires the provision of economic opportunities for every Afghan citizen, no matter where they live. We have therefore developed an economic model whereby regional economic institutions and strategies are given more prominence. We have also recommended reforms at the local level, and connected the regional economic strategies to the local level. We believe these reforms provide a framework for the balanced, just, and secure development of Afghanistan.

H.E. President Mohammad Ashraf Ghani
President
Islamic Republic of Afghanistan

EXECUTIVE SUMMARY

This Policy begins by providing an overview of each of Afghanistan's layers of subnational administration. We then review current constraints to the development of these subnational entities, including both governance and infrastructure constraints. The most important constraints include the requirement to update Local Administrative Law and regulations, revise the provincial and municipal categorization criteria, and provide improved governance infrastructure at the district level. Third, we discuss the legal requirements of implementing this subnational governance vision.

This includes the revisions to the existing Local Administrative Law, Municipal Law, and Provincial Council Law, to develop two comprehensive laws: Local Administrative Law and Council Law (which will include provincial, district, municipal and village councils). Forth, we review the Independent Director of Local Governance (IDLG), the institutions responsible for implementing a large part of this vision. And finally, we conclude with a summary of our recommendations.

AFGHANISTAN'S SUBNATIONAL GOVERNANCE STRUCTURE: AN OVERVIEW

Afghanistan can be best grouped into 8 economic regions. We have 34 provinces, 387 districts,¹ 163 municipalities, and approximately 45,000 villages. As Afghanistan has had a unitary system of governance, the Ministry of Interior (*MoI*) managed all domestic issues, including the domestic police force and all subnational entities. The civilian component of subnational governance was separated from MoI relative recently (*in 2007*), which created the Independent Directorate of Local Governance (*IDLG*). All governors and mayors now report through IDLG to the President.² To manage these subnational entities, IDLG recommends provincial and district governors and mayors to the President. Each of these forms a point of contact to the citizens of our country.

However, there are key issues with the current system of governance of these subnational entities. First, except for our military corps, we have not yet used a grouping larger than a province for the purposes of developing economic strategies. Second, our provincial governance structure is not well codified. The management of provinces ranges from exercise of strong authority by individual governors to minor coordinating roles by provincial councils to provinces where management only focuses on security issues. Third, the reach of government in some districts is minimal to nonexistent. This creates a vacuum of security and justice that non-state actors seek to fill.

Municipalities currently have greater clarity. We have a municipal law that defines the basic parameters of municipal responsibilities. This legislation allows municipalities to be the only subnational entities that are able to collect revenues from citizens. And the basic structure of service delivery, if not yet effective, is at least transparent. However, the Constitution specifies that mayors should be elected, which they have not yet been. Surprisingly, it is at the most local level where we perhaps have had the most success. The creation of the National Solidarity Program, and its successor program (*Citizen's Charter*), provides a clear and robust framework for engaging with villages. Through the creation of village shuras and the provision of block grants, the Government

¹ 363 permanent districts

² Please note that Afghanistan's Constitution requires the election of mayors. However, no elections have yet been conducted

of Afghanistan has been able to extend its reach to thousands of villages throughout the country. In addition, the Citizen Charter program has been expanded to include urban neighborhoods. These subnational levels are summarized in the table below, and then described in greater detail in the sections that follow.

KEY SUBNATIONAL LEVELS

| Department Offices | Summary |
|--------------------|---|
| National | IDLG was created in 2007 to manage the civilian aspects of subnational governance. All provincial, district, and municipal entities report through IDLG to the President |
| Regions | Seven primary regions of Afghanistan correspond to our military and policy corps. We seek to develop corresponding economic agencies to promote regional economic growth for these seven regions, as well as an additional economic agency for the central region |
| Provinces | Afghanistan has 34 provinces. For each province, there is a provincial governor and directors from line ministries. There are also representatives from the judicial branch located within each provincial headquarters |
| Districts | District-level representatives include district governors, district directors, and district security chiefs. Representatives from the judicial branch are located within most districts |
| Municipalities | There are more than 163 municipalities in Afghanistan, which are governed under a 2000 Municipal Law |
| Villages | The NSP and Citizen's Charter program have helped to institutionalize village shuras/Community Development Councils as a primary governance structure at the local level |

(1) REGIONS

Let us begin our analysis by reviewing the largest subnational unit, a region. Regions correspond roughly to the six ecological zones and five river basins of Afghanistan. Although regions do not constitute a separate political unit, Afghanistan could have eight regions corresponding to the seven military and police corps in the country.³ However, to improve regional economic development, we will now also use the regional unit for the development of regional economic strategies. There is some precedence for such an initiative. In Afghanistan, the Helmand Development Authority (*HDA*) and the Nangahar Valley Development Authority (*NVDA*) have existed for decades. Within the Ministry of Energy and Water, we have five directorates corresponding to each of Afghanistan's five river basins. International case studies also exist, including the United States (*through the Tennessee Valley Authority*) and Pakistan (*through the Lahore Development Authority*).

As we have the Capital Region Independent Development Authority (*CRIDA*), we will implement this policy decision through the creation of seven additional regional development authorities (*RDAs*).⁴ Each regional development authority will be responsible for the design, planning, implementation, and monitoring of development projects in their respective regions. In other words,

³ Excepting the central region, which does not have a separate military or police corps unit

⁴ In addition to the Capital Region Independent Development Authority (*CRIDA*), whose mandate will expand to include the entire central region

these entities will be project owners. Each regional development authority will be constituted as a State-Owned Corporation (*SOC*).

The focus on the regional unit will generate a few key benefits. First, we will create greater geographical balanced economic development. To date, economic programs and policies have been too focused on the implementation of projects in Kabul and perhaps a few additional provincial capitals. Second, such a focus will more clearly separate policy-making functions from operational functions. Currently, ministries spend the majority of their time and resources in the implementation of projects. This must change. Ministries must be policy-making and regulatory bodies, with state corporations the vehicles of implementing such policies. Third, regional development authorities will act to improve complementary development between regions. This will improve transit integration and the management of regional economic projects that span multiple regions.

SUMMARY OF AFGHANISTAN'S REGIONS

| Region | Provinces | Population | Summary |
|--------------|--|-------------------|---|
| Capital | Kabul, Panjshir, Kapisa, Wardak, Parwan | 7,179,727 | This is Afghanistan's largest region due to the presence of Kabul. The key economic area of focus in this region is manufacturing. Key river basin is Kabul River Basin. This region already has the Capital Region Independent Development Authority (<i>CRIDA</i>), which will be the model for other regional development authorities |
| East | Nangahar, Kunar, Nuristan, Laghman | 4,371,640 | These regions are closely integrated with the Center Region and acts as a key corridor for trade between Afghanistan and Pakistan. The region has extensive agricultural resources (<i>Nangahar</i>), mineral resources (<i>Nangahar</i>), and horticultural goods (<i>Nuristan</i>). As such, the area can act as a key transit hub and agricultural processing center |
| Southeast | Paktia, Khost, Logar, Paktika, Ghazni, | 3,222,428 | This region acts as a key transit hub and produces key horticultural goods (<i>e.g. pinenuts</i>) |
| South | Kandahar, Helmand, Nimroz, Uruzgan, Zabul, | 4,358,192 | The region's key river basin is Helmand River Basin. The region include large agricultural lands and acts as key transit areas to both Pakistan and Iran |
| Center | Bamyan, Daikundi, Ghor | 2,022,789 | This region is the smallest region, but acts as a key transport corridor, connecting to six of the seven remaining regions |
| West | Herat, Baghdis, Farah | 4,040,631 | The region overlaps with both the Harirod and Helman River Basins. The key characteristics include manufacturing areas around Herat and key points in trading with Iran and Turkmenistan |
| North | Balkh, Samangan, Jawzjan, Saripul, Faryab | 4,474,397 | This region corresponds closely to the Northern River Basin. The key characteristics include key agricultural areas, trade and transit points with Uzbekistan, and key hydrocarbon areas of interest |
| Northeast | Kunduz, Takhar, Baghlan, Badakhshan | 4,545,303 | This region corresponds closely to the the key river basin of the Amu Darya River Basin. The key characteristics include key agricultural lands and strong natural resource capabilities |
| TOTAL | 34 provinces | 35,715,106 | |

These regional development authorities will have a shareholding structure that will include line ministries, but also include three rotating board members comprised of one provincial governor, one district governor, and one mayor (*in addition to three independent directors*). Representatives from the regions will rotate so that most provinces, districts, and municipalities are represented over time.

The RDAs will also coordinate closely with all subnational entities, including provincial and district governors, provincial and district councils, mayors, and villages shuras. The creation of such economic regional development authorities will increase overall economic growth, will create improved geographic dispersion of economic growth, and will create a positive competition between regions. Each regional development authority will be created as a SOC as soon as possible, but not later than the end of the 1397 fiscal year.

(2) PROVINCES

Afghanistan has a total of 34 provinces. The functions of the central government are also present at within each province. As per the Law on Subnational Governance, each of these provinces has been categorized as a Category I, II, or III Province based on its population and ecological features. This categorization will continue to be used for base resource allocations. However, IDLG will also lead a process to assess the practicality of redrawing the boundaries of provinces and districts to make each entity more population balanced, and which would have large budgetary and resource allocation impacts.

In addition to this classification system, IDLG will create a set of metrics under three categories: (1) *political indicators*: e.g. whether required provincial council elections been held, (2) *economic indicators*: size of GDP, rate of growth, economic surveys of business environment, etc., and (3) *social indicators*: percentage of children in school, average years of schooling, health indicators, etc. These scorecards of metrics will be used as part of the assessment process for the allocation of incentive funding.

In terms of provincial governance, there is a great deal of variability between provincial management. On the one hand, governors exhibit strong authority in some provinces. In other provinces, governors sometimes act as coordinators between various entities. Elected provincial councils act as a check on governor actions, based on Provincial Council Law.

To codify the actions of Provincial Governors and other provincial executive authorities, we will revise and the Local Administrative Law by the end of 2019. This will outline the key responsibilities and tasks for provincial governors, district governors and village Qariyadar. This legislation will complement the proposed Council Law.

(3) DISTRICTS

Next, let us review governance at the district level. There are a total of 387 districts in Afghanistan. As per the Law on Subnational Governance, each of these districts has been categorized as a Category I, II, or III district based on its population, as well as ecological and social features. This categorization will continue to be used for base resource allocations. However, we will use the same

categorization used for provinces (*i.e. political, economic, and social indicators*) to also measure the performance of districts, as well as for deciding on provincial incentive fund allocations.

In addition, we propose the classification of each district into the following types: (1) urban, (2) peri-urban, (3) transit, (4) natural resources, (5) and frontier. These categorizations can also be used as a component of measuring district performance. For example, although a District Governor leads each type of district, the strategy for each type of district differs. The needs of urban districts are vastly different from the needs of natural resource districts. Just as with provinces, district-level representatives – including district governors, district directors, and district security chiefs – will be monitored by their respective councils. A brief description of each district category is provided below:

- **Urban:** Urban districts are those that have the highest population densities and thus require the highest resource allocations
- **Peri-Urban:** Such districts surround urban districts, and thus are largely interdependent on the performance of nearby urban districts
- **Transit:** These districts are primarily used as transit points, and do not include large population centers
- **Natural Resources:** These districts have large natural resource endowments, and therefore required additional resources from the Ministry of Mines and Petroleum (MoMP), the Ministry of Irrigation and Agriculture (MAIL), and the National Environmental Protection Agency (NEPA)
- **Frontier:** These districts are located away from large population centers, but sometimes are endowed with natural resources, and can play an important role in transit corridors.
National cohesion requires special attention to these districts

We must also consider the minimum core functions of administrators at the district level. At the current time, district governors often view their role as a purely administrative one. However, their functions must be thought of a broader set of tasks. These include:

- **Administrative functions:** including engagement with the local community
- **Provision of security:** conducting needs assessments and coordinating with security agencies
- **Provision of justice:** ensuring that the court system and AGO representatives must be present within every district
- **Market development:** developing the physical space for district center markets, as well as connecting district villages with the district center
- **Service delivery:** acting as a coordinator in regards to health and education delivery

(4) MUNICIPALITIES

Afghanistan has over 163 municipalities throughout the country. Municipalities are currently governed under the 2000 Municipal Law. Municipalities are also the only subnational entity that are provided the right to generate revenues. We can see some positive changes taking place at various municipalities:

- **Qaa-e-Naw (Baghdīs):** The mayor built a new business center for women, which was inaugurated by H.E. President Ghani. The business center has two floors and space for 46 shops for women entrepreneurs
- **Maimana City (Faryab):** The municipality recently built an open hall for occasions such as national gathering or festivals. The hall cost AFN4 million, with was financed by the Maimana City development budget
- **Charikar City (Parwan):** The Charikar municipality was able to improve the city's solid waste collection efforts by increasing the number of trash-bins located in key locations throughout the city

However, there remain many issues with municipal governance. First, the existing 2000 municipal law is out of date and does not codify the responsibilities of municipalities and mayors sufficiently. We are therefore in the process of redrafting the law, which we expect to be finalized before the end of 2018. This includes making changes to our zoning procedures. Currently, municipalities develop detailed designs for every district in their respective cities. However, at this pace, only one-third of Kabul Municipality has a detailed design. We must therefore move from a rigid detailed design process to a more flexible zoning process.

Second, although municipalities are endowed with the right to raise revenues, some municipalities do not raise sufficient revenues to even pay basic salaries for the mayor. In conjunction with redrafting legislation, we must also develop a financial model that provides a sufficient revenue base from which municipalities can provide basic services.

Third, even for municipalities that are able to generate sufficient revenues, service delivery remains poor. Trash is often not picked up, and basic roads and infrastructure are not developed. At the same time, we must recognize that municipalities are not endowed with the same authorities to deliver services as in many other countries. For example, power is delivered by DABS, water by AUWSCC, security by MoI, and justice through Attorney General Office and Supreme Court. Therefore, we must consider the scope of authorities granted to municipalities. We will therefore consider a mechanism to provide greater authorities to those municipalities that show increased capabilities.

Fourth, we will create a municipal incentive fund, with clear transparency and corporate governance principles, to provide incentives for the most capable mayors. The same framework of metrics (*political, economic, and social*) will be used to measure municipal for the purposes of granting greater authorities and for municipal fund allocations.

Fifth, we must consider the demarcation of municipal boundaries. Current municipal boundaries were mostly drawn decades ago when our cities had much smaller populations. Because our municipal boundaries have not expanded, this has caused self-imposed constraints on available land for development, causing housing prices to unnecessarily increase. ARAZI and IDLG must therefore embark on a program to assess current municipal boundaries and redraw them where necessary.

Sixth, for Kabul Municipality in particular, we must reconsider its powers. We will revoke its special status among municipalities. We will also devolve some of its powers and develop a district model where Kabul Municipality will be divided into a number of districts and will have a corresponding mayor for each district. In this way, municipal management will be brought closer to its respective constituencies. The Kabul Governor will also be given coordination authorities, with CRIDA acting as the regional development authority. Fifth, we will codify the role of wakil-e-gozars and other subnational structures in the new Municipal Law so that roles and responsibilities of all actors are codified.

Seventh, we must develop a social housing program. Our Ministry of Urban Development and Housing (MUDH) must conduct a study on housing needs in Afghanistan, and develop a social housing plan. MUDH will implement this plan through either a new state corporation, or by corporatizing one of its existing housing state-owned enterprises.

(5) VILLAGES

Afghanistan has perhaps some of its greatest subnational successes engaging with citizens at the village level. This is primarily due to the National Solidarity Program (*NSP*), and its successor program (*the Citizen's Charter*). In these programs, we have been able to provide over \$1.5 billion in block grants to more than 45,000 villages across all 34 provinces.

The new Citizens' Charter Program (*CCP*) is a promise of partnership between the state and the communities. It is a foundation stone for realizing the Government's development vision. The program is a whole-of-government effort to build state legitimacy and end fragmentation. The Charter is a commitment to provide all citizens in Afghanistan with basic services, based on community prioritization. For the first time, Afghanistan's urban and rural community development programs will be joined under the same umbrella. The Citizens' Charter Afghanistan Project (CCAP) is one part of the larger Citizens' Charter National Priority Program.

However, the structure of the Citizen's Charter program must change to continue contributing to Afghanistan's economic and political development. First, to become a sustainable program, the Citizen's Charter framework must also consider financial benefits as part of its project evaluation process. Second, the program must begin to amalgamate individual villages into larger groupings, and provide larger block grants to these larger groupings.

This process will help the program to integrate with larger district, provincial, and regional economic programs. Third, the program must make changes to the way it supports the agricultural sector. Here, the program must support projects that support the most important crops (*e.g. wheat*) where

applicable, to focus on improving crop production and productivity, and to focus on the creation and support of agricultural cooperatives.

In terms of governance, the village level is managed through the following governance structure:

- **Qaryedar:** the sole government representative that works at the village level. Qaryedars are responsible for administrative affairs of a village, including issuance of death and birth certificates. The Qaryedar does not play a role in implementation of community development projects. Qaryedar is appointed by IDLG, in consultation with CDC members and community elders.
- **Community Development Council (CDC):** the representational body at the village level, which engages in local development planning, implementation of community projects, and oversight of government service delivery. CDCs are elected through the Citizens' Charter and the National Solidarity Program

SUBNATIONAL GOVERNANCE: CONSTRAINTS

We face a number of constraints to implementing this subnational governance structure. These constraints flow naturally from the rules as defined by the Constitution. We have characterized these challenges into governance challenges and infrastructure challenges. In total, there are eight governance challenges and three infrastructure constraints, which are discussed below:

SUMMARY OF SUBNATIONAL GOVERNANCE CONSTRAINTS

| Constraint | Summary |
|-----------------------------|--|
| Governance | |
| (1) Subnational Legislation | The current legislative environment is not sufficient for subnational governance. The relevant subnational laws include the (1) Local Administrative Law, and (2) Councils Law, and (3) Municipal law. |
| (2) Subnational Elections | Further elections need to be held at the district and municipal levels. District Council elections will be held by end-2018. Over time, as outlined by the conditions of the municipal law, mayoral elections will also be held |
| (3) Security | Historically, the police have been a large source of corruption and driver of dissatisfaction with citizens. We must continue to restructure the MoI and retrain our police to reorient them from a counterterrorism mission to provide security and justice for citizens |
| (4) Rule of Law | Provision of the rule of law is the fundamental goal of the government. This requires the presence of capable and just judges and representatives from the Attorney General's Office (AGO) in every district of Afghanistan |
| (5) Subnational Financing | Current legislation only allows municipalities to generate revenues, while other subnational entities such as provinces and districts are unable to raise revenues. Over time, we seek to allow all subnational entities to raise revenues. In addition, we will create incentive funds for each subnational level |
| (6) Categorization strategy | Provinces and municipalities are currently categorized only by the size of their population and basic economic data. This can be used for the baseline budget, but we will develop a more comprehensive categorization scheme for each subnational entity, which will be used for the allocation of incentive |

| | |
|----------------------------------|---|
| | funds. The categorization will include political, economic, and social indicators |
| (7) Service Delivery | Current service delivery remains poor. We will improve service delivery at all levels, including at the district and provincial level over time. This includes the provision of security, justice, health services, education, and the preservation of cultural heritage sites |
| (8) Community engagement | The existence of provincial councils provides one forum for citizen engagement. We will form district councils this year, and will launch mechanisms to improve the quantity and quality of community engagement. This will include citizen performance audits of subnational administrative performance |
| (9) Human Capital | Our Civil Service Commission will create specialized training programs for subnational governance employees, as well as create a rotational program so that district and provincial administrators can rotate between new regions as part of their career progression |
| Infrastructure | |
| (1) Governance Infrastructure | The extension of the rule of law, security, and governance requires the presence of the government in each district. We must provide basic infrastructure so that our military, court systems, and ministerial representatives must be present at each subnational governance level |
| (2) Infrastructure Assets | <ul style="list-style-type: none"> ▪ Power: The most important infrastructure is the provision of power. We are rapidly moving forward with connecting all provinces to the national power grid. We have connected nine provinces in just the past few months. We plan to connect all provinces to the national power grid by 2020. For more remote areas, we have developed an off-grid strategy. ▪ Transport: Every province needs to be connected by safe and comfortable transit to other regions. This is a key component of our connectivity strategy |
| (3) Natural Resources Management | <ul style="list-style-type: none"> ▪ Land: The borders of municipalities and villages must be clearly demarcated. Without such actions, municipalities are not able to raise revenues or provide services for their citizens. ARAZI must demarc all boundaries by end-2019 ▪ Water: Afghanistan has five major river basins and 45 watersheds. These must be managed properly as part of regional development strategies ▪ Mining: Mining assets are contracted centrally, but managed locally. We must increase the capacity of the MoMP and relevant subnational authorities to manage these resources effectively, especially in mining districts ▪ Forestry: Like mining assets, forestry assets form an important natural resource that is managed locally. We must increase the capacity of line ministries and subnational authorities to manage these resources effectively |

We will develop a framework for removing such constraints over time. The removal of governance constraints will likely move more quickly, as we can develop required policies relatively quickly.

Infrastructure constraints will likely be removed more slowly as government and large infrastructure projects are implanted over time. Details for each type of constraint are provided below:

GOVERNANCE CONSTRAINTS

- **Subnational Legislation:** Afghanistan currently has three pieces of legislation that define subnational governance. The first is the Local Administrative Law, which defines the responsibilities of IDLG and other subnational entities. As it was drafted many years ago,

this law requires revisions. The second relevant law is the Council Law to define the roles and responsibilities of the provincial, district, village and municipality councils. The third law is the 2000 Municipal Law, which defines the roles and responsibilities of municipalities. This law will be revised.

- **Subnational Elections:** Afghanistan has a unitary government, which means that among other aspects, governors are appointed and dismissed by the President. Afghanistan passed a Provincial Council Law that allowed for elections of provincial councils, and District Council elections are projected to occur in 2018. In addition, as per Afghanistan's Constitution, mayors will be elected over time. This creates a unique system whereby over time we seek to have elected mayors, district councils, and provincial councils, but where the President appoints Provincial and District Governors.
- **Security:** In addition to the rule of law, the provision of security is one of the key responsibilities of the government. IDLG will coordinate all security issues with central security agencies.
- **Rule of Law:** To ensure the rule of law and justice are administered throughout the country, both court system and the Attorney General's Office (*AGO*) must be located in every district of Afghanistan. Although this mandate is already part of each organizational structure, due to security issues, personnel have not been deployed to some districts. We must therefore provide sufficient security in such districts to ensure that court and AGO representatives can be located in every province
- **Financing:** Current financing arrangements do not allow subnational entities to raise funds to develop their respective provinces, districts, or municipalities. There are therefore two changes we seek to implement with regards to subnational financing. The first is that we will create incentive funds under IDLG at the regional, provincial, district, and municipal levels. Second, current financial laws and procedures do not allow for any subnational entities (*except municipalities*) to generate revenues. However, we seek to create positive and healthy competition between other subnational entities, including provinces and districts, by allowing them to raise revenues over time. The authority to raise revenues will be based on subnational entities being able to meet various benchmarks
- **Subnational Categorization Strategy:** Based on the current Local Administrative Law, each Province, District, and Municipality is classified as a Tier I, II, or III entity. This classification is used in resource allocation decisions. In addition to this classification, we will create a scorecard of various metrics to measure subnational entities (*e.g. political, economic, social metrics*). The scorecard will be used to rank subnational entities for purposes of allocating funds
- **Service Delivery:** Only central government entities and municipalities currently have the authority to deliver services. Over time, as other subnational entities are given revenue generation authorities, they will also be given the authority to provide services

- **Community Engagement:** The Provincial Councils, and soon the District Councils, provide an opportunity for citizen engagement. However, we will consider ways to improve the review and reporting community engagement processes
- **Human Capital:** Our Civil Service Commission (CSC) will develop a specialized training program to train a cadre of civil servants who will work in subnational governance. The CSC will also create a rotational program so that civil servants who work in subnational entities will be able to rotate between regions as they progress in their career

INFRASTRUCTURE CONSTRAINTS

- **Governance Infrastructure:** To provide security, justice, and service delivery throughout the country, the government must have a presence in each district. We therefore will create a subnational construction program. IDLG will conduct the needs assessment, and MUDH will implement the required infrastructure
- **Infrastructure Assets:** We must provide basic infrastructure assets to each province. This includes connecting each province to the national power grid and with one highway connecting it with the rest of the country. Only in this way can we connect Afghanistan's provinces and realize our vision to act as a transport and power hub for the region
- **Natural Resources Management:** Effective natural resource management requires the ability of subnational government offices to be aware and manage such resources. ARAZI must work to more quickly demarcate the boundaries of districts and municipalities. Our Ministry of Energy and Water (*MoEW*) and Ministry of Mines and Hydrocarbons (*MoMP*) must provide greater resources to natural resource (*mining, agriculture*) districts. Our Ministry of Agriculture (*MAIL*) must improve the management of forestry assets

The first implication of these existing constraints is that Afghanistan's government has not been able to project governance to some districts. As a result, the rule of law, security, service delivery, and community engagement is lacking in many districts of Afghanistan. Non-state actors have sought to fill the power vacuum left by the government. We seek to reverse this trend methodically by removing all governance and infrastructure constraints over time.

SUBNATIONAL GOVERNANCE LEGAL FRAMEWORK

A strong legal framework is required to codify the roles and regulations of all actors and institutions responsible for subnational governance. Afghanistan currently has three pieces of legislation that define subnational governance. The first is the Local Administrative Law, which defines the responsibilities of IDLG and other subnational administrative entities. This law was drafted decades ago, and requires substantial revisions. The second relevant law is the Provincial Council Law, which was relatively recently passed and provides a framework for Provincial Councils. The third law is the 2000 Municipal Law, which outlines the roles and responsibilities of municipalities. This law is currently being redrafted.

At the provincial and district level, there is no corresponding legislation or regulations that codifies the roles and responsibilities of the various administrative entities. This is due primarily to the historical unitary structure of the Afghan state, under which the Ministry of Interior solely managed subnational governance entities.

To further develop subnational governance structures, we will revise two the Local Administrative Law and the Municipal Law laws and draft the Councils Law. In terms of municipal legislation, we have already conducted a robust review of municipal models in five other countries.⁵ In the new municipal legislation, we will make changes to the municipal governance structure, planning and land use, financing mechanisms, methods of infrastructure provision, and service delivery mechanisms.

In terms of new legislation, we will pass a Councils Law, Local Administrative Law which will include district and provincial administrative law. The Council Law will include provincial, district, village and municipality councils and will provide the framework for the upcoming District Council elections. The other two new laws will define the roles and responsibilities of actors at the provincial and district levels.

GOVERNMENT REQUIRED REFORMS

To implement this subnational strategy, a series of government reforms are required. The most important required reform is to redefine the relationships between central government ministries and provincial entities. Initially, we seek to have a model where central government ministries focus more on policy-making and national priority programs, regional development authorities are responsible for project implementation, and subnational entities play a coordinating role. Over time, we expect that subnational entities will play a larger role in directly generating revenues and project implementation.

Second, we must consider the relationship between the Presidency, subnational units, and the Independent Directorate of Local Governance (IDLG). The Presidency acts through IDLG to administer subnational entities. IDLG was created in 2007 to separate the civilian aspects of governance from the Ministry of Interior. It has three offices of deputy ministers, twelve departments, and six national programs for its sub national governance programs. In the local level, the office is comprised of 34 provincial governor's offices, 387 district governor's offices,⁶ 163 provincial municipalities, and 34 provincial councils.

Over time, we seek to provide greater autonomy for each of these subnational entities. However, such autonomy must be aligned with the proper incentive structures. If not done correctly, greater autonomy can lead the same challenges that Afghanistan faced in previous episodes of decentralization.

As a result, our strategy will create benchmarks against which subnational entities will be measured. As municipalities, districts, and provinces meet such governance benchmarks, they will be provided additional funds through newly created incentive funds. We will also utilize such a process for

⁵ Colombia, Germany, Iran, Singapore, and South Korea

⁶ Out of which, 23 are temporary districts

determining the election of mayors, as required by the constitution. This process will naturally lead to the downsizing of IDLG as such subnational entities gain greater autonomy.

At the same time, IDLG must develop the capabilities to implement the core functions of the state at the subnational level. For some of these functions, such as administrative control, the Presidency (*through IDLG*) will have the primary responsibility for implementation. For other responsibilities, such as the provision of security, the creation of citizen rights, and the formation of a market, IDLG must play more of a coordination and facilitator role. These functions should not require an expansion of IDLG resources or size of tashkeel.

RECOMMENDATIONS/ NEXT STEPS

This roadmap provides a strategy on how to improve the performance of Afghanistan's subnational entities. We now provide recommendations across seven key areas: (1) develop the required legislation to codify responsibilities of each subnational entity, (2) create a subnational governance committee under the High Council on Governance and Anti-Corruption, (3) hold national consultation process on potentially redefining borders of provinces and districts, (4) create seven additional regional development authorities to develop and implement projects in each respective region, (5) implement subnational financial reform, including the creation of incentive funds and, over time, allow subnational entities to raise revenues, (6) create a subnational construction project to ensure the presence of the government in each district of Afghanistan, and (7) create a subnational human resources development program. Details for each recommendation is provided below:

- **Develop required subnational legislation:** Revise Local Administrative Law and Municipality Law and draft Councils Law. These laws will: (1) clarify and codify the roles and responsibilities of all subnational actors, (2) will provide a new additive framework for categorizing provinces and municipalities, and (3) institutionalize and provide the rules for the creation of incentive funds at the regional, provincial, and district levels
- **Create subnational governance committee:** Under the High Council on Rule of Law and Anti-Corruption, IDLG will create a subcommittee on subnational governance. IDLG will chair this subcommittee, and members will include the Ministry of Finance (*MoF*), Ministry of Economy (*MoE*), Ministry of Rural Rehabilitation and Development (*MRRD*), Ministry of Urban Development and Housing (*MUDH*), Afghanistan's land authority (*ARAZI*), and the Independent Administrative Reform and Civil Service Commission (*IARSCS*). The committee will identify issues related to governance, subnational construction issues, and incentive fund recommendations, and present recommendations to the High Council on Rule of Law and Anti-Corruption.
- **Hold a national consultative process on potentially redefining borders of provinces and districts:** There is currently a lack of equality in the population of the drawing of borders between provinces and districts. IDLG must manage a stakeholder consultation process to identify whether current provincial and district boundaries should be redrawn based on the principle of equality of population. IDLG should develop standard criteria and develop standard processes for potentially redistricting such entities. They should consider

criteria such as the minimum population sizes and equity of resource allocation between provinces and districts. In addition, ARAZI and IDLG should start the redistricting of municipalities.

- **Create Regional Development Authorities:** We will create seven Regional Development Authorities (*RDAs*) to improve economic planning and coordination. The RDAs will plan, design, and implement projects within each respective zone. These RDAs will be formed as State-Owned Corporations (*SOCs*), and not as an administrative unit. The RDAs will coordinate their activities with line ministries and with each subnational layer entities. A key goal of the RDAs is to allow for the separation of policy and operations, with line ministries focusing more on policy, and RDAs focusing on the implementation of projects.
- **Implement subnational financial reforms:** To create incentives for reforms at the subnational level, three incentive funds will be created under the leadership of IDLG: (1) Regional Incentive Fund, (2) Provincial Incentive Fund, and (3) District Incentive Fund. These funds will allocate resources based on clear metrics and proposals provided by subnational level entities. In terms of process, each subnational entity will provide their project proposals to IDLG, who will then present the proposals and allocation recommendations to the High Council on Governance and Anti-Corruption. Second, over time we will move towards a model whereby provinces and districts will be able to raise revenues. The ability to raise revenues will be based on various criteria (*including political, economic, and social metrics*), and will be approved by the Ministry of Finance and the High Council on Governance and Anti-Corruption.
- **Creation of a subnational governance construction project:** To ensure the presence of the government within each district, we will create a construction project under the Ministry of Urban Development and Housing (*MUDH*). IDLG will provide their requirements and coordinate with MUDH in the identification and implementation of such projects. The goal is to ensure that the government is represented in each district of Afghanistan.
- **Create a Subnational Human Resources Development Program:** Our Civil Service will create a distinctive career path and associated specialized training program for civil servants who will serve within subnational governance structures. This will create a predictable career path where civil servants would be rotated among subnational entities. This training program should include a component to support women who embark on this career path.

Implementing these changes will be challenging - but if done correctly - has the capacity to improve service delivery and governance throughout Afghanistan. This report provided a roadmap for how we aim to improve governance at the subnational level. We have discussed the existing subnational governance structure, the constraints limiting the ability to improving service delivery, and our strategy for removing such governance and infrastructure services to ensure better services for Afghanistan's citizens.