

**LOCAL GOVERNANCE APPROACH TO
SOCIAL REINTEGRATION AND
ECONOMIC RECOVERY IN
POST-CONFLICT COUNTRIES:**

TOWARDS A DEFINITION AND A RATIONALE

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Discussion Paper for the Workshop
"A Local Governance Approach to Post-Conflict Recovery"
8 October 2002, New York

Organized by the Institute of Public Administration (IPA)
Jointly hosted by the UNDP/United Nations Capital Development Fund and
UNDP/Bureau for Crisis Prevention and Recovery

Introduction

The purpose of this brief and intentionally schematic note is to introduce a set of concepts that underpin the “*local governance approach to post-conflict recovery*” paradigm and could facilitate its discussion by the workshop’s participants. The note is divided in four sections:

- A. The first section advances an operational, if simplified, *definition* of “good local governance” and summarizes its main features and determining factors.
- B. The second section introduces the *rationale* for improving local governance as a powerful way to facilitate social reintegration and economic recovery in post-conflict environments.
- C. The third section presents the key areas and levels of *local capacity* that need to be addressed to enable local authorities to effectively contribute to the post-conflict recovery effort
- D. The fourth section outlines the basic features of *aid-supported programs* that could promote a “local governance approach to post conflict recovery”.

Clarifying the definition, rationale and program components of a “local governance approach to post-conflict recovery” should eventually help build *an analytical framework* through which issues of political, administrative and financial *feasibility* of such an approach in specific post-conflict contexts could be assessed and aid programming decisions could be facilitated.

A. Defining good local governance

What do we understand as “good local governance”? And what are the resources that must be deployed, and the policy and institutional reforms that must be undertaken, to bring it about?

We look at local governance from the standpoint of local *governments* and in the frame of a theory of the state. We thus define good local governance as an institutional system (a set of organizational and procedural measures) for managing local public affairs, characterized by three critical dimensions (the three “P’s”):

- (i) *Performance* of the local authorities (in terms of fiscal effort and discipline, as well as allocative and operational efficiency) in managing public resources and discharging their responsibilities for:
 - a. Delivery of economic and social services,
 - b. Protection of the environment and management of natural resources

- c. Promotion of economic development,
- (ii) Participation of organized and individual citizens in local public sector decision-making, through mechanisms that supplement and enhance, rather than replace or contradict, the functioning of the institutions of democratic representation,
- (iii) Partnership, between local authorities, civil society organizations and private sector units for the provision and production of local collective goods and services.

The diffusion of “good local governance”, as defined above, may in turn be thought of as the product of both (i) democratic decentralization reforms and (ii) simultaneous and systemic efforts of capacity building of local authorities, administrations and communities. In other terms, adoption of good local governance practices would depend upon:

- (i) Changes in the policy, legal and regulatory framework governing:
 - a. Political, administrative and fiscal decentralization of public sector powers, responsibilities and resources, and
 - b. The role and status of civil society and private sector associations and organizations
- (ii) The build up of local governments capacity along three dimensions:
 - a. The improvement of *individual* capacities through training of elected personnel and local administration staff.
 - b. The strengthening of *institutional* capacity, through the introduction of improved methods and organizational arrangements for managing local public sector resources.
 - c. The build up of a *systemic* capacity for effective and cooperative inter-governmental relations between local authorities and the central and de-concentrated public administration

Importantly, the build up of local government capacity is here understood as a *demand-driven* process where the keys are (i) the creation of financial and other incentives for local governments to invest in the building of their own capacity, and (ii) the establishment of clear LG accountability both “upward” to the State and “downward” to their constituencies with related systems for administrative and social monitoring and auditing.

Good local governance is expected to impact on post-conflict recovery via local development (including improved services delivery and local economic development) and subject to a number of non-local opportunities and constraints. Figure 1 reflects a simplified logical framework of a local governance approach to economic recovery and social reintegration of war-affected people.

B. The potential of improved local governance for post-conflict recovery -- the rationale

How can the promotion of good local governance facilitate social reintegration and economic reconstruction in post-conflict environments?

The rationale of a “local governance approach to post conflict recovery” (as that of decentralization reforms in general) has two clearly distinct, and not always simultaneously appreciated, dimensions: *political* and *developmental* (social and economic).

The political dimension refers to the *reconstruction of local polities* as an integral part of the process of reconstructing the State. In a sense, the State itself cannot be reconstructed on solid grounds without addressing and resolving the issue of central-local relations. In a normative perspective, the State presence must be reestablished in all local spaces throughout the country to provide the legal and security environment which will *make possible* a new and “demilitarized” local political life, through which reconstructed and newly empowered local polities may address and manage local conflicts. In such normative perspective Local Governments are therefore the mean to realize simultaneously the two interrelated objectives of reestablishing the presence of the state in the periphery and providing a powerful supplementary mechanism for the demilitarization of politics.

This *interdependence* of the local and the central in the process of reconstructing states deserves indeed more attention than it has actually received in the literature on post-conflict recovery. Yet, it has not been entirely lost on the leaders of some of the regimes emerging in post-conflict environments. Even if compelled by political/partisan considerations, rather than guided by the normative perspective outlined above, these leaders did eventually contribute to demonstrate the importance of central-local relations in the reconstruction and consolidation of the state. The local elections and the creation of Commune Councils in Cambodia for example, might have been planned to be an instrument of legitimization and consolidation of the CPP hold on power. However, they also became a way to expand and consolidate the institutional bases of the still fragile Cambodian State. In Uganda, the main motive of decentralization reforms may have been the need to counter political threats to the central government from ethnically based opposition forces by breaking their regional base into multiple, smaller size, relatively autonomous jurisdictions.¹ It gave rise however to a remarkable attempt to devolve responsibilities and resources and strengthen the

¹ See R. Crook and A.S. Sverrisson 2001, Decentralization and Poverty Alleviation in Developing Countries: A Comparative Analysis, or Is West Bengal Unique? Institute of Development Studies (IDS) Working Paper n.130

overall system of intergovernmental relations. The interest for decentralization reforms shown recently in Angola in some circles of the MPLA, may have similar roots and, if translated into actual reforms, may lead to similar effects of consolidation of the state and demilitarization of politics.

The developmental dimension refers to the *comparative advantages of local authorities* in the post-conflict efforts towards social reintegration and economic recovery at the local level. The central task of helping war-displaced people to return to their areas of origin or resettle into existing communities, requires an integrated assistance that combines:

- i. The administration of continuing (albeit transitional and decreasing) humanitarian assistance (including food and other emergency aid).
- ii. The provision of a minimum of basic social services, and the rapid improvement of their coverage and quality.
- iii. The re-vitalization of the local economy, often starting with support to the small farming section of the agricultural sector and the reestablishment of basic trading circuits.

Such integrated assistance to local communities is potentially best provided by (and through) the sub-national administrations, with lower level *local authorities* (e.g. communes, municipalities) at the frontline and *de-concentrated state administrations* (at provincial or regional level) acting as providers of support (technical assistance and facilitation) and supervision (performance monitoring and legality controls) to the local government sector.

From the developmental perspective, the basic rationale for an early adoption of a “local governance approach” to post-conflict recovery is the potential of local authorities to realize both *allocative and operational efficiency gains* in the use of scarce public sector resources (in the administration of both transitional emergency aid and longer term development assistance). With respect to central agencies, when dealing with local issues of social reintegration and economic revitalization, local authorities may: (i) have better information on local conditions and needs, (ii) have a greater ability to interact with communities and traditional authorities to resolve potential land and other local conflicts, (iii) have already a mandate (or may be given such mandate by prospective decentralization reforms) for the promotion of local economic development and delivery of basic social services.

The importance to address the needs of war-displaced populations and demobilized soldiers through local governments’ action, and in the frame of the recovery and development of entire local jurisdictions is also highlighted by

contrast with the often ill-designed, centrally-managed programs that narrowly target “the displaced” or “the demobilized”. Such programs often miss the basic point that reintegrating displaced people and demobilized soldiers, means first and foremost to reintegrate them into *local spaces* (local political, social and economic communities). Through narrow targeting of benefits, these programs end up introducing new elements of intra-community divisiveness and conflict. Helping target groups *through their local authorities*, rather than assisting them directly through specialized central agencies and programs, may therefore offer a better chance for effective social reintegration and conflict management.

C. Building local capacity to handle the post-conflict recovery

Building local authorities’ capacity to plan and manage the delivery of immediate assistance and sustainable public services both in the emergency and the longer term recovery phases of the reconstruction process, requires a systemic approach that recognizes three critical levels:

- i. The local authorities themselves, where capacity must be built to plan, program, budget, implement, monitor and evaluate local emergency, recovery and development activities.
- ii. The de-concentrated State administration, (at provincial/regional level) where capacity must be built to provide the financial and technical support that local authorities will require and exercise the necessary legality controls and performance monitoring
- III. The communities of both returnees, demobilized and other residents, whose settlement-level and special interests organizations must be promoted and strengthened to actively participate in local government processes of allocation of resources and programs/projects implementation

As mentioned above in the definition of local capacity, local capacity building is not just synonymous of training of individuals, but requires changes in the institutions in which such individuals operate and in the policy and legal framework of those institutions. The consequence is that, in addition to being systemic, the capacity building effort must be “*experimental*”, i.e. it must be carried out through the *practical* experimentation of decentralization policies and improved local institutions. This point is critical as it implies both the possibility and the necessity of starting the local capacity building process *as early as possible* in the post-conflict period, and even in seemingly *unfavorable policy environments*. The following are the areas where such practical experimentation to build local government capacity is usually most urgent:

- i. Local Government financing. In the long run, comprehensive fiscal decentralization measures, including substantial devolution of fiscal powers, should be considered. However in most post-conflict environments the first step is the set up of a mechanism for fiscal transfer providing local authorities with a minimum of regular and locally programmable resources for both recovery and development spending.
- ii. Local government planning and budgeting. As a minimum of programmable resources is made available to local authorities, a simple, participatory procedure for strategic planning, investment programming and annual budgeting, should also be extended. Local level planning would be made meaningful by the existence of the above minimum of locally programmable resources and could be institutionalized as a truly local government planning process rather than be just a requirement to access externally financed programs, as is currently the case with most programs promoting “participatory planning”.
- iii. Local Government implementation. In most post-conflict environments and particularly in resource-poor countries, much of the resources available for local level infrastructure and services delivery will continue to flow through national/sector channels or will be managed by central agencies (including specialized ones like the WB-supported Social Funds). While these resources, which are purpose-specific and aid-financed, are not an alternative to fiscal transfers, and have not the same wide impact on local capacity building, they may offer to local actors an opportunity for implementing centrally financed projects and activities. Which in turn requires that the capacity of both local administrations and community organizations for implementation (procurement, contracts administration, etc.) be strengthened.

D. The design of aid-supported local governance improvement programs

What are the essential elements of aid-supported programs promoting improved local governance in post-conflict environments?

Based on the above priorities, programs that are meant to operationalize the proposed “local governance approach to post-conflict recovery” could therefore be built around the following basic elements:

- i. The introduction of a system of transparent and regular fiscal transfers for recovery and development spending to lower level local authorities.

- ii. The extension to participating local authorities of an institutional participatory planning and budgeting procedure
- iii. The strengthening of the capacity of the de-concentrated State administration for provision of technical assistance, legality controls and performance monitoring services to participating local authorities.

The implementation of such programs should pilot or accompany a strategic approach to decentralization reforms and should therefore be both selective and gradual. It should aim at countrywide coverage within a definite time horizon and according to a *strategic* expansion plan. It could start with targeting a selected number of local authorities based on both the magnitude of the social reintegration problem and considerations of relative capacity. But, importantly, such programs could be introduced quite early in the post-conflict period, as the existence of a clear and progressive decentralization policy should not be held as a pre-requisite for the donors-supported experimentation of the local governance approach. What is however necessary at the outset is a national consensus and a space for the proposed experimentation as well as a clear identification of the experiment's national stakeholders.

Figure 1. **A local governance approach to post-conflict recovery**
 (A simplified logical framework)

