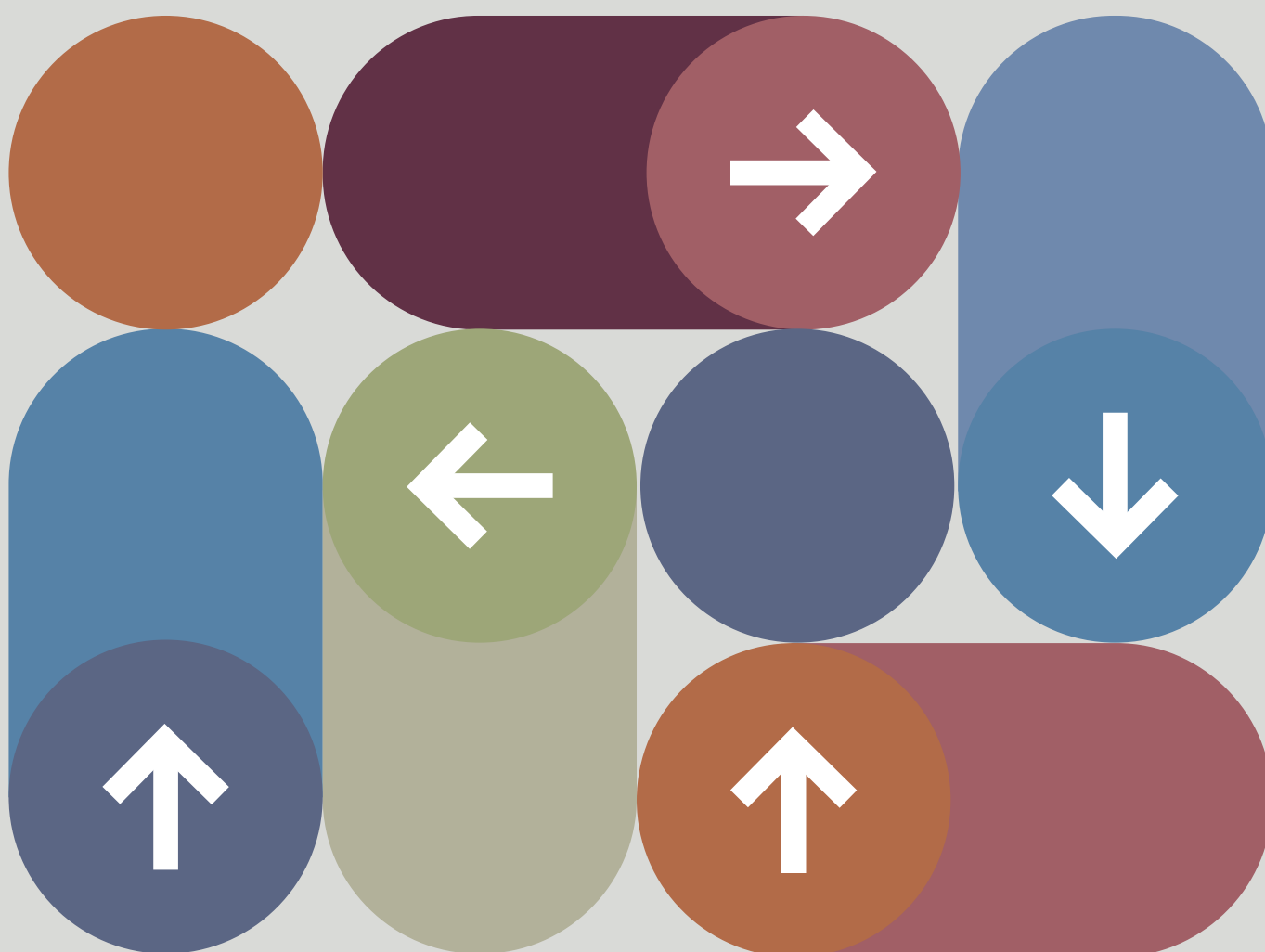




# Multi-Level Governance in Crisis-Affected Settings



A Lessons Learned Review

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# Executive Summary

## Multi-Level Governance in Crisis-Affected Settings

Across the world, the concept and practice of multi-level governance (MLG) are becoming increasingly important. In a globalised world, MLG is a practical necessity, as an array of government and non-government actors both compete and cooperate in response to crises, and in the pursuit of their objectives. MLG is thus complex and contested, even at the best of times. It presents challenges to prevailing state-centric perceptions of governance, to the roles of local and traditional authorities, and to achieving efficient, effective, and people-centred governance.

In crisis-affected settings, challenges are multifaceted and deeply interconnected. Many countries in such situations are undergoing development and transition. The state may be weak, and civil society may be divided or repressed. It is within these contexts that the United Nations Development Programme (UNDP) focuses much of its efforts. However, MLG presents both opportunities and challenges. The transitional status of many states provides an opportunity to advance the upfront design, implementation, and systematisation of key MLG practices.

This research provides an evidence base for understanding the impacts and effectiveness of different kinds of MLG and identifies strategies for enhancing the different dimensions and coherence of MLG. It builds on case studies of MLG in crisis-affected settings and the role of UNDP, particularly its Country Offices, in supporting countries affected by conflict, crises and development challenges.

## Methodology

The research was guided by six overarching questions:

- 1 What are the different types of MLG, and what are the factors (including context) and practices that define or determine each type? Who are the key actors?
- 2 What are the impacts of different types of MLG in crisis-affected settings? How do they change policies and discourses? At what points and through what practices? Who are the main actors at the key points of connection?
- 3 What are the strengths and weakness of different practices?

- 4 How can strengths be built upon? How can weaknesses be addressed? What practices are best suited to different kinds of issues or challenges and how can they best be adapted to crisis-affected contexts? What are the dilemmas and trade-offs?
- 5 What factors determine the effectiveness of different types of MLG?
- 6 What interventions or policy options can UNDP and other development partners propose to improve the effectiveness of MLG? How do the sorts of interventions differ across contexts?

The research proceeded through a comparative case study methodology, combining most similar and most different systems approaches for four cases. It worked through two levels, one identifying the overarching system of MLG, however fledgling, and the other examining in more detail an issue or instance of MLG. Based on this, the key institutions were evaluated for their contribution to the achievement of two overarching purposes – people-centred governance, and effectiveness.

The cases were Iraq, with a focus on decentralisation to the local level, the Mandera Triangle and the role of traditional authorities, Nepal and crisis coordination, and Uzbekistan and shared services.

## Types of MLG in Crisis-Affected Settings

Through the examination of the four cases, interviews, and desktop studies, four different types of MLG in crisis-affected and developing or transitioning countries were identified, each with their own set of unique but overlapping challenges.

A **democratising** type of MLG involves the transition from an authoritarian regime to a democratic regime. The MLG challenge in this type relates to the state / non-state dimension of governance – how civil society is interlinked into systems of governance, how governance can be made more people-centred. To be successful, such transitions need to expand the role of citizens in governance, to give greater priority to making public services more people-centred, and to establish mechanisms for accountability and transparency. Uzbekistan is a pertinent example of this type of MLG.

A **federalising** type of MLG involves the transition from a unitary state to a federal state, such as is occurring in Nepal and Iraq. The MLG challenge is to secure decentralisation and coordination between levels of government. In other words, the vertical dimension of MLG. To be successful, a transition needs to have a clearly defined program of decentralisation, underpinned by capacity-building at the local level, the establishment of transparent mechanisms for revenue sharing, and

the creation and operation of formal institutions for intergovernmental relations.

A **conflict-preventing** type of MLG is often, but not always, associated with the implementation of a peace settlement. It may occur when institutional reforms are used to bring together conflicting parties without a settlement. Conflict-preventing types are often associated with other MLG types that link broader reforms, like federalisation, to conflict prevention, such as in Nepal. The MLG challenge here is to ensure the inclusion of all key segments of society in the system of governance, in a way that incentivises moderation and cooperation, and discourages extremism and division. This may require the negotiation and implementation of ethnic, cultural, or other forms of segmented autonomy, proportionality and the establishment or revision of cooperative and integrative institutions. Federalisation is one way this can be addressed.

A **modernising** type of MLG involves integrating, revising, or formalising traditional forms of authority and governance, such as tribal governance, into or alongside modern MLG structures. The challenge arises due to the often-parallel operation of formal state-based authorities, and more informal traditional authorities. The Manderla Triangle between Ethiopia, Kenya and Somalia is one example where traditional authorities play a

particularly significant role. Achieving effective MLG in such contexts requires these authorities to come together in a systematic way, perhaps by establishing institutions for the inclusion or interface of traditional authorities with state systems. Traditional authorities may be formally recognised, while at the same time reforming outdated, detrimental or discriminatory practices.

## Key Lessons Learned

Several lessons, often aligned with the types of MLG and the associated challenges, have been identified. They are briefly discussed below.

Democratising types of MLG require an upfront investment in designing and implementing forms of citizen **accountability** (direct and electoral) and increasing transparency. MLG is often associated with a lack of clarity around accountability, because of the multitude of actors. Further, without clear lines of accountability and transparency, there is a risk that new institutions become a rubber stamp for pre-existing executive power.

Accountability reforms should be underpinned by **participation and the role of civil society**. Citizens should be involved in the design and review of policies and projects, for example through specific participatory and deliberative forums. These need to be formally linked to the different levels of government to support accountability, inclusive planning, and decision-making – to institutionalise the horizontal (state-society) dimension of MLG.

Planning processes, especially **area-based planning** is an effective approach to bringing together state and non-state actors, across levels, to develop shared objectives and to address resource allocation. Area-based planning is also an important opportunity for UNDP to work with the variety of state and non-state stakeholders to integrate the achievement of the **Sustainable Development Goals** (SDGs) into individual programs and priorities and pursue cultural change.

MLG reforms can also be linked to the establishment of **shared systems** for citizen-centric services. These systems share similar institutional architecture, and effective MLG is essential for effective shared service provision. The introduction of One-Stop-Shops as part of decentralisation reforms in Uzbekistan is a case in point. There should also be mechanisms for direct accountability and responsiveness to citizens, along with measures to enhance digital literacy.

**Decentralisation** is a critical part of federalising types of MLG and a key element of MLG in general. However, decentralisation in transitioning and crisis-affected settings is often hindered by capacity constraints, historical legacies, and entrenched mindsets, as well as a lack of clarity in roles and responsibilities. Decentralisation must be accompanied by local-level capacity development, investment in clarifying and delineating responsibilities, the involvement of each level of government in MLG forums and a cultural shift away from centralised mindsets.

In addition, the establishment of **fiscal federalism** is an essential part of making federalisation and decentralisation work. But all too often fiscal arrangements have been bypassed or undermined by central control or the use of conditional grants, which undermines local capacity to be responsive to constituents and to develop long term approaches.

When MLG is conflict-preventing, more attention needs to be paid to the inclusion and roles of specific groups. Mandated **political inclusion** is effective only to the extent that positions of power and influence are shared with minorities, women, and other discriminated groups. However, representatives selected or elected under quotas or proportionality requirements are not always empowered. Cultural change is needed, alongside institutional mandates.

Devolution to the local level rather than to the regional/provincial level has the effect of better **targeting autonomy** especially pertinent when there is a great diversity of ethnic groups, and to undercut secessionist ambitions. But if there is no transition or capacity, there is a high risk of informal governance, elite capture and corruption becoming commonplace.

In modernising types, **traditional authorities** are key actors in MLG. Traditional governance continues to have legitimacy because it is accessible and understandable for local populations and is deeply embedded in culture. While the role of customary governance structures and legal systems in contemporary governance is an understudied area, there is significant risk in ignoring or sidelining them in governance process. On the other hand, risks associated with corrupt, predatory, and nepotistic practices need to be carefully managed.

Finally, MLG becomes especially critical **in a crisis**, irrespective of the type of MLG. However, unless MLG and intergovernmental institutions are well established, there is a high risk of recentralisation and fragmentation during a crisis. Local governments and civil society are at the forefront of crisis response and need to be included in crisis-response mechanisms.

## Summary of Recommendations

UNDP can provide support across the spectrum of MLG types and in response to the lessons and issues raised. It is recommended that the **typology be operationalised**, for example, for use as part of the analytical framework for assessing and supporting MLG and integrated into existing and future country support packages.

Regardless of the type of MLG, states in transition will almost invariably have significant capacity constraints that impact on their ability to successfully implement new structures and processes. This is especially the case in countries like Nepal that are implementing several major reforms at once. Providing technical support to countries to help manage the transition and build sustainable capacity is an important function of UNDP. This technical support can be targeted to the development of effective, efficient and people-centred MLG.

In federalising and decentralising states, it is recommended that UNDP provide **technical support** to establish model laws and systems for the distribution of revenue and power, and their coordination across levels, with a particular focus on local levels, crisis coordination and

service delivery. It is further recommended that UNDP work directly with local levels, women, and other marginalised groups to design and deliver **capacity-building** programmes to underpin its technical assistance and ensure the involvement of the local level and marginalised people in MLG.

In democratising and conflict-preventing types especially, planning, both the process and the outcome, is an important avenue towards effective and efficient coordination and the harnessing of collective efforts towards people-centred governance. Area-based planning has been effective in the Kenyan and Somalian borderlands for managing the distribution of resources, while participatory processes, such as those implemented in Nepal during its constitution-making process, increase the legitimacy and effectiveness of resulting policies.

It is recommended that UNDP facilitate the development and implementation of inclusive **area-based and participatory planning processes**, including their integration into decision-making structures and their linking with the SDGs.

In modernising types, traditional authorities need to be connected with, and where appropriate, integrated into systems of MLG. It is recommended that UNDP undertake risk assessments, research, and consultation to develop options, programmes and dialogue forums that **modernise and connect the roles of traditional authorities**, while increasing transparency and local-level participation.

Civil society is an integral component of MLG, but has been suppressed in many states, especially

those of the democratising type. For example, the legacy of authoritarianism in Uzbekistan has meant that systems for transparency and accountability are fledgling and underdeveloped. In democratising states in particular there are opportunities to support governments and civil society to better integrate citizens into systems of MLG, to support their capacity to participate effectively and to make more citizen-centric services. It is recommended that, where the political situation allows, UNDP support the development and implementation of education programmes, new institutions for **citizen involvement**, and their inclusion within systems of MLG.

Further detail and specific recommendation are provided in Chapter 6.2.

# Acronyms

<b>AU</b>	African Union
<b>CMC</b>	Crisis Management Centre
<b>COVID-19</b>	Coronavirus disease of 2019
<b>CSO</b>	Civil Society Organisation
<b>DCC</b>	District Coordination Centres
<b>EU</b>	European Union
<b>FMS</b>	Federal Member States
<b>GDP</b>	Gross Domestic Product
<b>KPIs</b>	Key Performance Indicators
<b>ICG</b>	International Crisis Group
<b>IDP</b>	Internally Displaced Person
<b>IGAD</b>	Intergovernmental Authority on Development
<b>LSE</b>	London School of Economics
<b>MLG</b>	Multi-level governance
<b>NGO</b>	Non-governmental organisation
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>SDGs</b>	Sustainable Development Goals
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>USD</b>	United States Dollar



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# 01. Introduction

## 1.1. Why MLG?

The COVID-19 crisis has highlighted the inadequacy of state-centric models for understanding and evaluating policy and decision-making processes, and their impact. This is particularly the case in countries already affected by crisis. The state may be weak, and civil society or other non-government organisations take its place or supplement its role. Alternatively, the state may seek to reassert its role, infringing on civil rights and undermining community level capacity.

This report seeks to address this issue – how can MLG in crisis-affected settings be made more efficient, effective, and inclusive, to create a more people-centred governance?

The report focuses on MLG, which refers to multiple actors (government and non-government) working at and across different levels (i.e. vertically and horizontally). Different forms of

MLG have been negotiated and implemented in response to conflict, democratisation pressures and ethnic diversity. In particular, the importance of local governance in MLG is increasingly acknowledged but remains poorly understood.

A more systematic focus on MLG has the potential to spur a shift in the focus of UNDP's policy and programme support, for example towards more networked ways of working, recognising that the boundaries between local, national, regional, and global, and state and non-state, are much more fluid than they used to be. To ensure that UNDP and other development partners are equipped to support genuinely sustainable and resilient development that aligns with realities and priorities in programme countries, UNDP needs to understand better how to approach, harness and add value to MLG systems. This demand is especially valid in crisis settings where government capacity tends to be low and state authority tends to be frail.

The challenge for these diverse levels of government is to align and rally around collective priority-setting and the design of policy and programming, which, ultimately, must be derived from and deliver on priorities of local communities.

As such, supporting MLG in more pre-defined and targeted ways has potential to strengthen the effectiveness of people-centred elements of existing and new governance models and programming. Fulfilling this potential is closely tied to the need for new methods and power-sharing incentives that can facilitate bottom-up participation as well as stronger links and policy coherence between levels of governance.

This focus on MLG is potentially sensitive, and indeed, this was borne out in the research process. The researchers found that some issues that are critical for effective MLG, such as how to connect, reform or integrate the role of traditional

authorities, were relatively neglected, put in the ‘too-hard basket’, or more fundamentally disregarded due to the risks associated. It is likely to be no less sensitive for UNDP to engage in this space. Matters that may be considered fundamental to a functioning democracy in some places, like a strong civil society sector, are viewed with suspicion in other places. Hence, a keen political and contextual understanding is required before contemplating any specific interventions, and the form that they take. Recommendations are generic and should be tailored to each unique context, underpinned by risk assessment and consultation.

## 1.2. Challenges Addressed by MLG in Crisis-Affected Settings

MLG is both more challenging and more important in crises and crisis-affected situations, as evidenced by the experiences of the countries examined in this research (Ethiopia, Kenya, Iraq, Nepal, Somalia, Uzbekistan), and by the global pandemic more broadly.

In crisis scenarios, place-based responses and the associated need for coordination, often become critical, such as when responding to a natural disaster, providing the direct link between citizens and services, and taking the lead in coordinating activities, whether by design or necessity. This gives rise to several key challenges.

One is to develop and harness MLG to support frontline service delivery and local level crisis responses – and to make them more people-centred. The OECD (2020, p. 2), for example, argues that “Subnational governments – regions and municipalities – are at the frontline of the crisis management and recovery, and confronted by COVID-19’s asymmetric health, economic, social, and fiscal impact – within countries but also among regions and local areas.” This view has been reinforced by the review of approaches in the countries considered for this study, particularly Nepal, where the new local governments played a pivotal role in providing frontline services,

gathering information, and managing quarantine and transit.

Another key challenge is to address the impact of (long-term) crises on governance institutions themselves, to improve coordination, accountability, efficiency, and effectiveness. When a state has been affected by crises over the longer-term, the impact on its institutions can be profound and far-reaching. In Iraq for example, years of war and dictatorship have left its institutional legacy in tatters, and a significant rebuilding has been required. In such cases, the kinds of institutions required for effective MLG (e.g. for coordination, fiscal redistribution) are rarely prioritised.

Further, during a transition, competition for power is heightened, often at the expense of cooperation. Some countries have barely functioning local governments, let alone institutionalised coordination mechanisms. But coordination with local government is essential for restoring trust and for rebuilding links between state and society. The challenge here is for MLG systems to channel and harness this heightened competition, to turn competition into cooperation, and to present new or reinvigorated spaces for coming-together.

### 1.3. Case Study Overview

This research provides an evidence base for understanding the impacts and effectiveness of different types of MLG, while also identifying strategies for strengthening the different dimensions and coherence of MLG.

Drawing on case studies of MLG in crisis-affected settings, it examines the role of UNDP, particularly

its country teams, in supporting countries grappling with conflict, crises and development challenges. Four case studies were selected, from four of the five UNDP regions (Table 1). Each case offers a unique perspective on MLG in crisis-affected settings and presents its own set of challenges, which are briefly introduced below. Further details are available in Appendix 1.

**Table 1:** Case studies covered by this research

Region	Case	Issue focus
Europe & Central Asia	Uzbekistan	Public service delivery
Asia-Pacific	Nepal	Crisis management
Africa	Mandera Triangle	Traditional governance
Arab States	Iraq	Decentralisation to the local level

The Republic of Uzbekistan, which became independent in 1991, is currently undergoing a democratisation process. It has a strongly centralised semi-presidential system, which has only recently begun to be decentralised with a key aim of improving access to, and accountability of, public services. Uzbekistan now has three levels of government, along with an internally autonomous republic (Karakalpakstan), alongside the longstanding and recently reinvigorated citizen's assemblies – Mahallas – which provide opportunities for local-level citizen participation. However, implementation is hampered by the legacy of centralised authoritarian rule, meaning capacity is limited, there are low levels of trust between civil society and the state, and most decision-making is exercised in a top-down manner. MLG should translate into a stronger role for local government and for civil society, necessitating the development of a range of coordination and democratic accountability mechanisms. Civil society is still fledgling, and no opposition political parties have been registered. Civil society will play an essential role in new and

improved systems of MLG through encouraging political participation.

Iraq is recovering from decades of inter-state war and internal civil conflict. Since 2005, it has been undergoing a democratic transition as it builds new institutions, works to implement a new federal constitution, and develops a democratic culture. The developing federal institutions are the centrepiece of MLG. But several elements remain un- or under-implemented. Implementation of laws to specify the powers of local government did not begin until 2015, and several key elements have been reversed. Formal intergovernmental relations institutions are limited, with most disputes being resolved through informal political negotiations or left unaddressed. The upper house of parliament, the Federation Council, which would normally play a role in representing the interests of the provinces/governorates in the federal system, has not yet been established. Further, the district and subdistrict councils have not been in place since they were suspended in October 2019. Tribal authorities continue to play

an important role in governance, partly because of the weakness of the state. Many people profess more allegiance to their tribe and clan than to government. This makes traditional leaders integral to the success of federalism and MLG.

The Mandera Triangle is a cross-border region at the intersection of Ethiopia, Kenya, and Somalia. The region faces many challenges. Recurrent drought and the transboundary movement of pastoralists in search of water and pasturelands fuels ongoing conflict. This is layered upon by extremism and terrorism, predominately committed by Al-Shabab who move freely across the porous Kenya-Somalia border. All three countries have in place a federal system of governance, but it is not well-functioning in Ethiopia or Somalia. Further, decentralisation has intensified competition for local political positions, turning them into a source of conflict as clans vie for control to secure financial resources and maximize access to natural resources.

Despite the significant movement and sharing of infrastructure, markets, social services, pastureland and resources, there are no formal or horizontal governance structures between the three regions of the Mandera Triangle.

There has been some cooperation between state and customary governance systems to facilitate positive relations and develop a form of hybrid governance, which needs further attention. The region is predominantly influenced by traditional authorities, often overshadowing formal local administration.

Nepal and its development have been hindered by conflict, crises, and natural disasters. In 1996, a civil war between the state and a Maoist insurgency commenced, continuing until a ceasefire agreement in 2005. A subsequent Comprehensive Peace Agreement set the parameters for its participatory constitution-making process (2008-15), and the enactment of a new federal democratic constitution. The federalisation process was meant to restructure the state to address issues of discrimination,

uneven development, and political exclusion. However, cultural challenges (e.g., the caste system) and the historical legacy of centralised governance is hampering implementation and the achievement of those goals. There are several institutions for intergovernmental relations, which are critical for managing MLG – particularly in a state-centric context like Nepal's. During the COVID-19 crisis, local government took a key role in responding to local needs and coordinating activities. But the federal government developed centralised mechanisms of control that were not inclusive of the key actors involved in delivery on the ground. This is indicative of the challenge of federalisation and MLG, in democratising and crisis-affected states.

## 1.4. Overview of Each Chapter

Following this Introduction, Chapter 2 gives an overview of MLG concepts and key literature on MLG in crises and crisis-affected settings. It introduces the cases and proposes a UNDP-specific definition of MLG. Key components of the system of MLG are drawn out and the methodology for the research is explained in greater detail.

Chapter 3 focuses on understanding MLG in practice and from different perspectives. First, it gives a network perspective on MLG, which provides a method for identifying key actors and (the structure of) their networks of influence. This leads to the identification of the four different types of MLG in developing and crisis-affected contexts, namely democratising, federalising, conflict-preventing, and modernising.

Chapter 4 details and applies the evaluation framework to the kinds of MLG practices. The strengths and weaknesses and the different kinds of configurations that mutually support or address gaps and challenges in MLG are identified.

Chapter 5 consolidates the lessons drawn from the evaluation and the case studies discussed earlier.

Chapter 6 concludes the research, answering key research questions and identifying the challenges for each type of MLG. It then details a set of recommendations for UNDP to consider, in areas of technical support, capacity building, civil society support, working with traditional authorities, and planning. The core of the report concludes with a short discussion on next steps.

A list of key references is provided as Chapter 7. Appendix 1 provides a summary of each case study.



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## 02. MLG Concepts

### 2.1. Introduction to MLG Definitions and Concepts

Governance, comprising the mechanisms, processes and institutions through which citizens and groups articulate interests, exercise legal rights, uphold obligations and mediate differences (UNDP 1997) is a difficult concept to grasp. One challenge is that it has always taken place in a variety of ways, and increasingly at a variety of levels. From authoritarian control to citizen participation, at local, central and even global levels, there are a multitude of institutions and actors involved in governance. The concept of MLG helps us to frame and better understand not just how things work in practice, but also how they should work.

MLG can be seen as both a threat and an opportunity. In fragile and crisis-affected settings, MLG has been in practice long before the arrival of the concept. MLG emerged as a response to state weaknesses, addressing

gaps and complementing or competing with state structures, to preserve traditional forms of governance and as a result of globalisation.

Some countries have long histories of decentralisation, or a vibrant and engaged civil society sector. In such cases, supporting the development of MLG systems is likely to be favourably perceived and more likely to result in positive improvements to governance and outcomes.

Conversely, some countries experience a legacy of authoritarianism, centralisation and strict hierarchies. The introduction or institutionalisation (formalisation) of MLG practices into such settings can upset existing power structures and the reigning political economies. Nevertheless, in such cases strongly centralised authorities may mask an abundance of pre-existing local level actors and informal governance mechanisms. Systems of MLG can thus help the central state to penetrate civil society and expand governance into the periphery, providing mutual benefits.

**So, what exactly is MLG?**

### 2.1.1. Definitions

There is no single one accepted definition of MLG, and indeed, nor should there be. MLG is a concept that can travel to different contexts and different institutional set-ups, taking on a different character as it goes. It can be summed up as having two key features:

- Both vertical and horizontal dimensions of coordination and policy negotiation;
- Involvement of government and non-government participants (in governance).

The concept originated in political science and the study of the European Union (EU). Here it was taken to refer to ‘system of continuous negotiation among nested governments at [supranational, national and regional] territorial tiers’ (Marks 1993, p. 392). From this base, the concept has undergone considerable refinement. Hooghe and Marks (2003) distinguished between Type I and Type II forms of MLG, where Type I was more structural and bore considerable affinities and overlaps with the concept of federalism. Type II MLG, on the other hand, is more focussed on process and task-specific governance and may be more informal and temporal. More recently, Arthur Benz and his collaborators conceive of MLG in terms of structures and processes (Benz and Broschek 2021).

An important contribution to conceptual and methodological application distinguished between an instance of MLG and a system of MLG (a methodological framework which is applied to this research). A system of MLG can be described as the structure and key processes (institutions) of governance that interact or interlock across vertical and horizontal levels, and across government and non-government sectors. MLG systems are linked with, but broader than, decentralised or federalised government. Local governments are important actors in a system of MLG, alongside regional and national governments, non-governmental organisations and modes of public participation. An instance of MLG refers to ‘a specific actor

configuration...’ (Alcantara et al. 2016, p. 33), or ‘actor constellations, scales and decision-making processes’ (p. 35). It can occur in any type of political system, at any point in history. Instances of MLG can be isolated from an overall system or be conglomerate. In a crisis, there may be many instances of MLG that are established on an ad hoc basis. Instances of MLG are a window into, and can serve as a diagnostic tool for, the operation of the system as whole.

These writings purport to provide general concepts and theories of MLG. For our purposes we are interested in what MLG means for UNDP and what it means in crisis-affected contexts. Academic research in this field has tended to focus on established democracies and developed countries that have highly developed institutions and systems of governance into which MLG is being built. This report focuses on crisis-affected states which may lack a solid (institutional) base on which to build. In this context, building systems of MLG is part and parcel of building and strengthening governance more generally.

Outside of academia, various organisations offer their own definitions and approaches to understanding MLG, often in support of their own intervention programs. Box 1 (below) outlines several definitions by major international organisations that work on MLG.

### Box 1: MLG in different contexts

For the EU, MLG means “coordinated action by the EU, the Member States and Local and Regional authorities, based on partnership and aimed at drawing up and implementing EU policies. It leads to responsibility being shared between the different tiers of government...” (The Committee of the Regions, 2009).

For the World Bank (2017, p. 3), MLG means “The process through which state and nonstate actors interact to design and implement policies within a given set of formal and informal rules that shape and are shaped by power”, as occurring across multiple scales.

For the OECD (2021) ‘the “vertical” dimension refers to the linkages between higher and lower levels of government, including their institutional, financial, and informational aspects. Local capacity building and incentives for effectiveness of sub-national levels of government are crucial issues for improving the quality and coherence of public policy. The “horizontal” dimension refers to co-operation arrangements between regions or between municipalities.’

For the World Health Organisation “Governance is also increasingly conducted across levels, from local to global; regional and local actors therefore have increasing relevance, making effective multilevel governance as important as cross-sectoral and participatory governance. Research indicates that the diffusion of governance is not a zero-sum game between the state and society but can make the state more effective. As power becomes more widely distributed in society, the role of the state changes but remains critical and even expands into new areas” (Kickbusch & Gleicher 2012, viii).

#### 2.1.2. MLG for UNDP

UNDP’s work spans many fragile and crisis-affected settings. The array of crises that have faced the countries that were specific subjects of this research is long and compounding – natural disasters, internal and external wars, despotic governments and, of course, pandemics. They are all, at some fundamental level, in a kind of transition. From authoritarian to democratic, conflict to peace, traditional to modern, for example.

The definition of MLG for UNDP should reflect this focus, and the aim to support transition towards more efficient, effective and inclusive people-centred governance. This report proposes the following definition of MLG for UNDP:



**Multi-level governance refers to both the cooperative and competitive negotiation, coordination and exercise of public authority by state and non-state actors, through both modern and traditional institutions, which operate within and across global, central, regional and local levels.**

Further, we identify four types of MLG occurring in developing and crisis-affected settings. They are related to the challenges and the stage of transition but are not mutually exclusive, and many cases will display more than one type. Nevertheless, we find one type to be dominant in the cases that we assess. The more crisis-

affected a state is, the more we tend to find all of these types occurring. They all present their own specific set of challenges and demand their own responses. The types are elaborated in Section 3.2.

## 2.2. Key Literature on MLG and Crises

There is little literature on MLG in crisis-affected settings. To this end, the research is timely. Dieperink et al. (2018) analyse MLG systems for urban flood resilience, which tend to be multi-level because of the transboundary nature of the problem and the role of local governments.

They conclude that “clear allocation of responsibilities, the presence of formal hierarchical relations, coordinating bodies, and bridging concepts (visions, water assessment plans and programs) are needed to connect different levels of governance” (p. 10, emphasis added). Zaki et al. (2022) consider the role of epistemic learning communities in the COVID-19 crisis, identifying its institutionalisation only at the central level, with the provincial and local levels having mostly ad hoc and individual links with local (non-state) epistemic communities.

The OECD (2020) has studied MLG in the context of the COVID-19 pandemic, highlighting the place-based focus to response that has necessarily engaged different levels of government and different types of actors. The OECD distils ten key lessons concerning the importance of establishing coordination bodies, shared procurement, place-based strategies, supporting vulnerable communities, filling the funding gap (between increased expenditure requirements and decreasing revenue) and coordinated long-term investment strategies for recovery (pp. 2-3).

Boin and Lodge (various) provide an important perspective from the EU, including through TransCrisis, a three-year international research collaboration on EU transboundary crisis-management, and a journal special issue (*Public Administration*, 2016, 94(2)). They conclude that in terms of MLG, a crisis response that relies on trust and mutual working relationships is no longer enough and they recommend the establishment

of rules of engagement to allow a rapid scaling up of coordination mechanisms.

Research on MLG and emergency management is somewhat more established than that on MLG in crises. The literature generally refers to relations between levels of federal systems, and, as mentioned above, often assumes more mature institutions capable of participating in and/or leading a coordinated response to an emergency. In spite of this, the capacity of and relationships between actors are still a central focus in the literature.

A study of multi-level network governance of disaster risks in Columbia argues that the efficacy of MLG arrangements in disaster management hinges on the ability of local governments to both effectively engage citizens and civil society and remain in constant communication with higher authorities to implement responses at the ground level (Frey & Ramírez, 2019). Similarly, a 2021 joint policy brief on multi-level emergency governance prepared under the Emergency Governance Initiative<sup>1</sup> in partnership with UNDP, stresses the importance of expertise and even pre-existing and strong relationships between the actors in order for collaboration to be successful, noting that crises exacerbate existing tensions and can give rise to new ones (Rode & Flynn, 2021, p. 8). The authors further highlight the broader challenge of upholding core principles of MLG – cooperation, coordination, shared decision-making - in emergency situations that require swift and direct responses. They conclude that MLG is the ‘only alternative to either excessive recentralisation or territorial fragmentation’ (Rode & Flynn, 2021, pp. 4-5).

<sup>1</sup> The Emergency Governance Initiative “investigates the institutional dimensions of rapid and radical action in response to complex global emergencies” and is led by United Cities and Local Governments, the World Association of the Major Metropolises and LSE Cities at the London School of Economics and Political Science.

In a recent study of an MLG response to the impacts of the COVID-19 pandemic on the Dutch transport industry, Hirschhorn (2021) found that the crisis did not change the way actors approached decision-making. While the crisis was exogenously imposed, the governing response was dictated by endogenous norms – relationships, and modes of operation that were most familiar: “Stakeholders sought their usual partners and followed existing routines in path-dependent ways to address the policy challenge brought on by COVID-19” (p. 13).

This brief review of existing literature reveals the key issues being grappled with in considering how to build and maintain MLG arrangements in complex environments. Highlighted are the importance and challenges of inclusion, institutional capacity, managing relationships and flows of information and resources – themes which also resonate through the case studies of this research project.

### 2.3. Key Components of an MLG System

There are several fundamental components of an MLG system, whether occurring in federal or unitary states, and several other components that are variously present across cases and at different times. These components are briefly discussed and defined below:



**A division of powers** among different levels of government: This component is an essential part of an MLG system. A federal state will share and divide powers according to a constitution, whereas unitary states will tend to use legislation to do so. The main difference is the level of security that accords to a constitutional division, such that powers cannot be changed, removed or added unilaterally.



**Fiscal federalism** which refers to the systems for resourcing different functions, including allocating and sharing revenue between different levels of government. This component is essential to any federal system and is part of most decentralised systems.



**Intergovernmental relations** among and across different levels of government and with civil society and other non-state actors. In a federal system, there are usually bodies for dispute resolution (often the courts) and for coordinating activities, especially so in cooperative federal

systems where there is a substantial overlap of powers or a substantial proportion of shared or concurrent powers. Examples include Ministerial Councils and bicameral parliaments in federal systems.



**State-society relations** include institutions for engaging with civil society organisations and the general public, such as through participatory forums, advisory councils and expert commissions. They can be highly institutionalised, like a parliament, or ad hoc and issue or location-specific, such as through a local area planning process.



**Mechanisms for accountability and transparency** cut across several of these features. Cooperation needs to be informed and responsive, for which accountability and transparency are necessary. Formal mechanisms like monitoring and evaluation and review processes, reporting arrangements and ombudsmen hold different actors to account. However informal mechanisms can be equally, and sometimes more, effective, for instance the media and scrutiny by academia, policy think tanks or advocacy groups. Additionally, these are often relied upon and more trusted by the public than formal mechanisms.

MLG can be a critical part of both federal and unitary systems. Traditionally, scholars have established dichotomies of federal and unitary states. But the line between is increasingly blurred and should be considered as a continuum. Further, MLG goes beyond decentralisation in that does not only concern distribution of state authority and resources between levels of government (and relations between these), but also the breadth of participation, responsibility and entitlement held by a range of actors, including rights-holders, transnational entities and civil society.

The development of systems of MLG is a necessary component, and should be an integral focus, of decentralisation and federalisation.

Indeed, virtually every state is decentralised, but in crisis-affected states, there are few established processes for coordinating between levels of governments or with civil society. The main exceptions are the established intergovernmental arrangements between federal tiers of government, and through hierarchical control in unitary states.

The actual institutions themselves – the organisation, the rules, the processes – are many and varied. This review identifies strengths and weaknesses of different kinds of practices, such as citizens advisory councils, expert commissions, participatory forums and Ministerial councils. This is covered in Section 4.2.

## 2.4. Methodology

The research is based in a new institutionalism framework, whereby institutions mediate between independent and dependent variables, or inputs and outputs. It proceeded through a comparative case study methodology, combining most similar and most different systems approaches for four cases.

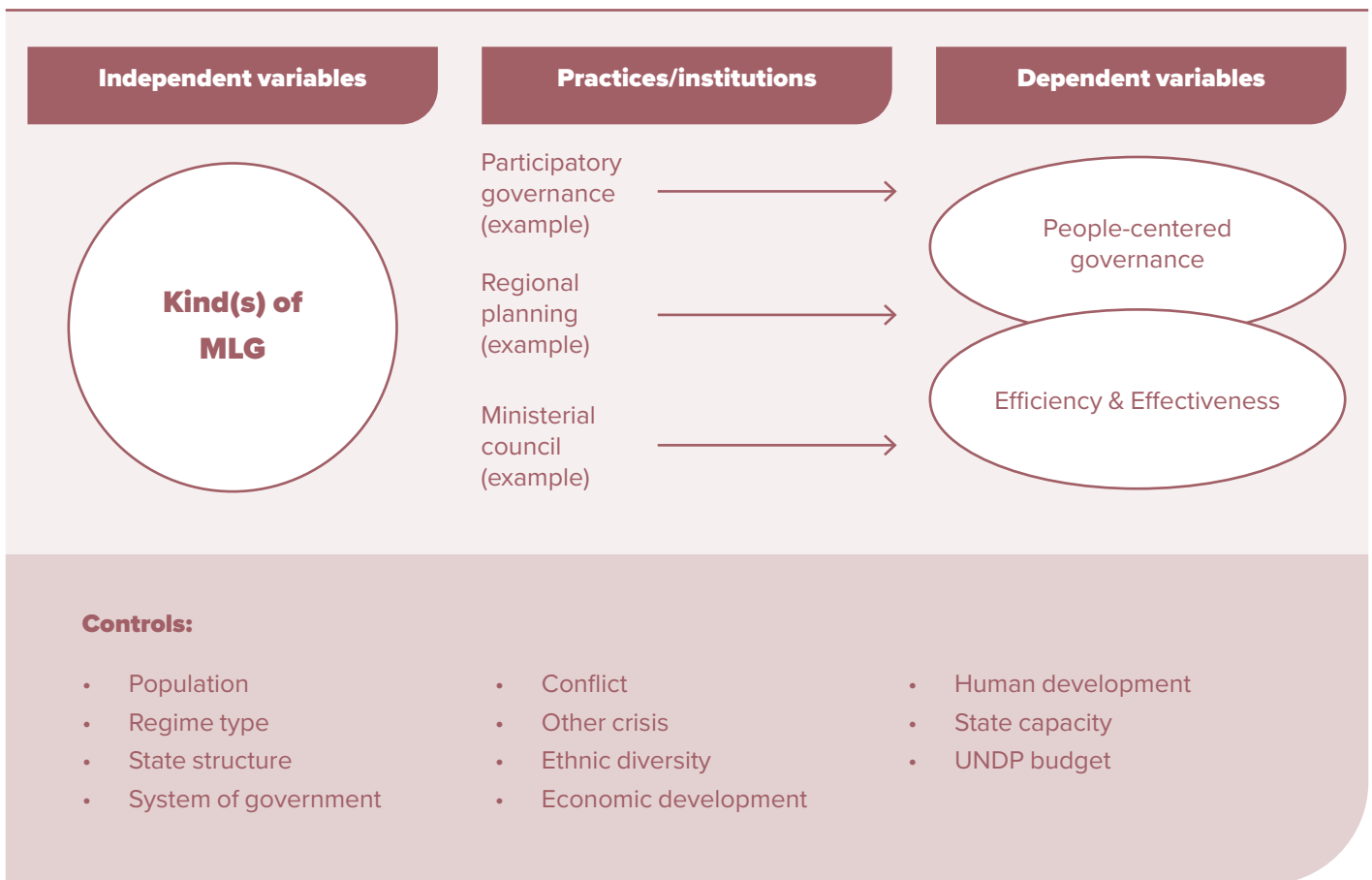
It worked through two levels, one identifying the overarching system of MLG, however fledgling, and the other examining in more detail a particular issue or instance of MLG. Based on this, the key institutions were evaluated (strengths and weaknesses) and their contribution to the achievement of two overarching purposes – people-centred governance, and effectiveness – was identified. People-centred governance incorporates inclusion, participation, transparency and accountability. Effectiveness includes efficiency and coordination.

In particular, the research sought to understand how particular issues and their associated discourse differed and changed as a part of an ‘instance’ of MLG. This served as an indicator of the strengths and weaknesses of particular

practices and associated kinds of MLG. A network analysis was also undertaken to map the institutions in practice in each case. Special attention was given to how MLG has worked in crisis situations, or in direct response to a crisis (e.g., COVID-19 or a conflict).

The dimensions of MLG that were identified, operationalised and analysed as far as possible include the actors, systems of intergovernmental relations and policy coordination more generally, fiscal systems and revenue sharing, the functions of different levels, their accountabilities (e.g., electoral) and political inclusion. The conceptual framework is displayed in Figure 1.

**Figure 1:** Conceptual Framework



The main sources of information included a desktop/literature review (see bibliography), meetings and interviews with UNDP regional and country teams, and 15 key informant interviews. Meetings were held with country teams focused on identifying issues (and potentially location of focus) and sourcing UNDP data. Supplementary research was conducted to address information gaps.

Research questions:

The research was guided by six overarching questions:

- 1 What are the different kinds of MLG, and what are the factors (including context) and practices that define or determine each kind? Who are the key actors?
- 2 What are the impacts of different kinds of MLG in crisis-affected settings? How do they change policies and discourses? At what points and through what practices?
- 3 Who are the main actors at the key points of connection?
- 3 What are the strengths and weakness (e.g., inclusivity, coordination, efficiency) of different practices?
- 4 How can strengths be built upon? How can weaknesses be addressed? What practices are best suited for different kinds of issues or challenges and how can they best be adapted to crisis-affected contexts? What are the dilemmas and trade-offs?
- 5 What factors determine the effectiveness of different kinds of MLG?
- 6 What interventions or policy options can UNDP and other development partners propose to improve the effectiveness of MLG? How do the sorts of interventions differ across contexts?

The case study reports include an overview of general information about each case (e.g., population, economy, system of government) and the key issues being faced (e.g., contextual issues around conflict, disaster, pandemic and more general development challenges, as well as systemic issues around governance structures, capacities, inequalities (e.g., gender), and actual practices of key governance actors). They then describe graphically and textually the overall system of MLG, with reference to an ‘instance’ of MLG. This information was collected remotely and then confirmed and supplemented during the consultation phase. Key strengths and weaknesses were highlighted along with any case

specific recommendations. This Lessons Learned Review brings together the cases and cross-comparisons. A summary of the case studies is included as Appendix 1.

#### Case study countries

The research project focused on case studies identified in collaboration with UNDP regional offices, encompassing one case from each region (Section 1.3). Table 2 provides a summary of data that was considered as part of the case selection and served as control (variables) for comparison of MLG across cases (see also the conceptual framework in Figure 1).

**Table 2:** Selection criteria and controls for case studies

Criteria	Measure	Notes
Population	Country total (in millions)	CIA World Factbook
Regime type	Polity V Democracy Score 10-Full democracy, 0-full autocracy	<a href="https://www.systemicpeace.org/inscrdata.html">https://www.systemicpeace.org/inscrdata.html</a>
State structure	Federal or Unitary	Decentralised refers to a unitary state with institutionalised levels of government
System of government	Presidential / Parliamentary / Other as specified	Qualitative measure
Conflict	Major Episodes of Political Violence, last 10 year avg.	<a href="https://www.systemicpeace.org/inscrdata.html">https://www.systemicpeace.org/inscrdata.html</a> acttot variable. 0= no conflict
Ethnic diversity	Ethnofractionalization, between 0 and 1, with 0= no diversity	Alessina et al. , as at most recent available year
Economic development	World rank based on Per Capita GDP (USD)	CIA World Factbook
Human development	Human Development Index, UNDP	<a href="http://hdr.undp.org/en/content/download-data">http://hdr.undp.org/en/content/download-data</a>
UNDP budget	Investment (budget) by UNDP in country, 2021	UNDP Transparency Portal, <a href="https://open.undp.org/">https://open.undp.org/</a>



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# 03. Understanding MLG in Transitioning States

## 3.1. A Network Perspective on Systems and Instances of MLG

The structures and systems of government and governance are rarely the same on paper as they are in practice. This is particularly true when considering governance in crisis-affected states, where states may be weak, in transition, or democratising and the implementation capacity significantly lags. A constitutional settlement can include a promise of substantial transformations of state and society. For example, the constitutional settlement in Nepal in 2006, enacted in 2015, includes commitments to transform the state from unitary to federal, a religious state to a secular state, monarchy to republicanism, and an authoritarian state to a democracy. It should be no surprise that implementation challenges are many and continuing.

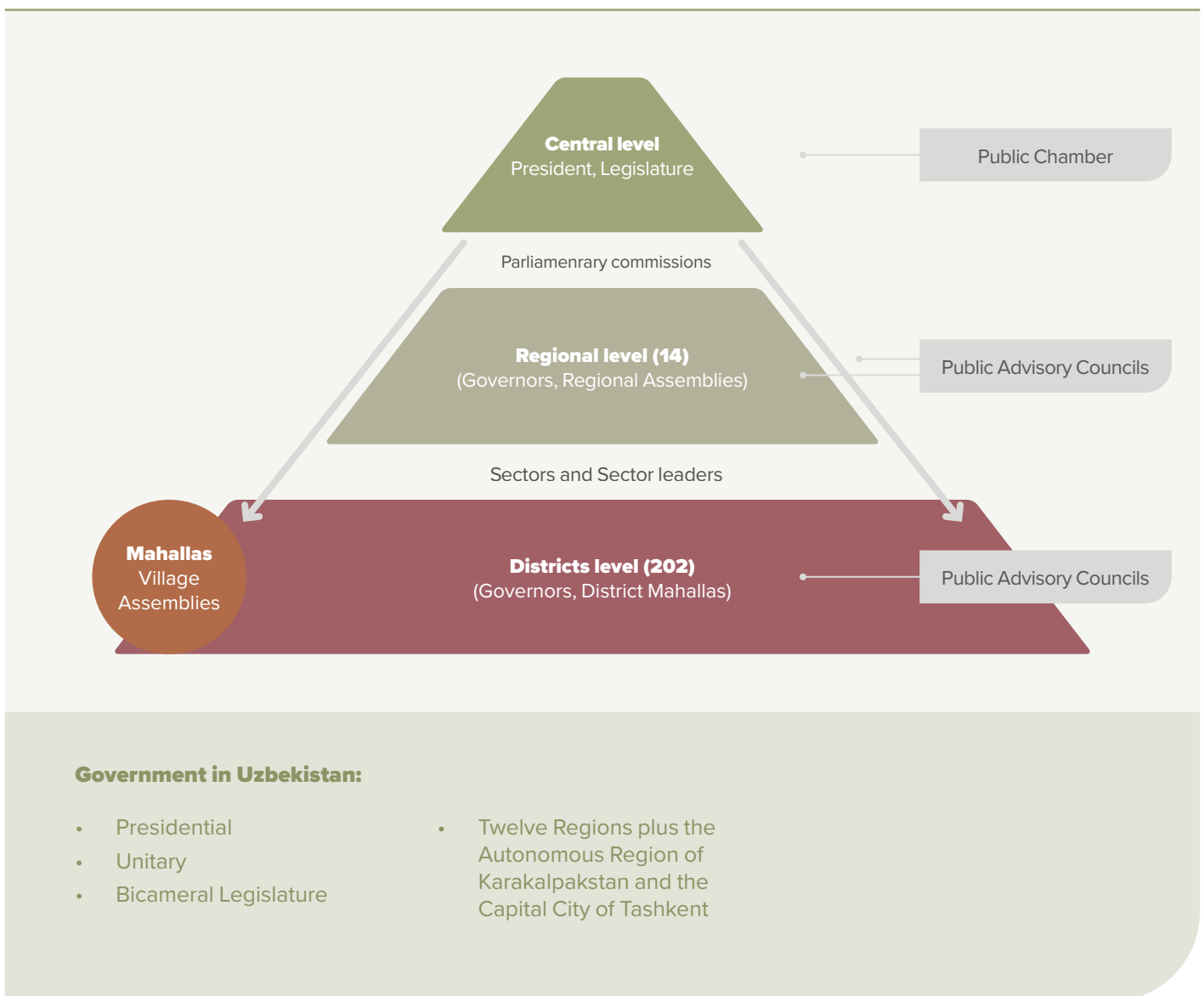
Systems of MLG can be represented as a kind of hierarchy linking state and non-state actors. Uzbekistan is provided as an example here

(Figure 2). The role of executives and legislatures are particularly important to the hierarchical and government-centred approach. Systems in which the executive is dominant, which is common in presidential systems, will tend to incorporate less power-sharing and decentralisation, and lower levels of transparency (Lijphart 1999). Authoritarian regimes are also dominated by the executive arm with legislatures often providing little more than a rubber stamp. Parliamentary systems usually have in place more checks and balances but can produce instability. Legislatures in federal systems also play an important vertical coordination role, as the upper house of parliament will usually be representative of the provinces and regions. However, such functions are often on paper only, as in practice, for example, the members in the upper house of parliament normally represent their political parties first and foremost. Further, the extent to which it operates as a hierarchy or to which certain institutions (e.g. ministries) are in fact central to the coordination of governance and government services differs in practice. It is therefore necessary to take a broader perspective on how systems of MLG work in practice.

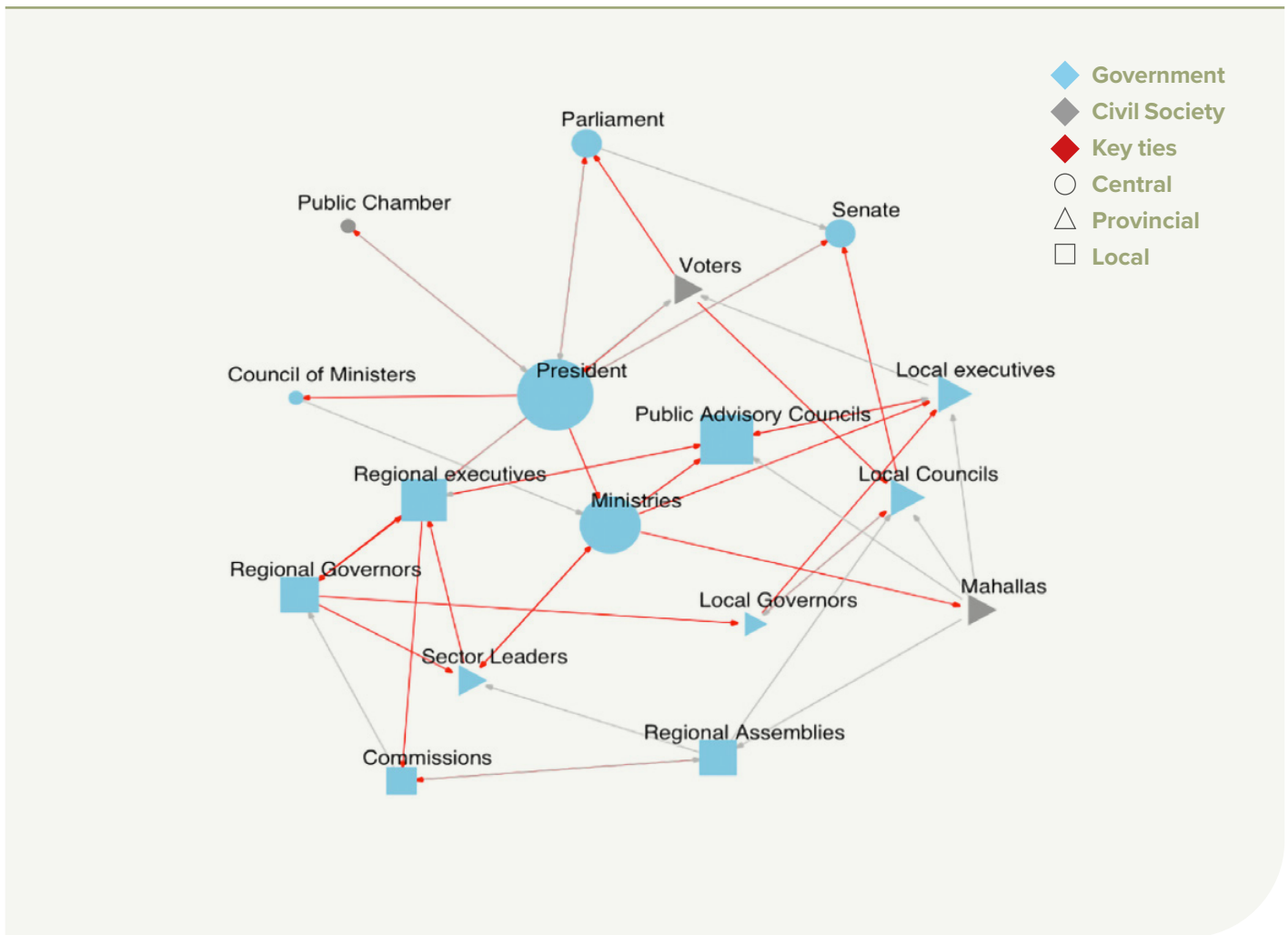
Figure 3 gives a network perspective, showing where the actual links are in practice, and as such how a MLG system operates in practice. It is not a top-down mechanism by which one directs another, or systematised cooperation through, for example, a coordinating council, but a range of interconnected institutions. By taking a network perspective, we can see that, for example, executive arms (the president and ministries) are still the key actors in Uzbekistan’s MLG system, and that civil society actors have little influence, and much of that is through hybrid institutions.

Network diagrams were produced for each case. The network diagrams are based on the type of institution and the type of connection (e.g., lines of accountability are highlighted in red, consultation lines are grey). They distinguish between government and civil society institution, though in some cases (especially Uzbekistan) the civil society institutions are hybrid institutions including state representatives. The size of each icon is related to the centrality and number of connections, in this case as a proxy for the level of influence of each key actor.

**Figure 2:** Formal multi-level Government in Uzbekistan



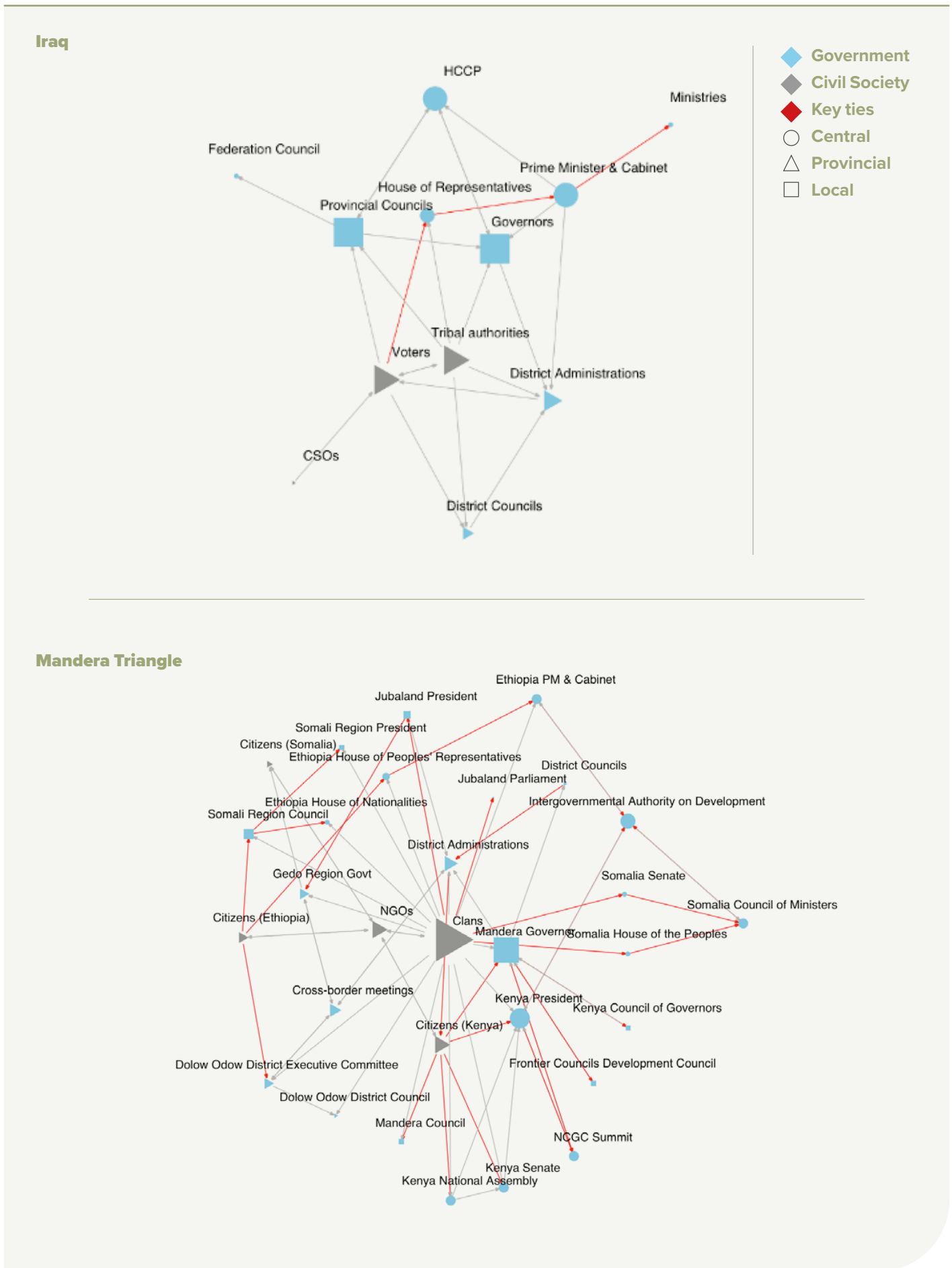
**Figure 3:** Network diagram overview of the system of MLG in Uzbekistan



The network perspective in some cases reveals a severe lack of connections between levels (horizontal and vertical), in other words, multi-level institutions. In other cases, it reveals an extreme level of complexity. Compare for example, Uzbekistan (Figure 3), Iraq and Manderia Triangle (Figure 4). The cross-border nature of the Manderia Triangle lends itself to expect complexity, but the number and types of connections are high anyhow, because of the lack of consolidated structures for MLG (outside of Kenya).

In this case, tribal authorities, supranational organisations and intergovernmental institutions are influential. In Iraq, we can see a relative sparsity consistent with the underdeveloped institutional infrastructure and the limited avenues for public participation and civil society. This reveals areas to focus attention, which align with different types of MLG.

**Figure 4:** Network diagrams for MLG in Iraq and the Mander Triangle



### 3.2. Transitions and Types of MLG in Crisis-Affected Settings

Four distinct yet overlapping types of MLG have been identified in the context of crisis-affected settings – democratising, federalising, conflict-preventing and modernising.

Challenges and institutional shifts can be associated with each type. Some of the cases prominently display one type – for example Uzbekistan is predominantly a democratising type – others display more than one. Notably Iraq, and to an extent the Mendera Triangle, face challenges associated with all four types (though one type is dominant). Fundamentally they are all in a state of transition.

#### 3.2.1. Democratising

A democratising type of MLG involves the transition from an authoritarian regime to a democratic regime. The key features are:

- The inclusion or expansion of citizens in governance, through civil society organisations and forms of public participation;
- The introduction of new approaches to accountability and transparency, including to citizens and through parliaments, and the introduction of Key Performance Indicators (KPIs) and other reporting mechanisms;
- Priority to making more citizen-centric services, such as through the establishment of shared service centres and one-stop shops (physical and online).

Accompanying democratisation is often a shift in mindset and culture among political leaders, the civil service and the public. This is a longer-term process and requires considerable political will. Further, capacity-building and rights awareness-raising often accompany democratisation as

new democratic principles and capacities need to be instilled and underpinned by improved transparency and accountability. This is a long-term challenge.

The key actors in a democratising MLG are political parties and executive governments, along with emerging civil society actors that aim to instil themselves into political practices and systems of accountability. Democratisation tends to involve a shift from executive-focused government, or an executive MLG, towards a more defined separation of powers to incorporate parliamentary and judicial sectors. The strengthening of parliamentary actors and the inclusion of diverse groups are key challenges for a democratising MLG.

The main challenge for a democratising type of MLG relates to the incorporation of citizen-centric forms of governance, including the incorporation of participatory approaches and the improvement of accountability and transparency. Underpinning these challenges is cultural change. Transition from an authoritarian regime to a democratic regime requires a change in mindset among many actors, most especially those members of government and senior bureaucrats. There needs to be instilled a culture of consulting with the public, putting their interests at the centre, and making decisions in an accountable and transparent manner. Linked with this is the development of an open and competitive political party system. A transition from an authoritarian to a democratic state requires significant effort to develop civil society as well as to provide avenues for the participation of traditional authorities who have the capacity to undermine democratic institutions and to influence electoral outcomes.

### 3.2.2. Federalising

A federalising type of MLG involves the transition from a unitary state to a federal state. Its key features are:

- A program of decentralisation, which can include the establishment of new levels of government (provincial and/or local) and a division of powers;
- The establishment of fiscal federalism, mechanisms and institutions for sharing revenue and for both vertical and horizontal fiscal equalisation;
- The creation of formal institutions for intergovernmental relations, including to address disputes and areas of cooperative policy-making.

Transitioning to a federal state is a huge undertaking. In Nepal, for example, it involved creating new provinces (defining boundaries and names), negotiating and enacting a constitutional division of powers, and the establishment of entirely new intergovernmental institutions. It should be no surprise that capacity at the local and provincial levels is lacking, and that key political leaders and civil servants retain the 'centralised mindset'. Federalisation requires cultural change, multi-level capacity-building and the establishment of systems for decision-making, dispute resolution and fiscal equalisation. Recently, in some states, federalism and democracy have been simultaneously established, magnifying the challenges and transition needs.

In a federalising MLG, the key actors are the new provincial and often local governments, both executive and legislative arms, and the (pre) existing central government. New provincial and local actors are interested in the effective devolution of power and decision-making capacities and local issues, for which vertical MLG is a necessity. But central authorities will often display their interest in retaining centralised decision-making power. Depending on the purpose and design of federalism (i.e. whether it is an ethno-federalism), ethnic groups and their representatives may also be key actors, with a

key interest in cultural autonomy, language rights and natural resource rights (see also conflict-preventing below, where peace settlements often include new forms of autonomy).

The challenge for a federalising type is decentralisation, and the devolution of real decision-making authority in lower levels of government. Key issues being faced are the clarity and adherence to divisions of power, whether constitutional or legislative; the operation of intergovernmental councils, which are poorly institutionalised; and the development and implementation of robust, transparent and independent forms of fiscal federalism. Again, there is a cultural issue, as those at the centre need to shift their mindset to embrace the idea of subsidiarity, and to relinquish formal and informal controls over lower levels of government. Further, local-level capacity building is essential as local and provincial governments seek to take on more responsibility. In many cases, there is little to no existing capacity on which to build, and interventions need to be sustainable and local. They need to empower both administrative and political leaders to take on their responsibilities in the short and long-terms.

### 3.2.3. Conflict-preventing

A conflict-preventing type of MLG is often, but not always, associated with the implementation of a peace settlement. It may occur when institutional reforms are used to bring together conflicting parties without a settlement. A constitutional settlement is often most transformative.

The key features are:

- The inclusion of groups in conflict into a revised system of governance, such as through reservations, coalitions and electoral system reforms;
- The negotiation and implementation of ethnic, cultural or other forms of segmented autonomy, whether on a territorial or non-territorial basis;

- A focus on security sector reform, potentially including the integration of opposing combatants, proportionality, and new dispute resolution mechanisms.

The transition away from conflict will often involve and require new measures or focus to establish transparency and accountability mechanisms, and cooperative or deliberative decision-making processes. This can be through a consociational style parliamentary, executive and political party-based forums (i.e., those that mandate a level of inclusion) but can also include institutions designed specifically for conflict resolution, such as the local peace committees in the Mendera Triangle.

The key actors in this type of MLG are the former warring parties and peace brokers. A peace settlement usually follows some kind of stalemate where no group was able to achieve victory. Key interests are often related to a redistribution of resources and political power and the redress of historical grievances. A culture of addressing issues by deliberation rather than violence, coercion or patronage are among key challenges facing a conflict-preventing MLG.

While also often involving democratising, federalising or modernising challenges, a conflict-preventing MLG faces the added challenge of integrating or creating space and linkages for the ex-warring parties in the new or reformed system of governance. The challenge here is mostly horizontal. Consociationalism is one example of a strategy that focuses on the inclusion of ethnic groups in conflict into a new democratic system of governance. It involves proportional representation, grand coalitions, minority vetoes and ethnic autonomy. The challenge is acute because sometimes inclusive provisions undermine democratic provision, for example

requiring minimum levels of inclusion or providing a minority veto, which can go against majority voice. Conflict-ridden states will tend to have less transparency and accountability, more informal decision-making and poorly institutionalised systems of governance. Inclusion must be matched with transparency and accountability, and the formalisation thereof. This may include formalisation and centralisation of procurement to minimise elite capture and corruption.

#### 3.2.4. Modernising

A modernising type of MLG involves the integration, revision and/or parallel institutionalisation of traditional forms of authority and governance, such as tribal governance, into or alongside modern forms of MLG. In many developing settings, traditional culture and the conventions and social relationships it entails play an important role in everyday life. This cannot and should not be simply replaced. But modernising does entail:

- the reform of practices that are outdated, detrimental, predatory or discriminatory, considering for example ideas around human rights and equality;
- the establishment of institutions for the inclusion or interface of traditional authorities into the broader system of MLG;
- the formal legitimisation of traditional authorities and structures.

Societies with high levels of traditional governance, such as tribal, clan-based and indigenous societies, tend to have low levels of formality and high levels of patronage. State structures can pursue several strategies such as through establishing parliamentary committees for tribal relations (e.g. Iraq), incorporating tribal authorities into the political party system (e.g. parts of the Mendera Triangle), establishing cooperative management arrangements (such as those established over protected areas in several settler-majority states like Australia and Canada) and through cultural autonomy, whether or not territorially based.

The key actors in a modernising system are traditional authorities who tend to wish to maintain their powers and their traditions of governance, and governmental actors, who aim to replace

traditional authority with democratic or autocratic authority. There is thus often a fundamental clash of interests. Hence, modernising MLG is often associated with conflict-preventing MLG.

The challenge in modernising states is not so much to supersede or replace traditional forms of governance but to modernise them in the sense of updating undesirable practices (such as gender discrimination) and the incorporation into, or alongside of, new forms of democratic governance. This is a huge challenge. In countries like Iraq, and in the Mendera Triangle, 'tribal authorities are a part of society, and they cannot be ignored' (interview). Options that address jurisdictional divisions, cooperative management arrangements or more formal consociational style arrangements can be considered.



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## 04. Strengths and Weaknesses

### 4.1. Evaluation Framework

Multi-level practices differ in situ but can be collectively categorised and evaluated for their strengths and weaknesses. With this information, it may be possible to identify particular or potential configurations of practices to aid the development of MLG in different contexts and as associated with different types. Building on Warren (2017), there are many different practices that can contribute effective and people-centred MLG. Not all will be suitable in each context – especially so when facing some of the challenges outlined above, such as regime change and federalisation.

Building on the conceptual framework outlined in Section 2.4, practices of MLG were evaluated according to two key outcomes: 1) people-centred governance, and 2) effectiveness.

1. People-centred governance comprises:
  - a. Inclusion (ethnicity, gender, and other factors) - the extent to which all groups have access to services, or policy-making processes as applicable, especially if certain groups are excluded;
  - b. Participation - the proportion of citizens who are involved in policy and decision-making processes, and whether there are any barriers to participation;
  - c. Transparency - the extent to which policy inputs and decisions, including budgets, are made public. This may also include tender and recruitment processes; and,
  - d. Accountability - whether the actors or institutions are accountable, upwards to higher levels of government and downwards to citizens, as applicable.

- 2. Effectiveness comprises:**
- a.** Effectiveness as per policy aim - whether the goal was achieved / on track to be achieved;
  - b.** Efficiency - whether the service or policy delivered value for money, as compared to past practices, duplication, mode of delivery;
  - c.** Coordination - the proportion of key actors that worked together/in a coordinated manner, avoiding overlap and redundancy.

Firstly, each type of MLG is considered in terms of its strengths and weaknesses – and thus priority areas of focus and potential trade-offs

are identified. Subsequently, each category of MLG practices is defined and evaluated for the strengths and weaknesses according to these criteria, and accounting for the effect of the control variables, with a summary presented in 4.3. This can then serve as an input into the operationalisation of the typology, by identifying potential practices that can be recommended according to types and as adjusted for context.

The criteria/variables were assessed mostly qualitatively, and in some cases, there was considerable unavailability of information. As such, the evaluative outcomes should be considered indicative, for the purpose of developing an overall picture of how different types of MLG develop and operate in crisis-affected settings, and for identifying potentially suitable interventions.

#### **4.2. Strengths and Weaknesses of MLG Types**

Different combinations of MLG practices are more or less appropriate in different circumstances. Some practices are a necessary component of certain types of MLG, while other practices may need to be included to address specific weaknesses (see Figure 5, which displays priority areas of focus for different types of MLG).

For example, a system may have strong mechanisms for coordination, such as an expert commission for managing fiscal federalism and a functioning intergovernmental council, but have weaknesses when engaging with, or being accountable to, the public. In such cases, institutions like public advisory councils or the integration of village assemblies or committees would help to address weaknesses in accountability, inclusion and participation. Public participation is inefficient, however, and in some instances, hierarchical control may be necessary.



A **democratising type** of MLG is historically top-heavy, centralised and hierarchical, with limited opportunities for civil society and local participation. To address this, it is essential to integrate practices that enhance inclusion, transparency, and accountability, potentially alongside decentralisation measures like clear divisions of power between government levels. For example, local/village assemblies and committees, public advisory councils and parliamentary committees and expert commissions should be considered to strengthen these aspects.

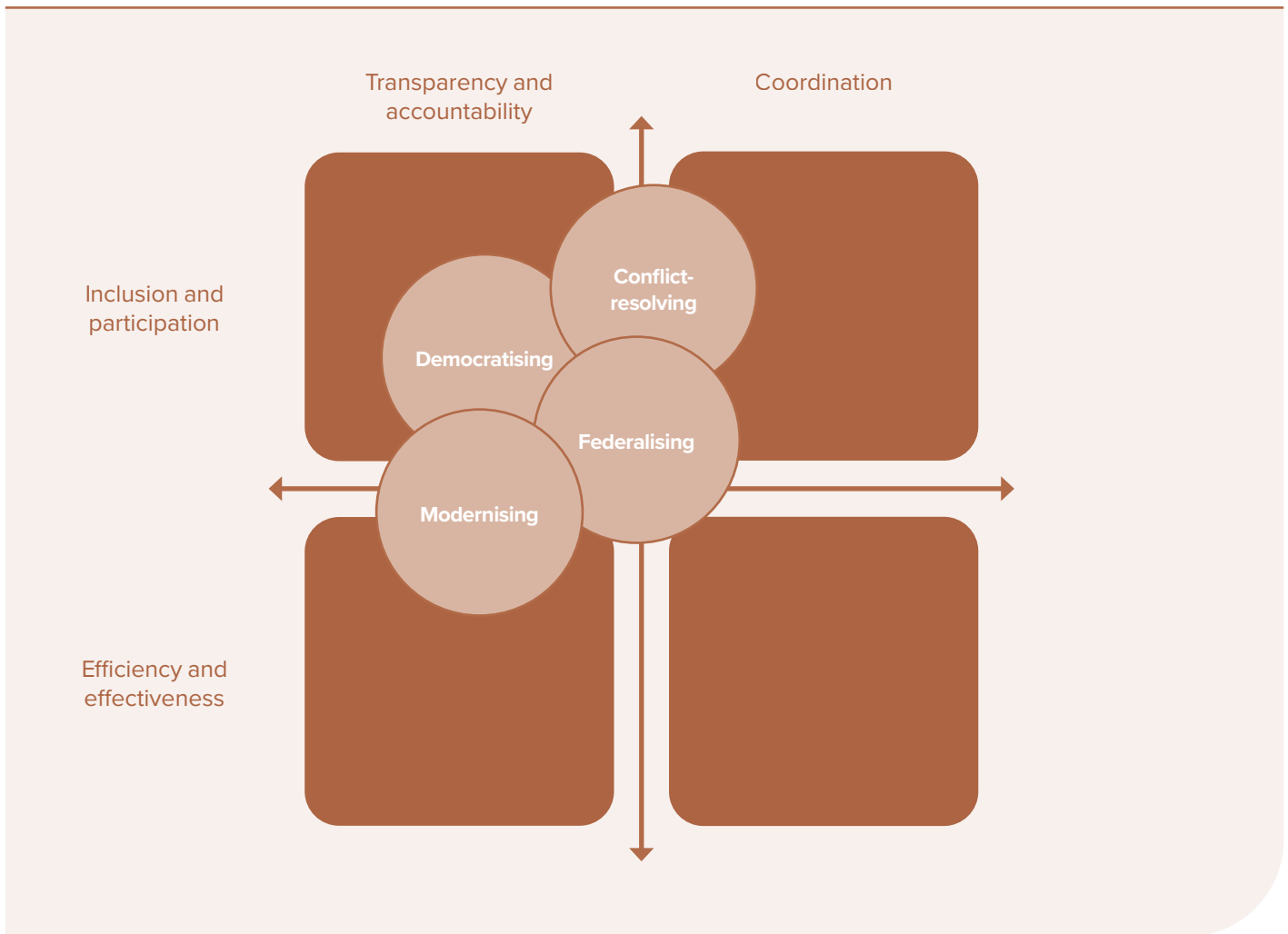


A **federalising type** of MLG is centralised and may also be based on hierarchical control but may have greater levels of accountability, transparency, and participation. It necessarily includes practices like bicameralism, follows a constitutional division of power and (usually) practices a kind of fiscal federalism where vertical and horizontal equalisation are pursued. The strengthening of these practices should be a priority of federalising states. At the same time, such decentralisation can increase inefficiencies, conflicts and disputes between governance levels. In transitioning states, they are vulnerable to elite capture and heightened conflict over access to resources and influence. A federalising type of MLG needs to incorporate intergovernmental institutions for coordination and cooperation and robust fiscal federalism mechanisms to link levels of government and with the community. Further, because coordination can be a problem, practices like place-based coordination centres, shared services / one-stop shops and area-based planning are recommended for addressing weaknesses in federalising types of MLG.



A **conflict-preventing type** of MLG focuses on including previously warring parties and regions. Supranational institutions are often involved, and due to low trust, formality is high. Building institutional capacity to manage within formal systems and address issues like corruption and extra-judicial practices is crucial. Transparency and accountability are often weak, so practices like parliamentary committees, local/village committees and assemblies, and public advisory councils can address these issues while fostering inclusion. For instance, local peace committees have been effective in the Mandera Triangle. Additionally, citizen-centric approaches like shared service/ one-stop shop arrangements (where feasible), along with area-based planning can contribute to positive change.

**Figure 5:** Key weaknesses and associated challenges for types of MLG



A **modernising type** of MLG focuses on updating, integrating or replacing traditional practices with modern governance approaches, including democratic and bureaucratic methods. Priorities include addressing gender discrimination, violence, patronage. Weaknesses include poor transparency, accountability, inclusion and participation, and overreliance on informal meetings. To address these, establishing political

party systems, parliamentary committees, and village or local committees with traditional leaders is beneficial. Involving regional (supranational) organisations, using area-based planning, and setting up coordination centres is recommended given the often cross-border nature of traditional communities. Reforms should be contextually sensitive, carefully managing risks associated with traditional practices.

### 4.3. Strengths and Weaknesses of MLG Practices

This section groups, summarises and overviews the evaluation of the strengths and weaknesses of categories of MLG practices in crisis-affected settings, according to the criteria laid out in section 4.1.

These practices are summarised and grouped according to those that are predominantly state-based (intergovernmental), community-based

or hybrid (civil society) and those that are area- or function-based. Following this summary, the section discusses how different practices work together in different types of MLG, accounting for respective strengths and weaknesses, trade-offs and the priorities according to types of MLG as identified in section 3.2. Refer to Table 3 for details.

**Table 3:** Key practices and their strengths and weaknesses

Key practice (and description)	Strengths	Weaknesses
<b>Intergovernmental</b>		
<p><b>Decentralisation / division of powers:</b> The formal allocation of responsibilities to provincial and/or local levels according to a constitution or legislation, and the establishment or maintenance of related governing structures, including mechanisms for <b>fiscal federalism</b> (revenue-sharing and equalisation)</p>	<p>High level of security of powers, especially if constitutional;</p> <p>Usually accompanied by resources or revenue-raising capacities;</p> <p>Support local level autonomy and subsidiarity;</p> <p>Cooperative approaches;</p> <p>Increase coordination;</p> <p>More opportunities for inclusion and participation.</p>	<p>Can be inefficient, especially if powers are shared / overlap;</p> <p>May cause disputes between levels of government;</p> <p>Can lead to duplication and redundancy / inefficiency;</p> <p>Not always matched by capacity, or slow to develop;</p> <p>Can cause conflict by creating competition for resources.</p>
<p><b>Bicameralism / upper houses of parliaments:</b> In a federal system, the upper house of parliament usually comprises representatives of provincial governments</p>	<p>High level of formality and transparency;</p> <p>Decisions are usually binding;</p> <p>Ensures inclusion of regional representatives;</p> <p>Enables coordinated negotiations and outcomes;</p>	<p>Members often represent their political party more than their province;</p> <p>Some upper houses lack decision-making powers;</p> <p>Can act as a rubber stamp rather than substantively deliberate.</p>
<p><b>Bilateral meetings:</b> Direct meetings between the centre and one province, or one province and one local government, and variations, to address specified issues, or as part of a regular process</p>	<p>Streamlined process;</p> <p>Involves empowered participants / likely to be binding;</p> <p>Reduces complexity of decision-making (requirements);</p> <p>May allow for more balanced power-sharing.</p>	<p>May lead to asymmetrical arrangements and tensions;</p> <p>Rarely includes community sector;</p> <p>Low participation / exclusion of key actors and other levels.</p>

Key practice (and description)	Strengths	Weaknesses
<p><b>Intergovernmental Councils:</b> A formal council of executive government representatives from central and provincial levels, tasked with cooperative policy-making and/or dispute resolution, often chaired by a president/prime minister</p>	<p>Enables high-level coordination of decisions and resolution of disputes;</p> <p>Authoritative decision-making / binding;</p> <p>Usually inclusive of key provincial actors.</p>	<p>Not always regularly held;</p> <p>No involvement of local level or CSO / low participation;</p> <p>Often weighted towards the centre / agenda control;</p> <p>Low levels of accountability and transparency.</p>
<p><b>Parliamentary committees and ministerial councils:</b> A group of parliamentarians (cross-party) or ministers (cross-portfolio) tasked with investigating or overseeing a particular issue or function, can be standing or ad hoc</p>	<p>Increases transparency of issues of investigation;</p> <p>High-level direct link to key decision-makers;</p> <p>Supports the development of a special focus on issues like inclusion, SDGs;</p> <p>Allows for broader participation and consultation.</p>	<p>Variable effectiveness and efficiency;</p> <p>Recommendations may not be followed (esp. parliamentary);</p> <p>May not be inclusive, or may have limited participation;</p> <p>Inefficient process for policy-making and consultation.</p>
<p><b>Regional organisations (supranational):</b> Intergovernmental associations for high-level cooperation and integration between states in the same regional location</p>	<p>Highly resourced and planned;</p> <p>Secures support of highest levels of government / binding;</p> <p>Increases coordination in functions and regions;</p> <p>Support international assistance.</p>	<p>Can disempower local levels;</p> <p>High level of formality and hierarchy;</p> <p>Slow and inefficient;</p> <p>Low levels of accountability and transparency.</p>

Key practice (and description)	Strengths	Weaknesses
<b>Civil society</b>		
<p><b>Participatory processes:</b> Systematic approaches to including the public in planning, prioritising or decision-making, such as through citizen’s assemblies and participatory budgeting</p>	<p>Maximises potential for participation &amp; inclusion (depending on design);</p> <p>Enhances local-level legitimacy and ability to implement;</p> <p>Provides avenues to increase transparency and accountability;</p> <p>Enables more careful tailoring to local conditions/contexts.</p>	<p>May have low influence / not always implemented;</p> <p>More costly and lengthy (inefficient);</p> <p>Less effective at central and provincial levels;</p> <p>Can lead to incoherent/uncoordinated policies;</p> <p>Proceeding may be dominated by key interests (i.e. not inclusive in practice).</p>
<p><b>Public Advisory Councils:</b> A hybrid state-citizen body that typically includes government representatives, experts and community representatives to advise on a functional area or policy reform</p>	<p>Brings together different state-society sectors;</p> <p>May enhance accountability and transparency;</p> <p>Flexible and adaptable to policy priorities;</p> <p>Supports horizontal coordination;</p> <p>Builds coordination and governance capacity.</p>	<p>No decision-making function / may lack influence;</p> <p>Not participatory and with limits on inclusion;</p> <p>Increases cost and time of policy-making process;</p> <p>Limited vertical coordination.</p>
<p><b>Governmental coordination of Civil Society Organisations (CSOs):</b> Coordination, or control, of civil society through a specific governmental structure, such as a ministry or commission</p>	<p>Improves coordination between CSOs and governments;</p> <p>Enables broader inclusion and participation in negotiations;</p> <p>Increases accountability of CSOs and government.</p>	<p>Inefficient and slow;</p> <p>Undermines local autonomy;</p> <p>Subject to political agendas;</p> <p>Can lead to withdrawal of donor funds.</p>
<p><b>Village / local area committees:</b> Usually voluntary associations of local citizens who take responsibility for certain local issues and governmental relations. May include government representatives</p>	<p>Enhances accountability and transparency of government;</p> <p>Enables targeted policy and planning and citizen-centric services;</p> <p>Supports local participation and inclusion;</p> <p>Can contribute to community-based peacebuilding.</p>	<p>Can replicate local power asymmetries;</p> <p>Not always connected to decision-making and can have low influence;</p> <p>Reliance on volunteers undermines capacity;</p> <p>Adds complexity and cost.</p>

<p><b>Political party system:</b> The configuration of different numbers and types of parties, including whether they are integrated across levels, or ethnic or nonethnic</p>	<p>Can authoritatively coordinate across levels when in power;</p> <p>High level of accountability (due to elections and candidate selection);</p> <p>Effective and efficient mechanism for collecting and representing public interests.</p>	<p>Lack of transparency to those who are not members;</p> <p>May reflect divisions in society, rather than bridge them;</p> <p>Difficult to mandate inclusion;</p> <p>May create competition between levels;</p> <p>Accountability limited to election cycles.</p>
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Key practice (and description)	Strengths	Weaknesses
Area and function based		
<p><b>Shared services/One-stop shops:</b> Consolidation of service delivery functions to establish a single access point or interface to information and public transactions</p>	<p>Mandates coordination and standards across different ministries and levels;</p> <p>Provides a single outward facing point for citizens;</p> <p>Efficient and effective mode of delivery.</p>	<p>Can require special assistance in case of poor digital literacy;</p> <p>Not suitable for all services;</p> <p>Can muddy accountabilities and responsibilities;</p> <p>Requires high level of management oversight.</p>
<p><b>Coordination centres:</b> A specific organisation for place-based coordination, often governed by a multijurisdictional committee. Roles may include planning, resource allocation and oversight/supervision</p>	<p>Maximises coordination or activities across levels;</p> <p>Positive impacts on efficiency and effectiveness;</p> <p>Responsive to local contexts and suitable for crisis response;</p> <p>Inclusive and accessible to multiple groups.</p>	<p>Often does not include roles for civil society;</p> <p>Can muddy accountabilities and responsibilities;</p> <p>Can duplicate and undermine the roles of local authorities;</p> <p>Can create overly burdensome bureaucratic processes.</p>
<p><b>Area-based planning:</b> A process focussed on a discreet geographical area to decide shared priorities, allocate resources and coordinate activities between different actors</p>	<p>Inclusive of different levels and stakeholders;</p> <p>Increases coordination and policy coherence;</p> <p>Enables clear links to SDGs and budget processes;</p> <p>Requires transparency among participants;</p> <p>Allows for place-based policy solutions.</p>	<p>More inefficient than top down or single level planning;</p> <p>Depends on existing accountability mechanisms;</p> <p>Limited by local capacity constraints;</p> <p>Reliant on stability and peaceful relations between actors.</p>

<p><b>Expert commissions:</b> Statutory or constitutional committees of experts and stakeholders tasked with responsibility for advising or coordinating a functional area (e.g. indigenous affairs, fiscal federalism and natural resource sharing)</p>	<p>Increases transparency of issues of investigation;</p> <p>High-level direct link to key decision-makers;</p> <p>Supports development of coordinated focus on issues like inclusion, SDGs, civil society;</p> <p>Participation/ consultation with experts and civil society.</p>	<p>Variable effectiveness and efficiency;</p> <p>Recommendations are not always followed;</p> <p>May not be inclusive, or may have limited participation;</p> <p>May lack resources;</p> <p>Can be vulnerable to political agendas.</p>
<p><b>Cooperative management boards and committees:</b> Comprising government, expert and community representatives, tasked with managing a specified area, e.g. a national park, including planning and decision-making</p>	<p>Responsive to local contexts and suitable for crisis response;</p> <p>Allows for place-based policy solutions;</p> <p>Participation/ consultation with experts and civil society;</p> <p>Builds coordination and governance capacity.</p>	<p>May lack resources;</p> <p>Reliant on stability and peaceful relations between actors;</p> <p>Can muddy accountabilities and responsibilities;</p> <p>Lack of transparency to those who are not members;</p> <p>Can replicate local power asymmetries.</p>



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## 05. Lessons Learned

Chapter 3 identified four types of MLG in crisis-affected and developing settings. Based on the strengths and weaknesses assessed, as well as the configurations and emphases discussed in Chapter 4, we can pinpoint areas that need strengthening or prioritization. Certain practice combinations will address certain specific system needs (see evaluation framework) but may leave gaps elsewhere. Drawing on this and the case study reports, we can outline key lessons, discussed below.

### 5.1. Accountability

MLG that builds upon a legacy of centralised authoritarian rule faces challenges that are both institutional and cultural. Many citizens and officials are used to old ways of thinking, are reluctant to criticise the state, and operate through command-and-control practices. The transition in a democratising type is compounded by significant issues around accountability.

Local levels may be, in practice and formally, appointed by and accountable to the regional level, and the regional level to the centre, rather than to the local constituents. Such appointment processes can make local and provincial assemblies subordinate and too often little more than a rubber stamp for the executive.

This may be compounded when departments or ministries are decentralised. Executives can, in practice, be subordinate to department heads. This clouds accountability and undermines local-level autonomy, especially when transparency is also lacking. A democratising MLG will require focus on establishing new accountability and transparency requirements, such as the definition and reporting of KPIs and a requirement to seek the views of, respond to, or act on the recommendations of other organisations, most particularly CSOs and legislatures, and members of the public through participatory forums (discussed further below).

## 5.2. Citizen-Centric Services

Place-based solutions are one important aspect of MLG. To this end, the establishment of shared services, or one-stop shops, has been used widely as a means to create more citizen-centric services and to improve efficiency, inclusion and accountability.

Establishing shared services centres at the best of times is a challenge, but when coupled with a crisis-affected state in transition, it can seem insurmountable. However, a state in transition does not need to develop according to the same sequence as a stable state. One lesson is that shared service systems and centres can be established as part of a series of MLG-related reforms, rather than once the broader institutional infrastructure is well-established.

With respect to the establishment of one-stop shops specifically, there are notable efficiency improvements, and citizen access tends to improve and be more inclusive. But the role of local authorities is often consequentially limited, such that one-stop shops are disconnected from local authorities, who are meant to be the main representatives of the people at the citizen-state interface. The structure of central coordination

of services is efficient and effective, but more needs to be done to make it more responsive and accountable. Specific citizens forums and participatory opportunities are one option.

Technology-based solutions are important and have proven effective in improving the efficiency and effectiveness of public services but can risk further excluding already vulnerable populations if not implemented carefully. To address this, efforts to digitise services and provide online access must be paired with initiatives to improve digital literacy and connectivity in rural areas. Those most in need of streamlined services are often the same people excluded from the digital economy, requiring a concurrent approach to both issues.

More citizen-centric services also require more transparency and accountability. The citizen interface and its responsiveness should have monitoring and evaluation mechanisms inbuilt and provide opportunities for citizens to feedback and input into service design and delivery mechanisms. For example, the establishment of service KPIs, participatory forums, 'mystery shoppers' and online feedback forms can improve service quality and to hold agencies and service centres accountable.

## 5.3. Crisis Management

During the COVID-19 crisis, many local governments in developing and crisis-affected countries took a key role in responding to local needs and coordinating activities. But all too often, central governments developed hierarchical and centralised mechanisms of control that were not inclusive of the key actors involved in delivery on the ground.

This is indicative of the challenge of federalisation and MLG in democratising and crisis-affected states. Intergovernmental mechanisms are not well-developed – or are entirely absent. This requires a significant investment in the development of those mechanisms, the inclusion

of civil society and the capacity building of local and provincial governments.

With respect to crisis management, the structures for MLG are observed to centralise control and sideline local governments on paper and in practice, despite the critical roles that they have performed in being first respondents and interacting with the public. In a crisis, (vertical and horizontal) levels become increasingly disconnected:

- The centre pulls in, tries to reassert control;
- The local reaches out and aims to work on the ground.

Local and provincial governments must be formally involved in the design and operation of crisis coordination mechanisms, given their key role in implementation, public interface and local contextual knowledge.

In Nepal, for example, the centre unilaterally imposed a top-down hierarchical approach to disaster management, which was inconsistent with the prominent role for local government envisaged under the constitution and seen in practice in the initial stages of the response to COVID-19. The effect was, as one interview

participant advised, that “local governments have now mostly lost interest”. This highlights consequences of both the decision-making process for COVID-19 response structure, and the imposition of a command-and-control structure, rather than implementing the MLG system envisioned by the federal constitution and original disaster management legislation.

If MLG practices linking different levels are not well institutionalized before a crisis occurs, they are more likely to fail or be undermined.”

#### 5.4. Decentralisation

In federalising types, local government is increasingly relied upon to manage important functions of government, but the systems and capacities are usually not yet developed. Most policy and implementation proceed in a top-down and hierarchical manner.

The few intergovernmental forums are often disconnected and inconsequential. To make the system work, empowerment of politicians at the local and provincial levels is necessary. Implementation is often seen as a technical issue and is largely led by bureaucrats with support from development agencies. Local politicians need to take on the roles that are available to them, engage and lead. To achieve this, substantial efforts are required to enhance governance and policy capacities of the local government level, as well as to foster a cultural shift away from the centralised mindset that often persists despite formal institutional changes.

Sequencing of elements of decentralisation is recommended to allow capacities and accountabilities to be better matched. Administrative decentralisation needs to be accompanied or preceded by financial decentralisation to enable local levels to plan and to be accountable for their activities (see also discussion under ethnic relations). Decentralisation to the local level must include some provision for decentralisation of resources.

Local governments often have limited influence on MLG and associated reforms, lacking roles in

holding higher levels of government accountable or participating in formal MLG institutions. Essential intergovernmental institutions for the negotiation and coordination of different levels of government must be operational and meet regularly to prevent disputed from escalating. These institutions should be active and assertive, including clear procedures for dispute resolution and cooperation mechanisms across local levels.

The clarity of powers, roles and responsibilities in decentralisation is critical to the success or failure of decentralisation reforms, requiring an upfront investment in reducing ambiguities and overlaps or establishing a mechanism for cooperative policymaking with shared responsibilities. Cooperative federalism in particular requires a large upfront investment in legislative harmonisation through the development of framework/umbrella legislation, which can go beyond the (initial) capacity of governments in fragile and crisis-affected states.

Decentralisation in a formerly authoritarian state requires a considerable cultural shift, as well as capacity development, on the part of civil servants, political leaders and the public – people need to become used to advocating their rights, criticising the state and exercising autonomy. It also requires significant cultural change within ministries and the public, in particular the ability of ministries to resist decentralisation reforms needs to be countered by political will and messaging.

## 5.5. Ethnic Relations

Federal and decentralisation reforms are often pursued to manage ethnic and religious divisions, as seen in several case studies included in this review. However, the implementation can be contentious, disrupting existing interests, particularly those of the centre and from dominant ethnic and religious groups.

Federalisation processes, like in Iraq, can be controversial due to rushed constitution-drafting and limited participation, leading to ambiguities about the division of powers and subsequent conflicts among key actors and interests (regional, sectarian and tribal). In Nepal, similar issues required an ‘unbundling’ process to address overlaps in responsibilities outlined by the 2015 constitution.

A key challenge in using federalisation to address ethnic conflict is determining the number, names, and boundaries of new federal provinces. Provinces are often designed to reflect ethnic homelands and grant rights, including representation and control over resources, but this can be problematic if intergovernmental institutions are not properly established or fail to function effectively. For example, in Nepal, such institutions are often sidelined or rarely convene, while in Iraq, the upper house (Federation Council), intended to represent provinces and the Kurdistan Region at the federal level, has yet to be established, exacerbating gaps in MLG.

One lesson from Nepal, and increasingly so across ethnically diverse and divided federal and decentralising states across the world, including South Africa, Indonesia and Brazil, is to devolve more to the local level than to the regions. This has the effect of better targeted autonomy, which is especially pertinent when there is a great diversity of ethnic groups, and to undercut secessionist ambitions that tend to coalesce more at the regional or provincial level. At the same time, this allows for provincial boundaries to be designed so that they are more multi-ethnic (e.g. including two or three major ethnic groups) but still of a size that changes the balance of powers

and creates a critical mass. However, a focus on local-level decentralisation needs to be matched with fiscal and human capacity development.

For instance, Iraq’s constitution (Article 115) allocated residual powers to provincial governments, an anomaly in ‘holding-together’ federations where new federal units typically receive powers, unlike ‘coming-together’ federations where provinces are the main holders of power. This means that both provinces and districts were tasked with a great array of responsibilities without a transition period to develop the systems and institutions, which led to informal governance and corruption, resulting in the retraction of key functions (e.g., health, education) and the dismissal of elected councils. This underscores the need for upfront and sustained investment in capacity development, which should be a priority for development agencies like UNDP.

## 5.6. Fiscal Relations

MLG inevitably involves more than one level of government, but many decentralised systems, including federal ones, lack substantive fiscal federalism. There are often no independent or cooperative systems, processes, or policies for vertical or horizontal equalisation.

For example, conflict-prevention strategies that quarantine natural resource revenues for the source province can undermine national unity and equal development, even if intended to rectify past revenue imbalances.

Establishing fiscal federalism, such as Nepal's National Natural Resources and Fiscal Commission, is crucial for effective

federalisation and decentralisation. However, fiscal arrangements are often undermined by conditional grants from the central government, which shift local governments' focus to managing large infrastructure and development programs. This can reduce their responsiveness to local needs and hinder long-term development approaches. To counter this, federalisation should be paired with revenue decentralisation to enhance flexibility and accountability. Diversifying revenue sources and implementing transparent fiscal equalisation processes are essential for improving local government autonomy, responsiveness, and minimising corruption and inequalities.

## 5.7. Inclusion

When developing new or improving MLG systems, embedding political inclusion is crucial. Decentralised structures often improve inclusion and accessibility, allowing broader participation, especially at the local level. However, traditional gender roles in many developing countries, including those studied, still lead to significant underrepresentation of women in leadership.

Even when a proportion is mandated, most leadership positions remain filled by men. For example, in Nepal's 2017 elections, women were elected to head 18 of 753 local governments, and only 2% of non-quota positions were won by women (The Asia Foundation, 2018, pp. 8-9).

Similarly, when proportionality requirements aim to enhance ethnic inclusion, minorities still face underrepresentation in leadership roles. Public sector employment governed by these requirements can foster inclusion but may also lead to increased patronage and inter-group tensions.

The role of youth and women in modernising MLG remains underdeveloped. While open-list proportional representation and gender reservations ensure some inclusion, first-past-the-post electoral systems can limit representation diversity. Balancing majoritarian and proportional electoral methods is essential to ensure inclusion while avoiding deadlock and clientelism in provincial and local councils.

Mandated political inclusion is only effective if positions of power are genuinely shared with minorities, women and other marginalised groups. All too often, quota or proportionality-selected representatives lack real empowerment, highlighting the need for both cultural and institutional change.

## 5.8. Participation and Civil Society

In democratising contexts, avenues for citizen engagement often increase, but structures may remain hybrid with government-led initiatives overshadowing the non-government sector, which may be small and weak in fragile, crisis-affected countries. Even with strong central political will, local mechanisms to translate this into effective service delivery may be lacking.

Citizens should be involved in designing policies and projects, rather than just providing feedback on proposals or services. This involvement should occur through formal participatory and deliberative forums, or local and regional planning, and be integrated into decision-making processes. Participatory institutions need formal links to various government levels to enhance accountability, inclusive planning and contextualised decision-making. Without clear accountabilities, local authorities and citizens may feel disempowered, undermining the intended autonomy and reducing participation incentives in MLG.

In many developing and crisis-affected settings, civil society is growing but still faces significant

restrictions (see Musila, 2019). Some countries impose strict registration and financing requirements or have commissions or ministries that control or oversee CSOs. Participants in this research also noted a lack of transparency and accountability in these functions, making it unclear how consultative and coordinating outcomes are utilized. For instance, in Nepal, CSO activities are negotiated through the Ministry for Women, Children and Senior Citizens, while donor interventions require approval from the Ministry of Finance and the National Planning Commission. Limited horizontal coordination across local and regional governance and civil society often leads to citizen participation not translating into effective policy or service delivery, thus discouraging further engagement.

One step towards empowering civil society is developing hybrid state-civil society institutions, such as Public Advisory Councils or participatory planning processes in Nepal. However, civil society should also be independently empowered with its own institutions and mechanisms to influence government at all levels.

## 5.9. Sustainable Development Goals

The SDGs, adopted in 2015 as part of the 2030 Agenda for Sustainable Development, serve as a crucial call to action for both governments and civil society. The UN plays a significant role in supporting and building capacity for achieving these goals, particularly in crisis-affected and developing member states.

MLG is relevant to several key aspects of the 17 SDGs, including:

→ Innovation - Federalisation and decentralisation boost opportunities for, and uptake of, policy and business innovation and experimentation, enhancing agricultural and economic productivity, as well as entrepreneurship (Targets 2.3-4; 8.2-3);

→ Service delivery - Key health and education services (Goals 3 & 4) are often delivered locally, according to a subsidiarity principle, with centrally determined policy, necessitating effective intergovernmental forums for policy coordination. Citizen-centric services should leverage digitalisation, and therefore be underpinned by improved digital infrastructure, access and literacy (9.c);

→ Inclusion - MLG institutions and reforms need to be inclusive (Goals 5, especially Target 5.5, Target 6.b, Target 10.2, 16.7). Decentralisation and public participation provide space for citizens to become involved in governance, but care must be taken to avoid perpetuating power imbalances and exclusion. Quotas, proportionality requirements and improved

transparency and accountability systems (16.6 and 16.10) are essential.

Additionally, area-based planning presents a key opportunity for UNDP to collaborate with various state and non-state stakeholders to integrate SDGs into programs and priorities. This approach can support the development of coordinated local and cross-border infrastructure (Goal 9) and promote the inclusive, safe, resilient and sustainable development of cities and other human settlements (Goal 11).

Several research participants highlighted the need for culture change. UNDP can support this by aligning with SDGs, for example Target 4.7 which promotes education for sustainable development, sustainable lifestyles, human rights, gender equality, culture of peace and non-violence, global citizenship, and cultural diversity. Integrating these principles into curricula and capacity-building programs will advance inclusion (Section 5.7), modernisation (see traditional governance, Section 5.10) and accountability (Section 5.1).

## 5.10. Traditional Governance

In many developing and crisis-affected settings, customary or traditional governance plays a key role alongside state structures. The coexistence of customary or traditional and state governance structures often entrenches political patronage along ethnic lines, with local regulations frequently disregarded in favour of customary law.

Traditional governance structures can be seen as competing with or threatening state institutions, particularly as many people trust and rely on traditional leaders and structures more than state authorities. However, some traditional authorities may also be sources of corruption, nepotism, and predatory practices.

A key difference between customary and state governance systems lies in their focus on individual versus collective rights. State laws emphasise individual rights and responsibilities, while customary law often highlights collective rights and social justice. This discrepancy poses challenges for citizens living under both systems, particularly in borderlands. Communities in these areas, due to their need for cross-border coordination, often develop unique cooperation skills. Successful conflict resolution initiatives have typically been cross-border projects that address dynamics on both sides of the border, including resource management and social and cultural priorities.

While these capacities are often exercised informally, they are rarely formalised or otherwise empowered by the state, leading to potential issues of corruption, predation and nepotism. Governments frequently co-opt traditional authorities instead of partnering with them, which weakens their peacebuilding role and fails to address the misuse of traditional authority. Tensions arise between local officials and traditional leaders because the latter, despite their social and cultural legitimacy, are not seen as equals to government officials with formal authority and state resources.

Traditional governance structures remain legitimate due to their accessibility and cultural embedding. Governments typically overlook or marginalize these systems, expecting them to fade away with development. However, research shows that traditional governance systems often outlast numerous structures. Customary systems globally have survived generations of opposition and assimilation due to their deep roots in the cultural and social fabric of societies.

Their continued operation, despite a lack of formal recognition or remuneration, underscores their legitimacy and voluntary nature. Although traditional governance structures and legal systems in contemporary governance are often understudied, evidence suggests that ignoring or sidelining them in governance processes carries significant risks.



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## 06. Challenges and Recommendations

### 6.1. Challenges for MLG in Crisis-Affected Settings

Our research identified four typical MLG approaches in crisis, fragile, and conflict-affected settings: democratising, federalising, conflict-preventing and modernising, with substantial overlap among them in some cases. For example, post-conflict states may use both democratisation and federalisation to prevent conflict.

The impact of MLG institutions on vulnerable groups depends on two key factors: 1) the presence of local-level institutions that foster citizen participation and include marginalised groups, and 2) MLG practices that integrate these institutions with higher levels of government for influence and accountability. Efforts should focus on connecting local institutions with civil society, to influence decision making at the provincial and central levels.

This requires empowered local governments, inclusive participatory processes, and robust accountability mechanisms.

In crisis-affected settings, the presence of well-established MLG systems is crucial to counteract centralising tendencies and leverage local networks and traditional authorities. Without these systems, crisis management can become fragmented, leading to uncoordinated responses and inefficiencies. Central governments must allow direct access for CSOs and development agencies at the local level, including direct access to finance, to facilitate effective crisis management and recovery.

## 6.2. Recommendations

Based on the lessons learned (Chapter 5) and key challenges faced by different MLG types in crisis-affected and developing countries, it is recommended that UNDP and its regional and country teams explore the following options to support the development of more citizen-centric and effective MLG systems.

This section focuses on potential areas for UNDP's engagement rather than specific MLG practices. However, it is advised that future steps (6.3.) involve operationalising the typology to prioritize areas based on the needs and status associated with each MLG type.

### 6.2.1. Technical Support

- I. Provide technical support for establishing and institutionalising national fiscal commissions (or similar) to create more independent, evidence-based, and equitable forms of fiscal federalism (applicable both in unitary and federal states);
- II. Research, promote, and assist states in developing effective multi-level crisis coordination mechanisms, involving provincial and local governments as well as civil society as the frontline responders in crisis mitigation and response;
- III. Support accountability in democratising states through electoral reform by offering technical advice and modelling options that align social and geographical constituencies with electoral constituencies, including options for the development of mixed systems (plurality and proportional) that balance stability and inclusion objectives;
- IV. Develop model financial management systems and provide (embedded) technical advice and training to enhance the management, distribution and monitoring of local revenue and expenditure;

- V. Provide targeted technical support at the local level in federalising states, focusing on financial management systems (6.2.1.-IV) and reporting mechanisms to boost accountability and responsiveness;
- VI. Promote and support programmes to unbundle, clarify and reform divisions of power and responsibility between government levels, including legislative options and intergovernmental negotiations;
- VII. Create model KPIs and evaluation frameworks for coordinating public service delivery and shared service centres, in collaboration with citizens and public service delivery agencies.

### 6.2.2. Capacity-building

- VIII. Collaborate with each level of government according to their responsibilities and powers to build and embed capacity across all levels;
- IX. Develop (and deliver) capacity-building programmes for regional and local politicians to enhance citizen engagement, represent their interests, promote transparency and responsiveness, and align with the SDGs;
- X. Develop leadership and technical skills programmes for women and minority politicians, and their political parties, to strengthen capacity and increase opportunities for leadership at all government levels;
- XI. Embed technical support into local and provincial structures by posting or seconding staff directly to these institutions, ensuring that local leaders receive support rather than direction. This approach will help retain new skills and capacities beyond the duration of UNDP support programmes.

### 6.2.3. Planning (Area-based and Participatory)

- XII. Collaborate to develop and pilot a framework for local and provincial planning that includes all government levels, grassroots CSOs, and, where relevant, traditional authorities, ensuring effective horizontal and vertical coordination;
- XIII. Pilot the local-area planning framework as a way of bringing together officials, politicians, traditional authorities (where appropriate), and CSOs in setting shared objectives and establishing a joint implementation and monitoring body;
- XIV. Integrate the SDGs into area-based planning frameworks and processes;
- XV. Develop and model an approach to boost social accountability through participatory processes, incorporating transparency and reporting components to enhance the influence and responsiveness of officials and representatives to public input;
- XVI. Develop options for integrating participatory processes into multi-level decision-making structures, ensuring these processes are linked to outcomes that influence decisions and enhance accountability of decision-makers;
- XVII. Research and promote best practice in incorporating deliberative methodologies into participatory processes and state-society engagement as one way to ensure meaningful inclusion and influence for marginalised groups, women and youth.

### 6.2.4. Working with Traditional Authorities

- XVIII. In contexts where traditional leaders wield continuing influence, assess risks and options for collaborating with both government and traditional authorities to define specific and recognised roles for traditional leaders that modernise and align with state structures;

- XIX. Based on risk assessments, convene and support dialogue forums that facilitate interactions between government officials, traditional leaders, and local officials, fostering multilateral arrangements;
- XX. When feasible, enhance understanding of customary law and governance through collaborative research with traditional leaders, focusing on practices, land use and borders, cultural authority, and local perspectives;
- XXI. Create a community of practice among UNDP, CSOs, and local and state officials to foster a shared understanding of best practices for supporting the peaceful co-existence of state and traditional governance systems at the local level;
- XXII. Conduct mapping of informal cross-border management initiatives to identify opportunities for partnership between state and traditional systems.

### 6.2.5. Civil Society Support

- XXIII. In democratising states, and where the political situation allows, develop and deliver public education programmes to foster cultural change, promote accountability and transparency, raise awareness of rights, including gender rights, and political participation, as a foundation for civil society's role in MLG systems;
- XXIV. Research, monitor and support the development and improvement of hybrid civil society/government institutions (such as public advisory councils) to strengthen civil society's capacity and influence, especially in contexts where it has been suppressed or is otherwise underdeveloped;

XXV. Support CSOs at the local level to develop and implement participatory processes for horizontal coordination with government, driving bottom-up accountability and empowering the public;

XXVI. Where politically feasible, work with governments to decentralise the relationship between CSOs and state entities, fostering a more localized and responsive role for civil society;

XXVII. Where practical, partner with governments and citizen representatives to design and implement shared service centres, one-stop shops, and online platforms, streamlining multi-level service delivery into a more citizen-centred, single-point access;

XXVIII. Support education and capacity-building initiatives to enhance digital literacy and infrastructure required to improve access to digital services for rural communities and vulnerable groups (e.g., elderly, differently abled), as a critical foundation for more effective citizen-centred services and consultation mechanisms.

### 6.3. Next Steps

MLG is an increasingly important aspect of governance across the world. Strengthening MLG in countries undergoing democratisation, federalisation, conflict-prevention and modernisation can yield significant benefits. However, MLG is often narrowly viewed as decentralisation and local government empowerment.

While essential, this approach alone is insufficient. Without establishing intergovernmental forums, inclusive decision-making processes, and citizen-focused transparency and social accountability, there is a risk of excluding key actors and overlooking critical dynamics necessary for successful MLG.

UNDP can integrate MLG considerations into its support packages for regional and country teams and governments, operationalising the typology as part of an analytical framework to assess and support MLG. This includes offering design options and model frameworks for:

- Intergovernmental forums, including those at the local level;
- Area-based planning to bring together state-society at multiple levels;

- Accountability mechanisms, such as model KPIs and participatory processes;
- Participatory and deliberative engagement processes;
- Fiscal federalism, including emphasis on independence and equalisation;
- Shared service centres and one-stop shops;
- Hybrid civil society structures in transitional settings;
- Establishing a formal role and influence for traditional authorities;
- Linking MLG processes to the achievement of the SDGs.

In this way, upfront focus on developing MLG systems and processes can be integrated into other forms of support provided to crisis-affected countries at various stages of transition to prevent fragmentation and to promote effective citizen-centric governance and service provision that contributes to achieving the SDGs.

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# Appendix:

## Case Study Summaries

### Starting from Scratch: Rebuilding and Decentralizing Political Institutions in Iraq

Arab States Region

#### 1. Background and Context

Iraq, an oil rich country in the Middle East, is recovering from decades of inter-state wars and internal civil conflict. Gaining independence from British administration in 1932, Iraq is also home to one of the world's earliest civilisations. The population consists of two major ethnic groups, Arab and Kurds, with over 95% being Muslim, divided along sectarian lines and further into tribes and clans.

Approximately 71% of Iraqis live in urban areas, and the country has a significant youth population. Despite its middle-income status, Iraq suffers from low human development levels, largely due to protracted conflict and harsh authoritarian rule. Unemployment is high, poverty is widespread and there are regular protests and civil unrest. Following the military rule between 1958 and 2003, and since the 2003 American invasion and the fall of Saddam Hussein, Iraq has been navigating a democratic transition based on its 2005 constitution.

Iraq is a parliamentary democracy with a bicameral legislature that elects the President as the head of the executive. The country's federal system includes 19 governorates (muhafazat), also known as provinces. The Kurdistan Region of Iraq is a semiautonomous region consisting of the governorates of Erbil, Dohuk, Halabja and Sulaymaniyah. The legislatures (provincial councils) of these component governorates elect a Governor for that Region, with extensive

executive powers. Rated as "Partly Free" by Freedom House (2020), Iraq scores low on political rights and civil liberties, coupled with insecurity and corruption. Democratic institutions, particularly in the Kurdistan Region, remain weak, and civil liberties are regularly transgressed.

Under the previous authoritarian regime, civil society was tightly controlled, but a 2010 law granted more independence to NGOs, leading to a marked increase in their numbers. Although most of Iraq's 10,000 registered NGOs are inactive (USAID 2020) and often affiliated with political parties or religious organisation (NCCI 2011), they are more independent than before and have been in service provision and promotion of human rights and democracy. Tribal authorities, with around 150 Tribes ('ashira) subdivided into clans (fukhdh), continue to play a crucial role in governance due to the state's weakness.

## 2. MLG in Iraq: Decentralization in a Federal System

### 2.1. Decentralization Efforts and the Role of Sub-national Governments

One of the outcomes of the post-2003 conflicts in Iraq was the dismantling of the existing institutional framework, necessitating the rebuilding of political institutions from the scratch. Reconstructing these institutions is a daunting task, especially given the legacy of conflict, deep-seated tribal and religious tensions, pervasive corruption and ongoing economic crises.

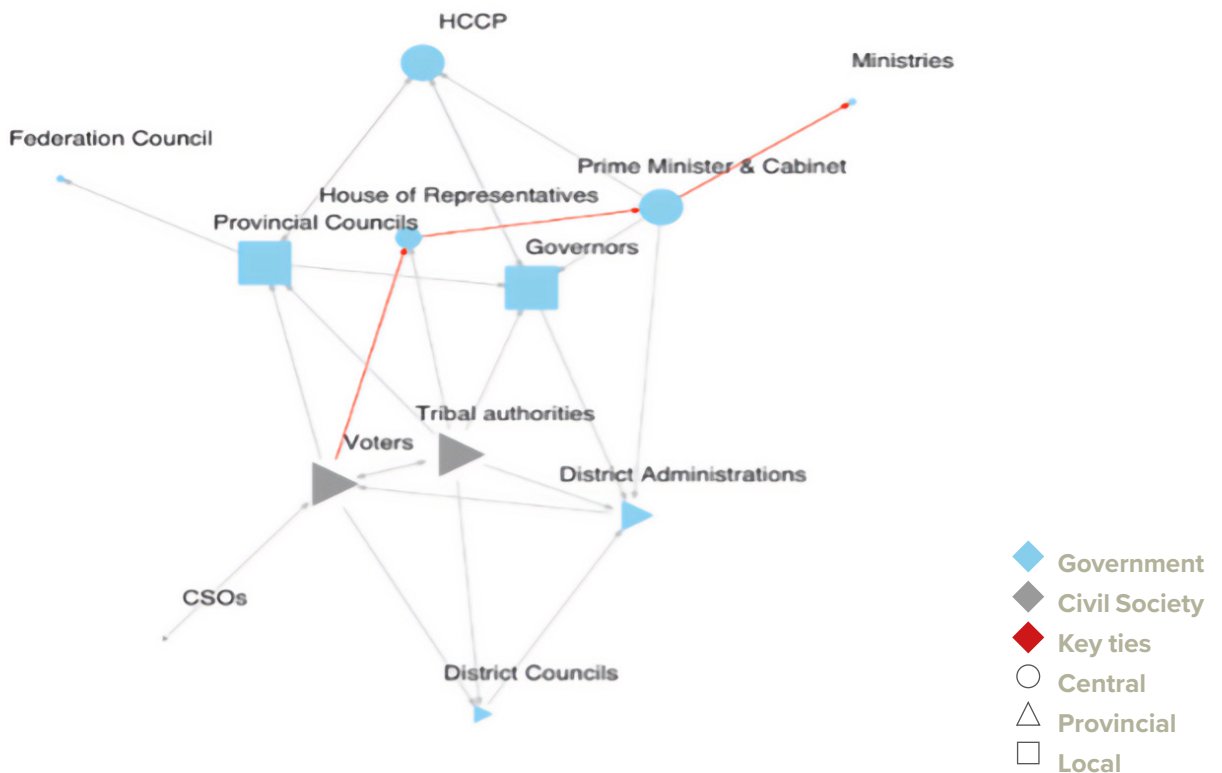
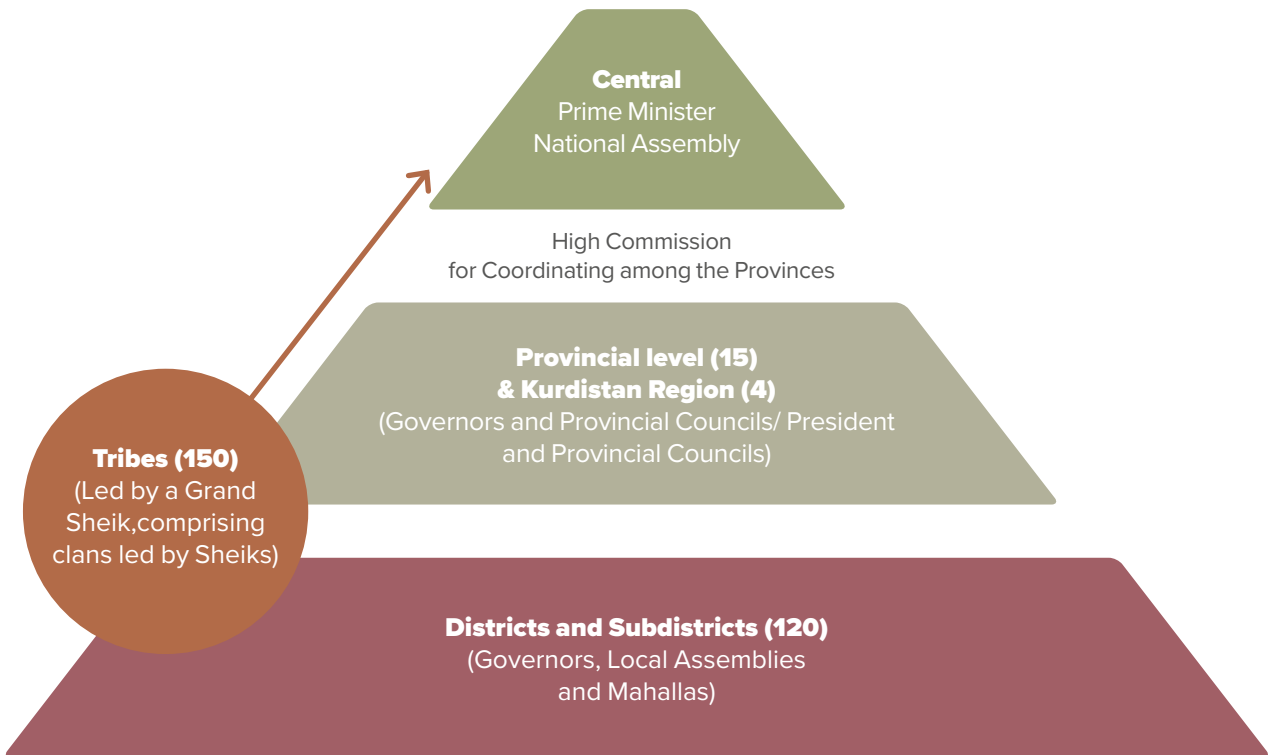
These challenges, combined with Iraq's complex social structure, made it crucial to establish a power-sharing regime to stabilize the country. This goal was pursued through the introduction of a multi-level system of governance, characterized by federalism and decentralisation.

At the heart of this MLG system are the developing federal institutions. As shown in Figure 1, Iraq's 19 governorates operate at the provincial level and are divided into 120 districts. The 2005 constitution allow governorates the option to form semiautonomous regions, though currently, only

the Kurdistan Region has done so, comprising four governorates. Each governorate has a legislative council with 41 members (except Baghdad with 51). The Kurdistan Region has its own national assembly of 111 member, with jurisdiction over all matters except foreign relations, security, defence, and fiscal policies.

Districts are further divided into municipalities and townships (subdistricts), each administered by elected councils, though they remain subordinate to the governorates and their provincial councils. These districts and subdistricts oversee local-level directorates within ministries, following ministerial directives. However, since suspension of elected councils at the sub-national level in 2019, there has been a significant reduction in accountability and oversight of local civil servants, a weakening of local powers, and a shift of authority back to the central government.

**Figure 1: Multi-Level Governance in Iraq**



The decentralisation process in Iraq has been driven by the High Commission for Coordinating among the Provinces (HCCP), which includes ministers, governors, and provincial council chairs. This effort has primarily targeted provincial-level decentralisation, with less focus on districts and sub-districts. However, frequent disputes between provinces and the central government over the extent and exercise of authority often require court intervention. Although Law 21 (as amended) outlines the distribution of powers across different levels and the decentralisation of ministries, implementation has been limited, with only a few ministries undergoing deconcentration. The Ministry of Finance, in particular, has resisted decentralisation and provincial taxation efforts.

Provincial and local governments in Iraq largely depend on central government transfers for their budgets, as the tax collection provisions under Law 21 have not been implemented. District-level budgets are approved by the Ministry of Finance, and revenue-sharing from the central government is based on oil production revenue within each province, leading to significant fiscal disparities among provinces. Additionally, substantial amounts of (oil) revenue have not been distributed

as envisaged by the law, exacerbating tensions, particularly between the central government and the Kurdistan Region over revenue-sharing.

The principle of subsidiarity has not gained strong traction among Iraqi political leaders. Despite this, the Federal Government's White Paper on Economic Reform (October 2020) pledges to advance decentralisation by improving basic infrastructure, streamlining social services, and enhancing "governance and the legal and administrative environment to enable individual institutions to implement the reform" (Axis 5, White Paper). However, local governments lack the capacity to assume additional responsibilities or manage existing ones effectively. Institutional legacy is almost entirely absent, financial management systems are outdated and paper-based (Al-Mawlawi 2019), and corruption and political infighting at the local level are pervasive. Coordination across government levels is weak, leading to many reconstruction failures (Mansour 2018, p. 8). While provincial governments consult with districts and subdistricts on development plans, projects choices and implementation remain centrally driven (World Bank 2016, p. 9).

## 2.2. The Role of Non-State Actors in Iraq

In Iraq, tribal leaders play a crucial role in MLG due to widespread tribal or clan allegiance over government loyalty. Traditionally responsible for protection, economic well-being and dispute resolution, their role has faced challenges in recent years.

Tribes can both enhance and obstruct governance, depending on their role and involvement with the state. In some areas, tribal leaders have successfully negotiated with local government officials to promote peace and the rule of law (Gharizi 2018). The Tribal Affairs Committee in Parliament and the Prime Minister's Office, the Tribal Affairs Directorate in the Ministry of Interior, and offices within the Ministry of Justice engage directly with tribes and Sheikhs.

Tension exist between Sheikhs who have been traditionally appointed and those recognised by state processes (Bobseine 2019).

Many CSOs, supported by international agencies, deliver public services typically managed by the government. While CSOs have occasionally collaborated with local governments, their involvement is often limited to ad hoc consultations. Their access to central government officials is restricted, and accountability mechanisms are lacking. CSOs report a reluctance to criticise the government and a pessimistic view of their influence (NDI 2018). Further decentralisation could strengthen CSO engagement at the local level, enhancing their role in governance.

### 2.3. Key Issues, Strengths and Weaknesses of MLG in Iraq

MLG in Iraq is evolving but remains state-centric and top down. As shown in Figure 1, there is a notable lack of institutions for MLG and limited coordination both vertically and horizontally. Federal structures were intended to support decentralisation, public service delivery, and citizen engagement.

However, internal conflicts, corruption, financial crises, protests, and political resistance have hampered implementation, leading to a retreat from federalisation. In 2019, provincial and district councils were suspended in response to protests demanding action on corruption, poor services and unemployment.

Federalism was designed to balance Kurdish independence aspirations with the need to maintain existing borders. Despite Law 21's intention to clarify responsibilities, ambiguities and contradictions persist, causing ongoing tensions between federal and local authorities. The Iraq constitution (Article 115) grants residual power to the provincial governments, which is atypical for such "holding-together" federations, where powers are usually devolved to new federal units, as compared to "coming-together" federations, where the (new) provinces are the main holders of power. This presents considerable challenges. Additionally, one critical piece of the federal structure, the upper house (the Federation Council), intended to represent provinces and the Kurdistan Region at the federal level, has not yet been established, further limiting MLG.

Another key issue is clientelism and the influence of tribal authorities, which has undermined governance and fostered corruption.

"Paradoxically, the fact that the post-2003 political settlement has accommodated more groups than its repressive predecessor has not resulted in more inclusive, long-term oriented and programmatic economic decision-making. This is because the inclusion of more short-term oriented (elite) groups reflects the fact that more actors can now generate violence if they are not placated with state-generated rents" (Hamilton, 2020, p. 6).

Local governments have limited influence and lack representative councils, leaving them without a role in holding higher levels of government accountable. The Ministry of Finance's refusal to decentralise its functions or responsibilities means that provincial and local governments rely almost entirely on central transfers, restricting their ability to address local priorities. Governance and policy capacities at the local level are weak and require significant capacity-building and a shift from a centralised mindset.

Youth and women's representation remains limited. According to an NDI survey, most people prefer a reduced role for women in government and business. The 329-member legislature was elected through an open-list proportional representation system, with nine seats reserved for minorities and a 25% quota for women, ensuring some level of diversity. However, the next election will use a first-past-the-post electoral system, which is likely to reduce this diversity of representation. Additionally, youth cannot run for office until age of 28. Public sector employment follows sectarian proportionality rules, which have been unpopular and are under pressure for reform.

### 3. Lessons and Recommendations

The political economy and the way the constitutional reform processes were managed have contributed to sectarian tensions and internal power struggles. These challenges have impacted support for democratic practices and decentralisation. A significant cultural shift within ministries and the public will be needed. To address resistance decentralisation from ministries, strong political will and clear, consistent messaging will be essential.

Furthermore, clearly defining powers, roles and responsibilities is critical to the success of decentralisation reforms. This involves an initial investment in eliminating ambiguities and overlaps and establishing mechanism for cooperative policymaking with shared responsibilities. Strengthening coordination and collaboration among government institutions at various levels will also be necessary. This can be achieved through more active and assertive coordination bodies, as well as effective dispute resolution procedures and mechanisms.

However, administrative decentralisation will need to be accompanied or preceded by financial decentralisation and a decentralisation of revenue to reduce dependencies and enable provincial and local governments to plan and be accountable for their activities. Diversification of revenue sources for local governments is essential to building their autonomy and responsiveness to local concerns. This should be coupled with independent and transparent processes for fiscal equalisation to minimise corruption and inequalities. Given the weak capacities at the local government level, a phased approach to decentralisation may be more effective, allowing time for capacities and accountabilities to develop and align, rather than attempting a wholesale transfer of responsibilities.

Transitioning from an authoritarian to a democratic state requires significant efforts to develop civil society and include tribal authorities, who can impact democratic institutions and electoral outcomes. Figure 1

highlights the central role of tribal authorities, underscoring the need to integrate them into the formal system of MLG where possible. Article 45.2 of the constitution mandates collaboration with clans and tribes. Therefore, reforms to the MLG system must address the role of tribes and clans and mitigate the risk of violent resistance if they are excluded from power and influence.

To support MLG processes in Iraq, UNDP should prioritize constitutional and legal reforms across entry points for engagement. Defining roles and responsibilities at various government levels can improve coordination, reduce conflicts, address regional disparities, and mitigate corruption risks. Strengthening legal frameworks will enhance anti-corruption efforts, support economic diversification by creating a stable legal environment, and contribute to inclusive governance.

Proposed entry points for UNDP include:

- Develop a programme to clarify and communicate the concept and principles of federalism and subsidiarity, highlighting the roles and benefits of subnational governance.
  - Collaboratively create and pilot a framework for local or enhanced provincial planning that includes all government levels, grassroots CSOs, and tribal authorities, ensuring effective horizontal and vertical coordination.
  - Develop model financial management systems and provide (embedded) technical advice and training for managing and monitoring local revenue and expenditure, potentially centralising procurement to reduce corruption.
  - Establish or pilot coordination structures/ forums to enhance cooperation and non-violent dispute resolution among local governments and provinces.
- Consult with tribal authorities and the government to scope the potential to formalise and clarify roles, allowing tribal authorities to maintain traditional dispute resolution and political influence in a transparent manner.
  - Assist the Ministry of Finance in implementing a transparent fiscal redistribution process to provinces and local governments, ensuring compliance with the law and incorporating effective monitoring systems and anti-corruption measures.
  - Pilot participatory processes at the local levels to enhance horizontal coordination between government and civil society, fostering bottom-up accountability.

### Key Take-Aways

- To make the new MLG system work, the emphasis should shift from the autonomy (self-rule) aspect of federalism and MLG to the cooperative (shared rule) aspect.
- This shift requires revitalising revenue-sharing mechanisms, ensuring the proper functioning of inter-governmental institutions, engaging tribal leaders and civil society constructively, and implementing a phased decentralisation process that builds capabilities alongside new responsibilities.
- Decentralisation reform requires clearly defined powers, roles, and responsibilities, as well as robust mechanisms for cooperation and dispute resolution across different levels of government.
- Decentralised powers and responsibilities must be paired with or preceded by the decentralisation of financial resources and revenue generation. Diversifying local government revenue sources is crucial for enhancing their autonomy and capacity to respond to local needs.
- Where local capacities are weak, a phased approach to decentralisation can better align capacities with responsibilities, avoiding an overwhelming transfer of duties.
- Transitioning from an authoritarian, centralised state to democratic and decentralised governance requires significant efforts to strengthen civil society and create opportunities for communities and citizens to engage in policymaking, planning, and budgeting processes.

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**Author:** Michael G Breen. This case study is a result of desktop research, consultation with UNDP and key informant interviews. Unless otherwise cited, the opinions therein are those of the author.

# Modernising and Integrating Customary Governance in the Manderia Triangle

Ethiopia, Kenya and Somalia, Africa Region

## 1. Background and Context

The Manderia Triangle is a cross-border region at the junction of Ethiopia, Kenya and Somalia, with key towns being Suuf, Manderia and Beled Hawoo. Most of the population in the Manderia Triangle are ethnic Somalis engaged in pastoralism, subsistence farming, and trade. Pastoralists frequently move across both national and international borders in search of grazing lands and water. Cross-border movement for trade and access to services, including health and education, is also common.

The region faces numerous challenges, including ongoing conflict over pastoral land and scarce water resources, leading to migration, displacement, and spill-over effects of conflict and terrorism. The impacts of climate change, such as frequent droughts and flash floods, further exacerbate forced migration, threaten livelihoods, and deepen poverty. Poor infrastructure limits access to basic services like water, sanitation and hygiene (WASH), healthcare, education, and nutrition. These issues are further compounded by the lingering effects of the COVID-19 pandemic. Additionally, cultural and societal norms restrict women's participation in planning and decision-making.

All three countries – Kenya, Somalia, and Ethiopia – have federal systems of government. Kenya operates a presidential system and

is rated as Partly Free by Freedom House (2020), despite holding multiparty elections and having a vibrant civil society, it struggles with “pervasive corruption and brutality by security forces”. Somalia and Ethiopia have parliamentary systems. They are rated as Not Free. Somalia remains deeply fragmented, with state controlled in part by the national government, federal states, various clans, the Al-Shabaab militant group, and the separatist government of Somaliland. The country has not held direct elections since the fall of its authoritarian regime in 1991. Ethiopia saw significant change following the 2018 protests, which led to new elections and a change of power. However, the country has been plagued by unrest, particularly in the Tigray Region, with a ceasefire agreement only reached in November 2022.

## 2. MLG in the Mandera Triangle: Integrating Customary and State Governance in Cross-Border Settings

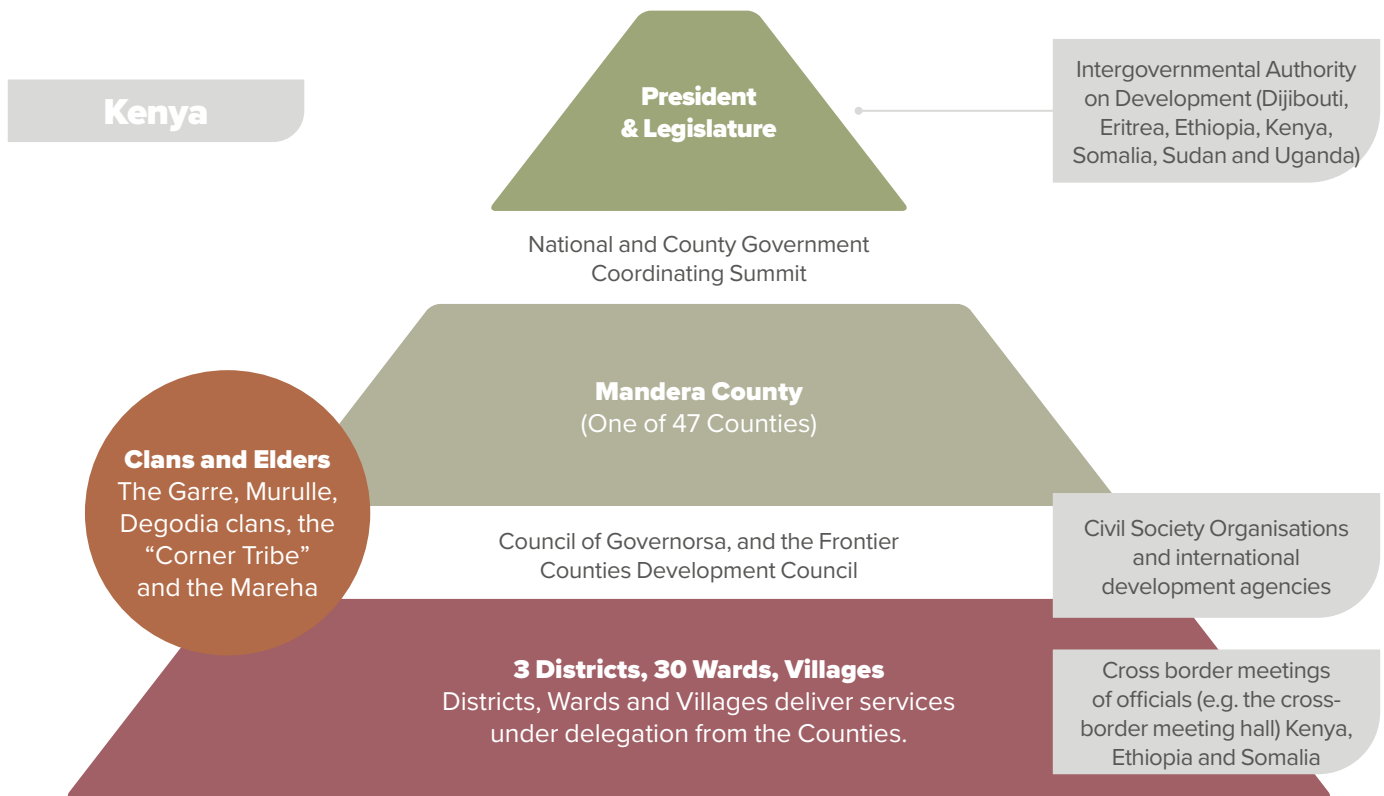
Despite their formally federal systems, governance in Kenya, Ethiopia and Somalia remains predominantly top-down and focused within their own borders. In the Mandera Triangle, however, cross-border relations are more complex and involve not only local governments but also a diverse array of stakeholders. These include civil society organisations, ethnic clans, international organizations, NGOs, and regional authorities such as the African Union and the Intergovernmental Agency on Development (IGAD).

### 2.1. Decentralisation and Federalism in Kenya, Ethiopia and Somalia

Decentralisation and local governance are central to the current development discourse. Although decentralisation policies vary by country, a common objective is to bring services closer to communities and empower local governance. However, without effective MLG mechanisms that ensure both horizontal and

vertical coordination, decentralisation alone may fall short of its goals. In this context, customary governance and the engagement with tribal leaders represent the critical horizontal dimension needed for success.

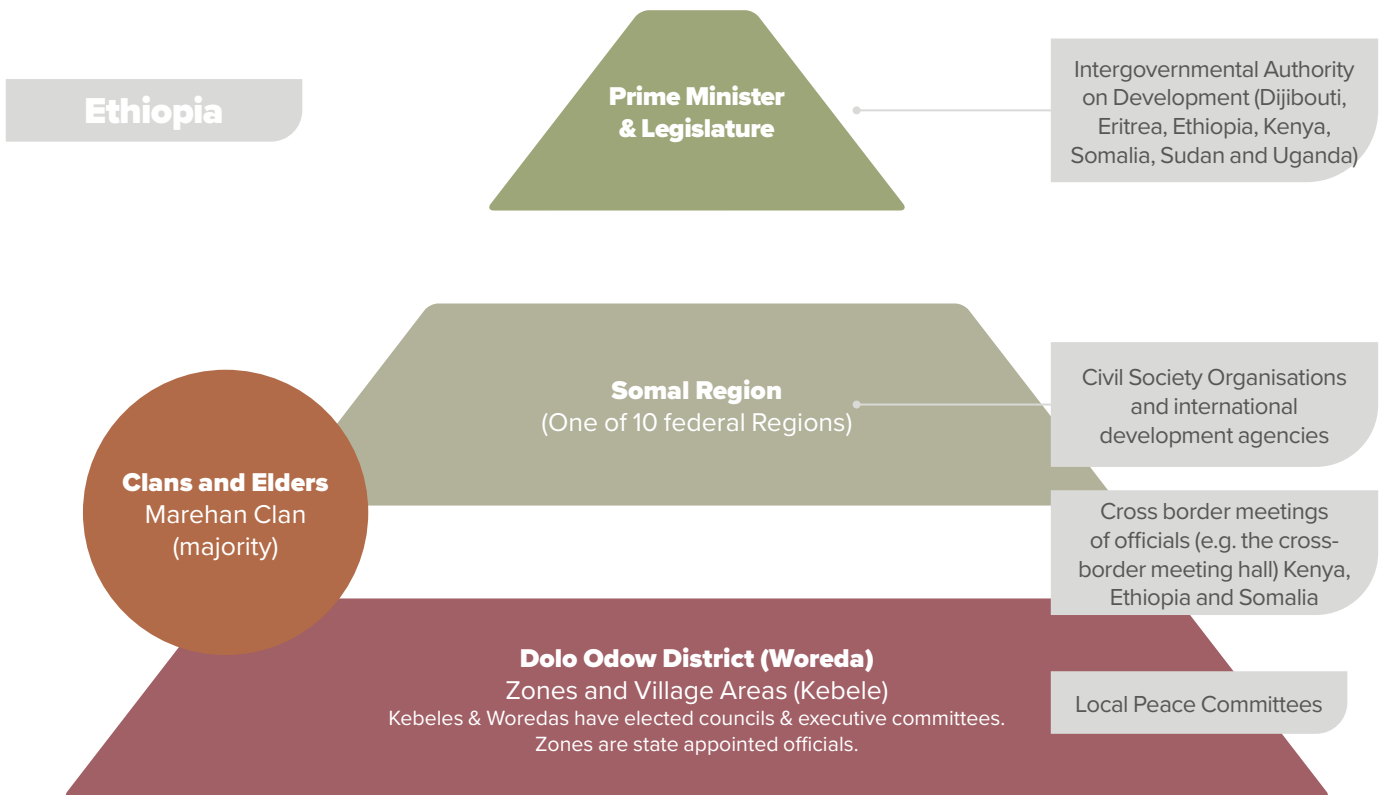
**Figure 1:** Multilevel governance in the Mandera Triangle – Kenya



**In Kenya**, Mandera County is one of 47 counties established under the County Government Act. It is divided into six constituencies/sub-counties, six districts and thirty civic wards (see Figure 1). County governments consist of an Assembly of elected Ward representatives, nominated members from minority groups and reserved seats for women. The Assembly appoints the executive council of county ministers, the county public service board, and the chief officers responsible for various government departments. County governments manage agriculture, health, sanitation, transport and trade licences, receiving revenue from both the central government and local sources. Each of Kenya’s 47 County Governors is part of the Council of Governors, which handles

consultation, coordination, and dispute resolution. The Council can also establish sectoral working groups, committees, and other intergovernmental forums. The National and County Government Coordinating Summit, the peak institution for intergovernmental matters, includes the Governors and the President (as Chairperson) and meets twice a year to discuss cooperation and policy harmonisation between governments. Additionally, the Frontier Counties Development Council (FCDC) unites seven northern counties in Kenya, which have long faced insecurity and economic marginalisation. The FCDC focuses on promoting peace through collaboration on economic development initiatives.

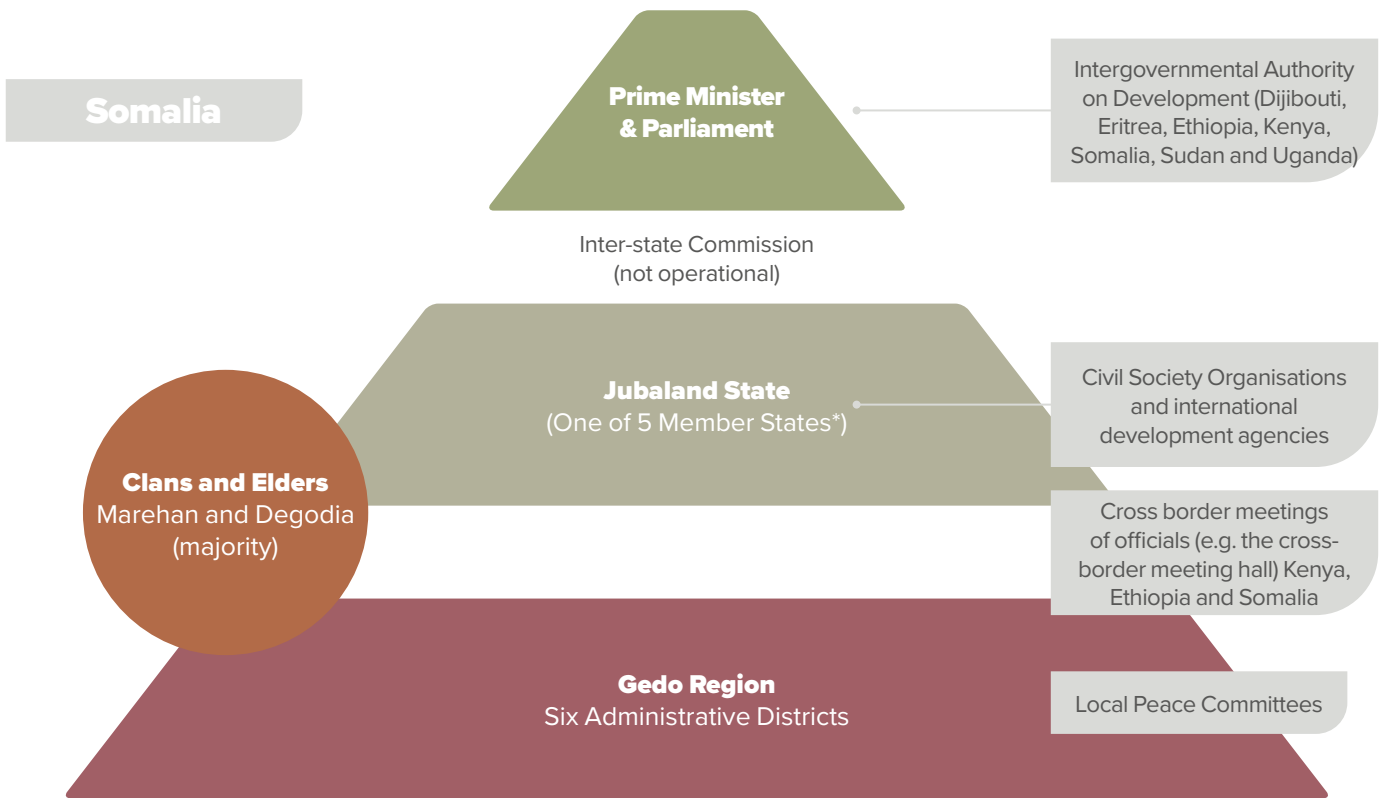
**Figure 2:** Multilevel governance in the Mandera Triangle – Ethiopia



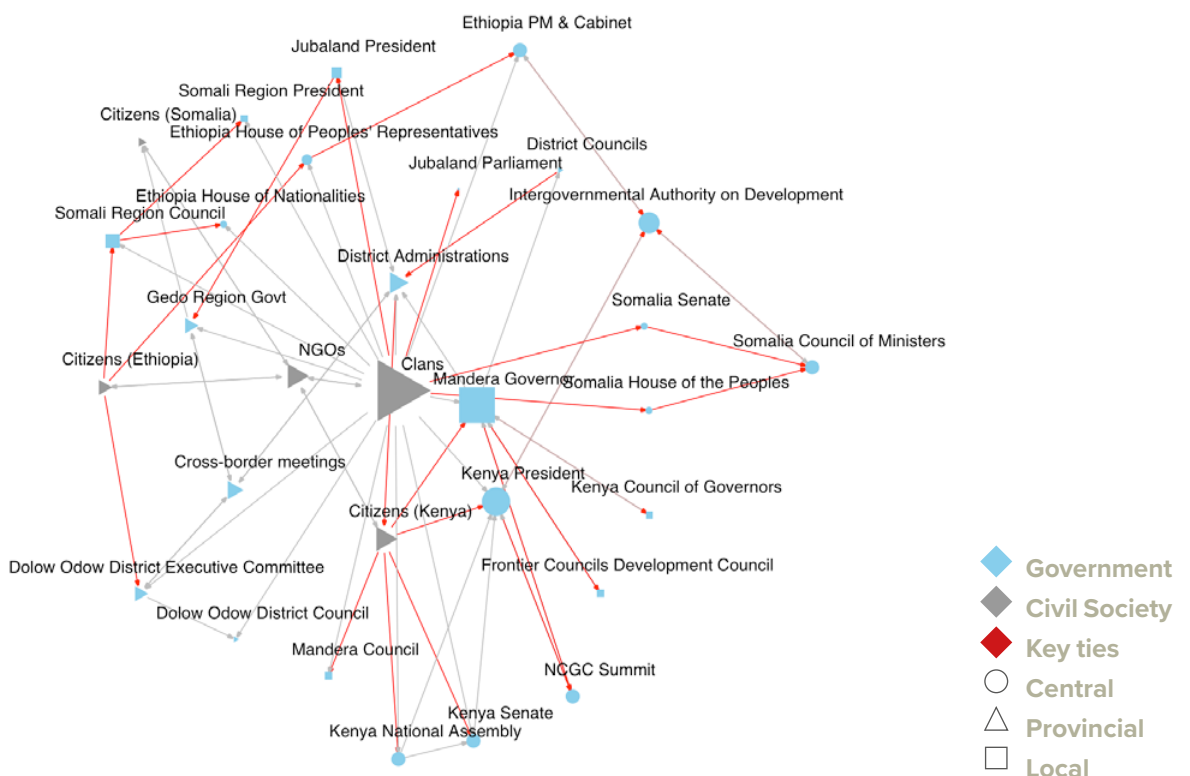
**In Ethiopia**, the Dolow Odow District is one of three woredas or districts in the Liben Zone of the Somali region of Ethiopia. Ethiopia’s federal system (see Figure 2) consists of eleven regions, each responsible for social, economic and development issues within their territories. The national government retains responsibilities for legislating all other areas, including natural resources and land. However, regional governments administer these policies and laws within their regions. Although Ethiopia’s two-tier federal system is largely top-down, the constitution mandates coordination between the central government and regional governments. In practice, relations between regions and the central government are often tense. Prior to the 2021 elections, four regions were governed by parties aligned with the ruling national coalition, while the other five were led by non-aligned ethnic parties. Tensions between

the central government and the Tigray regional government contributed to the outbreak of civil war in 2020, leading to large-scale displacement and large numbers of Internally Displaced Persons (IDPs). Intergovernmental relations mechanisms are inadequate, with several parliamentary commissions established to address challenges in the federal system. Key issues include ethnic conflict, discord among regional administrations, low capacity, central government interference in regional affairs, and corruption.

**Figure 3:** Multilevel governance in the Mandera Triangle – Somalia



**Figure 4:** Multi-level governance in the Mandera Triangle – A network perspective





**In Somalia**, the Gedo Region is part of Jubaland State and consists of six administrative districts. Somalia's federal system, defined by the Provisional Constitution, includes two levels of government: the Federal Government and the Federal Member States (FMS), which include both FMS governments and local authorities. Currently, there are five FMS: Jubaland, Southwest State, Galmudug, Puntland and Hirshabelle. Somaliland, a disputed territory, remains a point of contention between Somalia and Somaliland. Unlike in Ethiopia and Kenya, Somalia's division of responsibilities between federal and state governments is not clearly defined. The federal government retains control over national security, immigration and monetary policy. However, state governments can maintain their own police forces and policymaking on social issues like health and education is assigned to the most appropriate

level of government. A 2017 agreement on functional and revenue division did little to clarify roles. Intergovernmental relations are poorly defined, with only vague guidelines for responsibility delegation to be negotiated "in the spirit of intergovernmental cooperation". Although the provisional constitution envisions an Inter-state Commission, it has not been established. Federal monetary transfers are limited, leaving states to rely on their own revenue sources, including taxation (some states also receive foreign aid). In Jubaland, most funds are allocated to security, with minimal resources for economic and social issues. Ongoing political discussions and constitutional review process aim to address these challenges.

## 2.2. The Role of State Authorities and Intergovernmental Organizations in the Mandera Triangle

National governments exert substantial influence in the Mandera Triangle, particularly concerning security and cross-border policies. Ethiopia and Kenya have bilateral agreements that govern their cross-border relations and share the Kenya-Ethiopia Cross-Border Programme for Sustainable Peace and Socio-Economic Development, supported by the UN and both governments.

Due to significant security concerns, officials from Suftu, Balad Hawa, and Mandera regularly convene to address security threats, especially from Al Shabab. The Somali Region Liyu (Special) Police Force, comprising Ethiopian Somalis, is highly respected for its role in counterinsurgency and community involvement. Additionally, the armed forces of Ethiopia, Kenya, and Somalia contribute to the African Union Mission in Somalia (AMISOM), which aims to combat Al Shabab in the Gedo Region and maintains a significant presence in Mandera County.

Local governments in Ethiopia and Kenya play an important role in decision-making for the Mandera Triangle, leveraging their close proximity to communities and understanding of local issues within national frameworks. In Mandera County, local service institutions serve as crucial hubs for residents from all three countries.

In Ethiopia, the Administration for Refugee Affairs is crucial due to the high number of IDPs, while the Ministry of Federal and Pastoral Development and the Intergovernmental Authority on Development (IGAD) address nomadic pastoralism, cross-border mobility, coordination among governments. Furthermore, the African Union (AU) is instrumental in promoting peace in the East African borderlands and seeks Kenya's support for a new Convention on Cross Border Cooperation to better align cross-border policies.

### 2.3. The Role of Ethnic Groups, Clans, and Civil Society in the Mandera Triangle

The Mandera Triangle's key non-state actors are ethnic groups and clans, which dominate social, political, and economic allegiances. The Marehan and Garre clans are particularly involved in politics. Clan leaders hold significant sway, often surpassing formal institutions in influence. They negotiate political representatives, resolve disputes, and impact official decisions.

In Somalia, the 4.5 formula institutionalizes clan influence by allocating parliamentary seats equally among the four major clans and giving minority groups a half share. This arrangement extends throughout the executive and other branches of government. It concentrates power among a few powerful clans, leading to ethnic tensions. In the Gedo region in Somalia, conflict between the sub-clans of the Marehan clan has dominated the political arena for decades.

Extremist/terrorist groups, such as Al Shabab, also wield influence in the political arena. They control territories, operate across borders, and

impose taxes while providing services. Their influence extends to appointing "replacement elders" in local administrations, enforcing Sharia law and resolving disputes. Although Al-Shabab presents itself as a legitimate governing authority, its control is often maintained through threats and use of "brute force", creating a situation where some areas experience dual governance (ICG 2022).

Finally, various national and international civil society actors and NGOs are active in the Mandera Triangle. The Borderlands Working Group, coordinated by the Danish Demining Group, addresses development, conflict management and livelihoods in the borderland regions of East Africa. Civil society employs mechanisms such as peace dialogues, inter-religious forums, and local peace committees to promote peace, often with support from international actors like the UN, EU, ADP, and global NGOs.

### 2.4. The Significance of Customary Governance Systems in the Mandera Triangle

Traditional governance is still widely practiced in the Mandera Triangle, despite efforts to formalise administration through decentralisation. Ethnic and clan identities continue to shape social and political organisation.

Key non-state customary governance systems include Somali customary law (Xeer) and Shari'a law. Xeer is a set of norms, rules and practices administered by elders. One of its key functions is to broker and maintain peace between clans and subclans. It comprises traditional clan assemblies (Shiir), conflict resolution (Ugas) and collection compensation for harm (Diya), as well as a civil code (Dhaqasho) concerning family (xilo), private property (xoolo), territory (deegan) and hospitality (maamuus) (Le Sage, 2005, 33; Interpeace 2017). Xeer plays a crucial role in mobilising and organising the population,

determining the distribution of resources and settlement patterns, participation in trade, local decision-making, and access to positions of power.

In some cases, traditional systems maintain MLG practices of decision-making and delegation of management responsibilities, reflecting a grassroots system of local administration. Land planning at this level is often invisible to state governance structures because it is often short-term, verbal and quite flexible to adapt to changing environmental and social conditions. Traditional leaders and customary governance practices also continue to be heavily relied upon for brokering peace. Elders wield significant political authority and their roles as peace-brokers have become highly politicised. While traditional structures

can be a source of conflict, they are also central to the region's resilience, offering legitimacy in law-making, law-enforcement and service provision, enabling rapid mobilisation of people and resources. However, the relationship

between state and customary governance systems is more one of tolerance than partnership, with limited cooperation and mutual trust.

## 2.5. Key Issues, Strengths and Weaknesses of MLG in the Mandera Triangle

Efforts to integrate traditional leadership into formal state governance systems, such as clan-based electoral colleges in Somalia or clan-based federalism) have had limited success.

Customary governance remains largely informal and operates separate (or parallel) to the formal MLG systems. Devolution from the central governments to local levels has intensified inter-clan competition over power, boundaries and resources, leading to electoral violence. As a result, government focus in the region is primarily on security, with Kenya and Ethiopia increasing their military and police presence and implementing border closures. Local authorities from the three countries have also established arrangements for security and disease control. The proliferation of border towns and settlements, particularly between Kenya and Somalia, has exacerbated cross-border complexities. Despite this, cross-border resource sharing and joint initiatives are promoted by peacebuilding organisations to address inter-clan conflict. The most effective conflict resolution initiatives have been cross-border projects that address issues on both sides of the border, including relationships between people, resource management, and

social and cultural priorities. However, despite significant cross-border movement and sharing of infrastructure, markets, social services, pastureland and resources, formal horizontal governance structures between the Mandera Triangle's regions remain absent.

The coexistence of customary and state governance structures in the region has entrenched political patronage along ethnic lines. Local government regulations and boundaries are often overshadowed by traditional leaders and customary law, leading to perceptions of competition rather than complementarity between state and customary systems. State authorities frequently co-opt traditional leaders rather than collaborating as equal partners, undermining peacebuilding efforts and creating tensions between local officials and elders. While traditional leaders have strong social and cultural legitimacy, government structures hold formal authority and resources. Additionally, state laws focus on individual rights and responsibilities, whereas customary law centres around collective rights and responsibilities, with an emphasis on social justice. This creates challenges for residents whose lives are governed by both systems.

### 3. Lessons and Recommendations

Decentralisation was undertaken largely in response to clan-based conflicts in the region. The devolution of resources and authority to the local level has improved government access to the underlying drivers of key challenges in the region such as migration, health and violent conflict. However, it has also caused an increase in inter-clan conflicts by creating competition over county resources. Furthermore, while bringing authority and resources closer to citizens, decentralisation has empowered another layer of governance in the form of local authorities over existing customary governance systems. However, customary governance structures continue to enjoy legitimacy due to their accessibility and cultural relevance. In contrast, state governance systems are often viewed as inaccessible, difficult to understand and culturally inappropriate.

While the many organisations and government agencies operating in the region have increased availability of resources, “the complementary capacities of traditional institutions, governments, experts and NGOs are not yet in synergy” (Eulenberger, 2018, p. 5). Furthermore, cooperation mechanisms between the governments of Ethiopia, Kenya and Somalia could be improved.

In terms of supporting MLG processes in the Manderu Triangle, entry points for UNDP include:

1. Support the creation of dialogue forums that bring together country government officials and traditional elders, and multilateral arrangements between local officials.
2. Pilot a local area planning framework as one way to bring together officials, politicians, clan elders and CSOs to establish shared objectives and a joint implementation and monitoring institution.
3. Support development of a tripartite cross-border programme and agreements covering the Manderu Triangle, building on the Kenya-Ethiopia Cross-Border Programme for Sustainable Peace and Socio-Economic Development and

incorporating input mechanisms for civil society and cost-sharing arrangements for access to services (e.g. healthcare, education) in Manderu County.

4. Strengthen understanding of customary law and governance in the region. This could take on the form of a research project in partnership with traditional leaders to understand practices, traditional land use and borders, cultural authority, and the views and experiences of local communities.
5. Provide technical assistance to the Manderu County government to explore options to formally recognise and partner with customary governance systems.
6. Create a community of practice between UNDP, NGOs, and local and national officials to build shared understanding of best practice in supporting peaceful co-existence of state and customary governance systems at the local level.
7. Undertake mapping of informal cross-border management initiatives to identify partnership opportunities between state and customary systems.

## Key Take-Aways

- In settings where customary governance systems enjoy strong legitimacy with local communities and are preferred over formal or governmental governance or justice systems, it can be beneficial to integrate customary governance systems with formal governance systems to strengthen legitimacy and trust within local communities.
- However, this might not be desirable in cases where customary governance systems violate civic, political and human rights, for example by furthering gender inequality, (ethnic) discrimination, or physical violence, and cannot be reformed. In those settings, strengthening formal governance and justice systems to appropriately channel traditional leadership, deliver results for local communities and individuals, and provide a viable alternative may be the preferred option.
- In cross-border settings, coordination and collaboration among different countries and governance systems is essential in addressing shared challenges and needs.

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**Authors:** Michael G Breen and Anya Thomas. This case study is a result of desktop research, consultation with the UNDP and key informant interviews. Unless otherwise cited, the opinions therein are those of the author.

# Overcoming Centralization: Cooperation and Empowerment in Nepal

Asia-Pacific Region

## 1. Background and Context

Nepal, a geographically and ethnically diverse country in South Asia, is situated between China to the north and India to the south. Home to around 30.4 million people, comprising more than 100 caste and ethnic groups, speaking 123 different languages. Classified as a low-income country, Nepal has one of the lowest Human Development Index scores in Asia and has faced challenges such as civil conflicts, natural disasters, and ethnic divisions. In 1996, a civil war broke out between the state and a Maoist insurgency, resulting in the deaths of more than 10,000 people before a ceasefire was reached in 2005. A decade later, in 2015, Nepal adopted a new federal, secular, democratic constitution, formally ending its Hindu monarchy. The federalisation process aimed to restructure the state to address long-standing issues of discrimination, uneven development and political exclusion.

In 2020, Nepal was rated as Partly Free by Freedom House scoring 56/100 for its political rights and civil liberties (25/40, 31/60). It suffers from a high level of political instability at the centre (especially a high turnover of executive coalitions) and poor development and governance in the periphery. Elections are held using a mixed proportional electoral system, including quotas that together ensure a minimal level of representation for caste, ethnic and gender-based groups.

Civil society in Nepal has been highly active, particularly since democracy was re-established in 1990. By 2019, there were 49,739 NGOs registered with the Social Welfare Council, 19,396 forest user groups, more than 33,000 community organizations registered with the Poverty Alleviation Fund, and about 300,000 mother's groups, clubs and user committees formed by government ministries (British Council 2019). NGOs play a crucial

role in service delivery, advocacy, and raising awareness, though many operate informally and remain unregistered.

Nepal has a long history of centralised rule, where resources and decision-making have consistently been concentrated among a small elite, regardless of the regime type – whether authoritarian or democratic. As the country navigates its complex transformation (from a unitary to a federal system, from authoritarianism to democracy, from a monarchy to a republic, and from a religious to a secular state), the centralised mindset inherited from this history continues to be a significant obstacle to successful reform.

## 2. MLG in Nepal: Crisis Management in a System of Cooperative Federalism

### 2.1. Cooperative Federalism and Decentralized Power Sharing

Nepal established a parliamentary democracy and conducted its first elections at the national, provincial and local levels in 2017. The country has a bicameral parliament, with the upper house being indirectly elected by an electoral college composed of provincial and local representatives.

As illustrated in Figure 1, Nepal's federal set-up includes seven provinces (Pradesh) and 753 local governments, each possessing constitutional powers and operating with their own unicameral legislatures and parliamentary systems.

The 2015 Constitution aims to create a more equal and inclusive Nepal by establishing a system of cooperative federalism. The system distributes most powers among various levels of government, requiring them to collaborate effectively. To achieve this, the federal government has been working on framework or umbrella legislation to facilitate shared powers. Federalism is intended to reduce conflict, promote balanced development, and enhance public participation "by ending discrimination based on class, caste, language, gender, culture, religion, & region" (Comprehensive Peace Agreement 2006, p. 5).

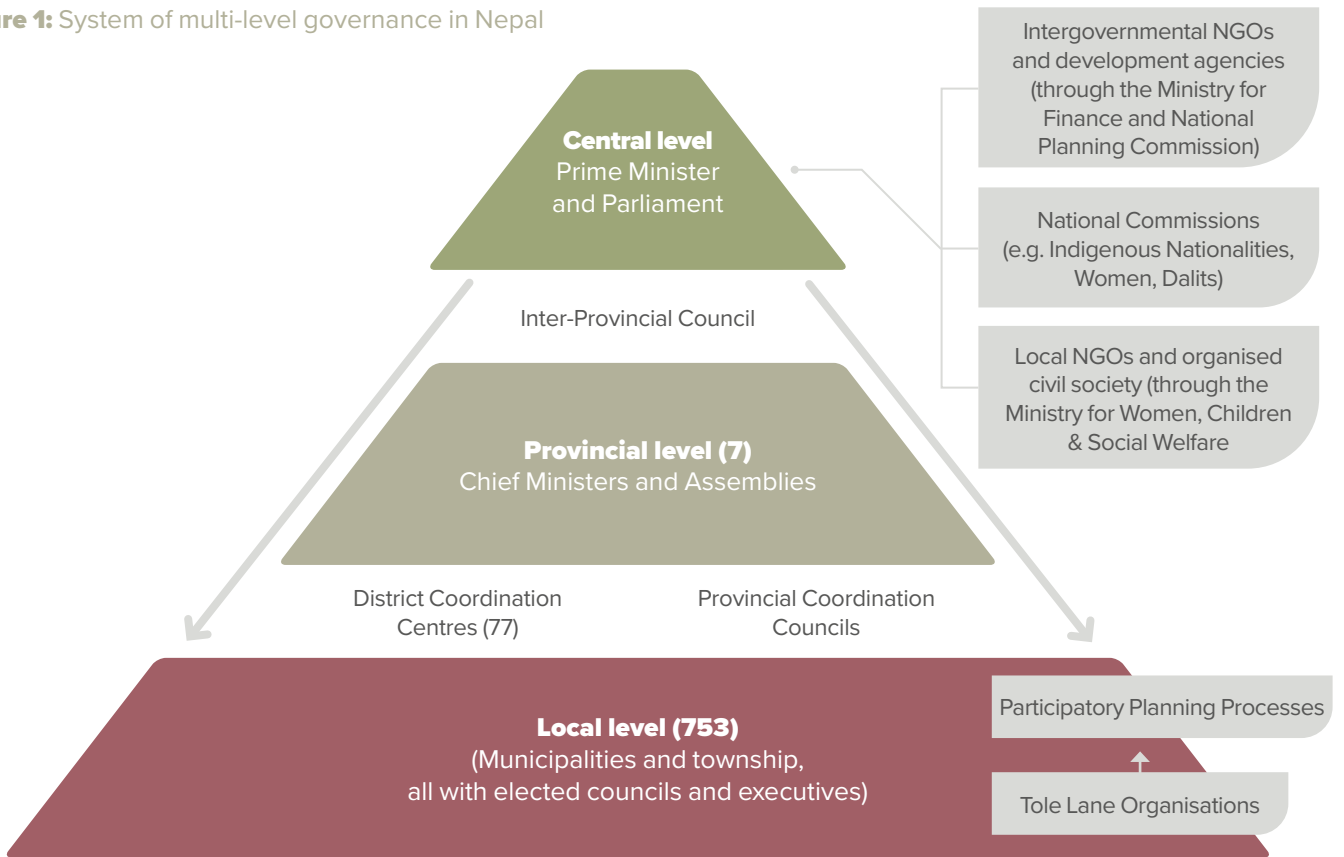
Local governments are granted exclusive power in certain areas, including basic and secondary education, basic health and sanitation, and the development of languages and cultures. They also share legislative and executive responsibilities with the central government and provinces in other areas. In contrast, provincial governments have a more limited and constrained set of powers, as illustrated by the narrowing in Figure 1.

Central-level institutions play a significant role in coordinating among local governments through District Coordination Centres and provide the majority of funding for local initiatives.

Enhanced expenditure powers at the local level under the new federal set-up require additional financial resources for local governments. Consequently, fiscal transfers increased from 5-6% to 40% of subnational revenue. The significant horizontal revenue imbalance among provinces necessitates fiscal redistribution and equalisation through conditional grants, value-added tax, and other means while the central government provides substantial grants.

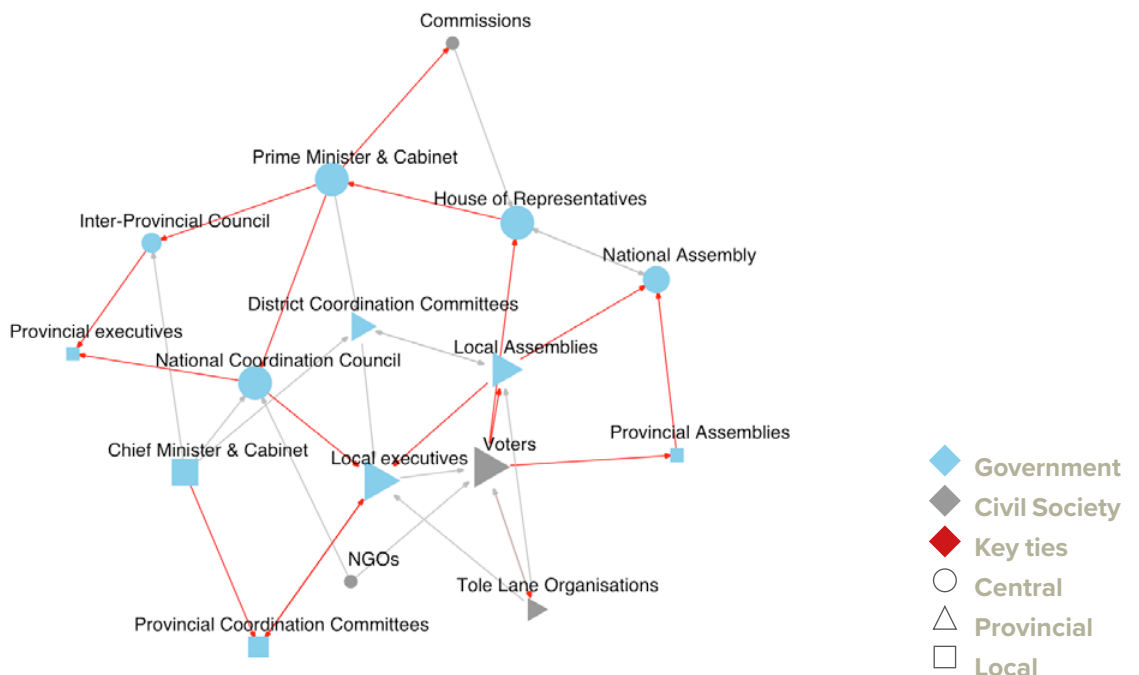
Coordination and dispute resolution between different levels of government (vertical and horizontal) are managed by several institutions, including the National Assembly, the National Coordination Council, the Inter-Provincial Council, the Constitutional Bench of the Supreme Court of Nepal, provincial assemblies, and district-level assemblies. However, the central government retains considerable coordination authority through legislation, issuing of ordinances, the side-lining of the Inter-Provincial Council, and control over District Coordination Centres and local government funding. As shown in Figure 1, District Coordination Centres, controlled by the central government, are key actors in MLG in Nepal, with the role of civil society being limited.

**Figure 1:** System of multi-level governance in Nepal



**Structure of government:**

- Parliamentary, with the Prime Minister commanding a majority in the lower house of parliament
- Federal, with three constitutionally empowered tiers of government (provincial (7) and local (753))
- Bicameral, with the upper house (National Assembly) elected by a electoral college comprising provincial and local government representatives



## 2.2. Multi-level Disaster Management in Nepal

Under the Nepalese constitution, disaster management is part of the concurrent powers of local, provincial and federal governments. Reflecting this framework, the Disaster Risk Reduction and Management Act 2017 (DRRMA) established a National Disaster Risk Reduction and Management Authority to coordinate with each government level and the community in planning and responding to emergencies. Structures to be established under the DRRMA include a Council and Executive Committee at the central level, along with provincial, district, and local committees comprised of political members, public officials, and civil society representatives.

However, this framework depends on the enactment of umbrella legislation at both the federal and provincial levels. Despite the constitution and federal law envisage an MLG approach to disaster management, the DRRMA and its corresponding structures were never fully implemented. With the onset of the COVID-19 pandemic, the federal government recentralised control over disaster

management, rather than institutionalising the structures envisaged under the DRRMA. Instead, a newly established Crisis Management Centre (CMC) was led by federal ministers and a COVID-19 Fund was created at the federal level and replicated at provincial and local levels. District-level CMCs led by federal employees further side-lined provincial and local governments.

Despite this, local governments played a significant role in the initial response to the COVID-19 pandemic, especially along the southern border with India. They managed quarantine facilities, conducted contact tracing, and provided basic services to vulnerable communities during lockdowns. However, in 2021, the President issued an ordinance to establish a new COVID-19 Board of Directors, led by the Prime Minister and including six federal ministers, the chief of the Army and the head of the CMC. Local or provincial representatives were excluded from the Board of Directors and were not consulted.

## 2.3. The Role of Civil Society and Citizen Participation in Nepal

Civil society is active at all levels and is represented in hybrid institutions such as the Social Welfare Council, which serves as a conduit for civil society input. Local CSOs and international NGOs coordinate their efforts through the federal Ministry of Women, Children and Senior Citizens to align on policy objectives and funding allocations.

The District Coordination Centres facilitate and coordinate the work of CSOs with local governments. Additionally, the federal constitution has also established several commissions that provide platforms for civil society representatives to advocate and

develop policy and programmes focused on women, Dalits, and indigenous peoples. There are opportunities for citizen participation, mostly at the local level, with participatory planning forums and street organisations being common. Local governments are also enhancing opportunities for multilingual communities to engage and participate (Bhusal and Breen 2021).

## 2.4. Key Issues, Strengths and Weaknesses of MLG in Nepal

Despite Nepal's long history of decentralisation, implementation failures, civil war and the lack of local elections during and after the civil war have left the local governments under-capacitated and marginalized.

During the COVID-19 crisis, local government played a crucial role in addressing local needs and coordinating activities. However, the federal government established centralised control mechanisms that excluded these key actors from the ground-level response. Instead, the new emergency response structure imposed a top-down hierarchical approach to disaster management, which conflicts with the constitutionally envisaged prominent role for local governments and the effective local response seen in the initial stages of the pandemic.

This highlights the long way Nepal still has to go in advancing MLG and moving away from the centralised approach of the federal government. For cooperative federalism to be effective, Nepal must make significant investments in developing collaboration mechanisms, empowering local and provincial governments, and including civil society. Another important challenge is the unclear delineation of jurisdiction among different government tiers. Overlapping functions and responsibilities, coupled with delays in the promulgation of federal legislation intended to provide frameworks for provincial and local legislation, have impeded local law-making. Additionally, local lawmakers' limited awareness of the legislative process has led to a heavy reliance on 'model laws' prepared by central ministries.

For instance, the role of District Coordination Committees (DCCs) needs clarification. They are subject to provincial legislation, which has yet to be enacted, but are composed of Mayors and Chairs of local governments, with staffing provided by the federal government. The Inter-Provincial Council and the National Coordination Council could also play a more significant role, but they have met only three times since the provinces were established in 2017. As local governments focus on tasks mandated by the central government (through conditional grants), they become less responsive to local needs and lack effective participatory mechanisms. Although opportunities for local-level participation exist, NGO activities are often coordinated through the federal Ministry for Women, Children and Senior Citizens, while donor interventions are managed by the Ministry of Finance and the National Planning Commission.

Despite these challenges, the new cooperative federalism structures have enhanced inclusion and accessibility, creating more space for diverse groups to participate, particularly at the local level. Quotas for women's participation have increased representation, although, as of 2021, only 18 of 753 local governments were led by women. However, issues of discrimination, especially against Dalits, persist and are exacerbated during crises. For instance, Dalits often suffer disproportionately during disasters and are frequently systematically excluded from relief and recovery efforts.

### 3. Lessons Learned and Recommendations

Cooperative federalism as envisaged by the constitution, requires a significant initial investment in legislative harmonisation through the development of framework or umbrella legislation. Given that fragile and crisis-affected settings may lack the initial capacity for such efforts, international development partners have opportunities to collaborate with the government on capacity-building and empowerment at various levels.

However, this requires clear delineation of roles and responsibilities. Furthermore, key institutions for negotiation and coordination at different government levels must be operational and convene regularly, rather than being subject to political fluctuations. Additionally, local and provincial governments need adequate financial resources to fulfil their responsibilities and reduce dependency on the central government. In Nepal, fiscal arrangements have often been undermined by the preference for conditional grants, which focus local governments on large infrastructure and development programmes mandated by the central government. This approach diverts local governments from addressing their constituents' needs and long-term planning.

Participatory institutions also need to be formally linked to the various levels of government to enhance accountability, inclusive planning and context-specific decision-making. This should include the involvement of subnational governments in the design and operation of crisis coordination mechanisms, recognizing their crucial role in implementation, public engagement, and local contextual knowledge.

In supporting MLG processes in Nepal, UNDP could explore the following entry points:

1. Support the clarification of roles and responsibilities for District Coordination Centres, including exploring the option of integrating them into provincial structures.
2. Assist in the development and finalisation of umbrella legislation through a collaborative process that empowers political leaders at all government levels.
3. Strengthen the capacity of national and inter-provincial coordination councils to effectively fulfil their mandates.
4. Embed technical support into local and provincial structures to build long-term capacity for political actors.
5. Develop programmes to build capacity for women and minority politicians, and their political parties, providing opportunities for leadership at all government levels.
6. Facilitate a more responsive and localised role for civil society by decentralising the relationship between CSOs, INGOs and governments.
7. Provide technical support to the National Natural Resources and Fiscal Commission to help it fulfil its mandate and support local governments.
8. Work within MLG structures, respecting the distinct roles and responsibilities of each government level, rather than working exclusively through the federal government.
9. Establish a collaborative process to update crisis management mechanisms, ensuring that provincial and local governments have a role in planning and coordinating emergency responses.

## Key Take-Aways

- While a complex system of MLG has been established on paper, it continues to operate in a centralised manner. This was evident during the COVID-19 pandemic, when a decentralised crisis management structure was replaced by a centralised, ad hoc response.
- To address this issue, cooperative structures, such as the Inter-Provincial Council, need to become operational, while actors at different levels need to be empowered and capacitated effectively execute their new responsibilities.
- Local governments, often the first responders to emergencies, typically lack the legal mandates, capacities and resources required for effective emergency response. Therefore, strong coordination and collaboration among different governance levels are crucial.
- This requires not only transferring responsibilities to subnational levels but also delegating decision-making and expenditure powers, as well as providing necessary financial and human resources.
- Rather than relying solely on top-down approaches, disaster management strategies and mechanisms should incorporate local inputs and co-create solutions with civil society, local communities, and marginalized groups to address specific needs in different contexts.

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**Author:** Michael G Breen. This case study is a result of desktop research, consultation with UNDP and key informant interviews. Unless otherwise cited, the opinions therein are those of the author.

# Innovation and Consolidation: People-Centred Public Service Delivery in Uzbekistan

Europe and Central Asia Region

## 1. Background and Context

The Republic of Uzbekistan gained independence from the Soviet Union in 1991. After a period of authoritarian rule, the 2016 presidential election initiated a process of democratisation. Despite these changes, Uzbekistan is still considered an authoritarian regime by Freedom House due to the absence of genuine opposition and executive's control over both the legislature and judiciary. Currently, only five political parties are registered, all of which support the government. While media openness has increased, civil society remains constrained.

With a population exceeding 35 million, Uzbekistan is the 42nd largest country in the world by population. The majority of Uzbeks are Muslim and there are six major ethnic groups, with more than 83% identifying as Uzbek. As a lower-middle income country with low levels of human development, Uzbekistan operates under a unitary and semi-presidential system of government. The President serves as the Head of State, while the Prime Minister is the Head of the Executive. The legislative power is vested in a bicameral system: the Legislative Chamber, which consists of elected representatives from single-member districts and the Senate of Oliy Majlis, which includes representatives elected by subnational units and those nominated by the President.

Uzbekistan has faced several crises in recent years. The COVID-19 pandemic has severely impacted the country, while environmental degradation of the Aral Sea – mainly due to over-extraction – has led to economic collapse,

water shortages and health issues. Despite remaining largely free of violent conflict since gaining independence, Uzbekistan has experienced border disputes with Kyrgyzstan, most recently in 2020, which were resolved through a border agreement in 2021. In the 1990s and 2000s, conflicts between the state and extremist groups resulted in a severe crackdown on dissidents and widespread human rights abuses. Additionally, there have been several terrorist attacks, including some as recently as 2019.

As Uzbekistan transitions from a highly centralised authoritarian regime to a democratic and multi-level governance system, the state has focused on placing citizens at the centre of its reform agenda. This includes building new systems to enhance public service delivery and developing innovative citizen-based institutions to promote transparency, accountability and policy responsiveness.

## 2. MLG in Uzbekistan: Improving Public Service Delivery Through Decentralisation

### 2.1. Decentralisation and Multi-level Governmental Coordination

Since taking office, the current President has accelerated decentralisation reforms. The Decree No. UP-5185 (8 September 2017) directed a focus on administrative decentralisation, and a further directive established ‘sectors’ for integrated socio-economic development of districts and regions (No. PP-3182).

These reforms mark a significant shift towards MLG, with three levels of government now in place: 12 regions, the Republic of Karakalpakstan, the capital city of Tashkent, and over 200 districts and cities of regional significance (see Figure 1), all further subdivided into towns and villages. In addition, citizen participation is facilitated through the longstanding citizen’s assemblies – Mahallas.

However, local governments have limited authority. According to the constitution, they must adhere to higher-level decisions (Constitution Ch. 22). Local government powers primarily cover security, development, taxes, local economy, environment, and registration of civil states acts. The Budget Code further outlines the roles of different government levels. Despite the centralised administrative structure, local governments play an important role in public service delivery. From 2013 to 2019, local governments accounted for 34% of national public spending (about 11% of GDP), with a focus on education (43%) and healthcare (21%). This highlights the need for greater local government involvement and autonomy in budget planning and revenue generation.

Although financial reforms have enabled districts and regions to take on more responsibilities for budgeting and revenue generation, intergovernmental transfers – mostly shared tax revenues – still account for

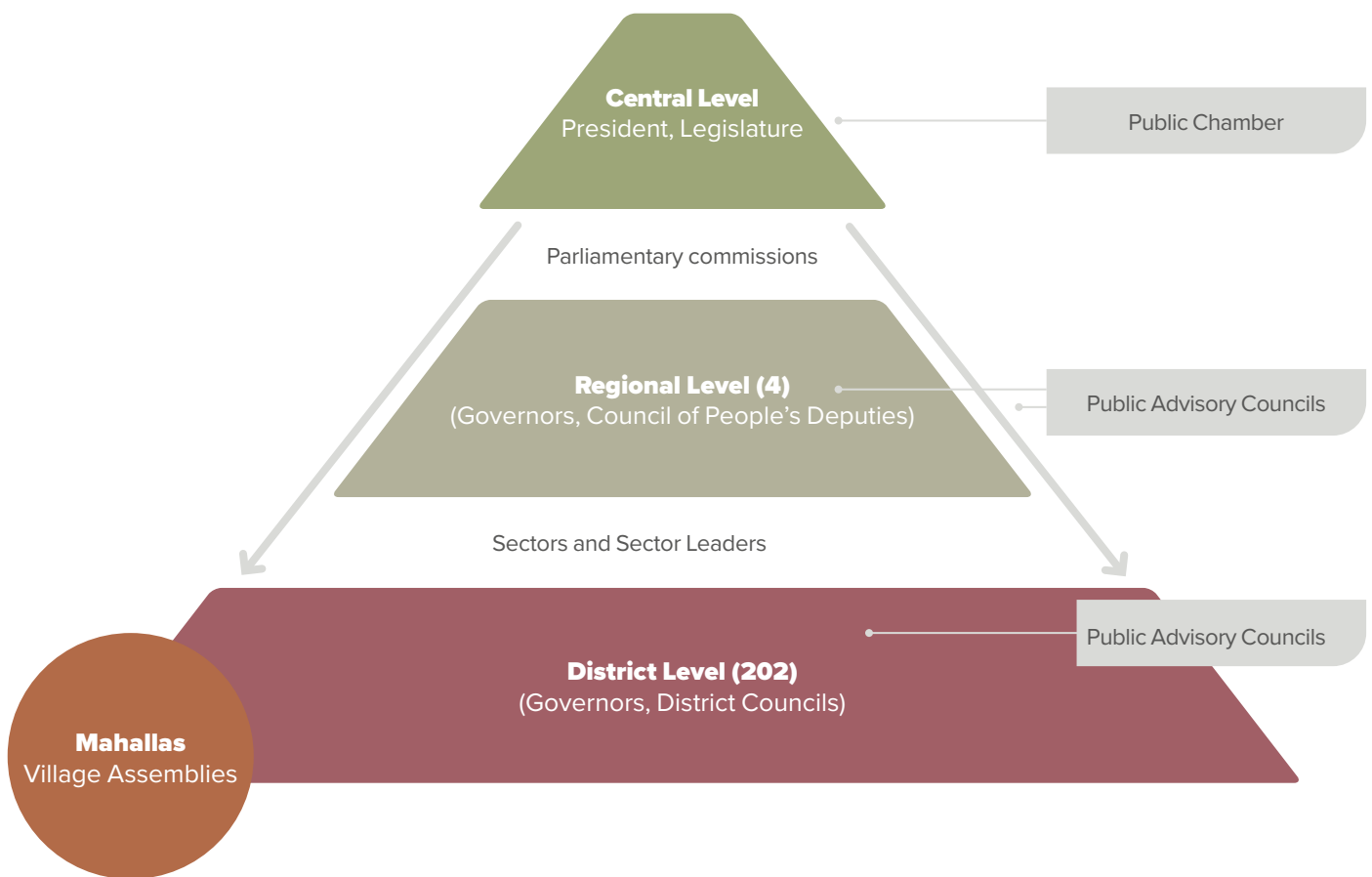
about 70% of local revenues. The planning and budgeting process remain centralized, led by central line ministries and the Ministry of Finance. Local budget preparation involves a negotiation process with the central government, where local governments can advocate for higher tax sharing rates or subventions based on regional budget projections. In particular, the Kengashes’ Standing Committee on Economic Development is responsible for the initial preparation of local budgets, working with the Department of Finance, Department of Economics, Tax Inspectorate, Chamber of Commerce and Industry and banks. Regional governments then consolidate district government requests and submit them to the Ministry of Finance.

Coordination across Uzbekistan’s governance levels is mostly top-down. As illustrated in Figure 1, the President, ministries and regional executives are the main actors in the MLG, while elected representatives and civil society have little influence. Horizontal coordination (with other agencies) at the national level is managed by the Cabinet of Ministers (central executive body), which handles cross-agency decision-making. At the regional and district levels, the Law on Local Government Authority assigns most coordination responsibilities to the regional and district assemblies (Kengashes) and governors (Khokims), who are appointed by the President and hold leadership roles in regional and district governments. Their roles include implementing laws, acts and decisions of higher-level bodies, and facilitating communication between government and CSOs. Kengashes and governors can enter contractual relationships with government bodies (e.g. ministries) to coordinate or undertake cooperative activities. Although

regional development planning processes offer opportunities for coordination, a clear mechanism for regional (area-based) planning and development is currently lacking. However, sectors for integrated social development

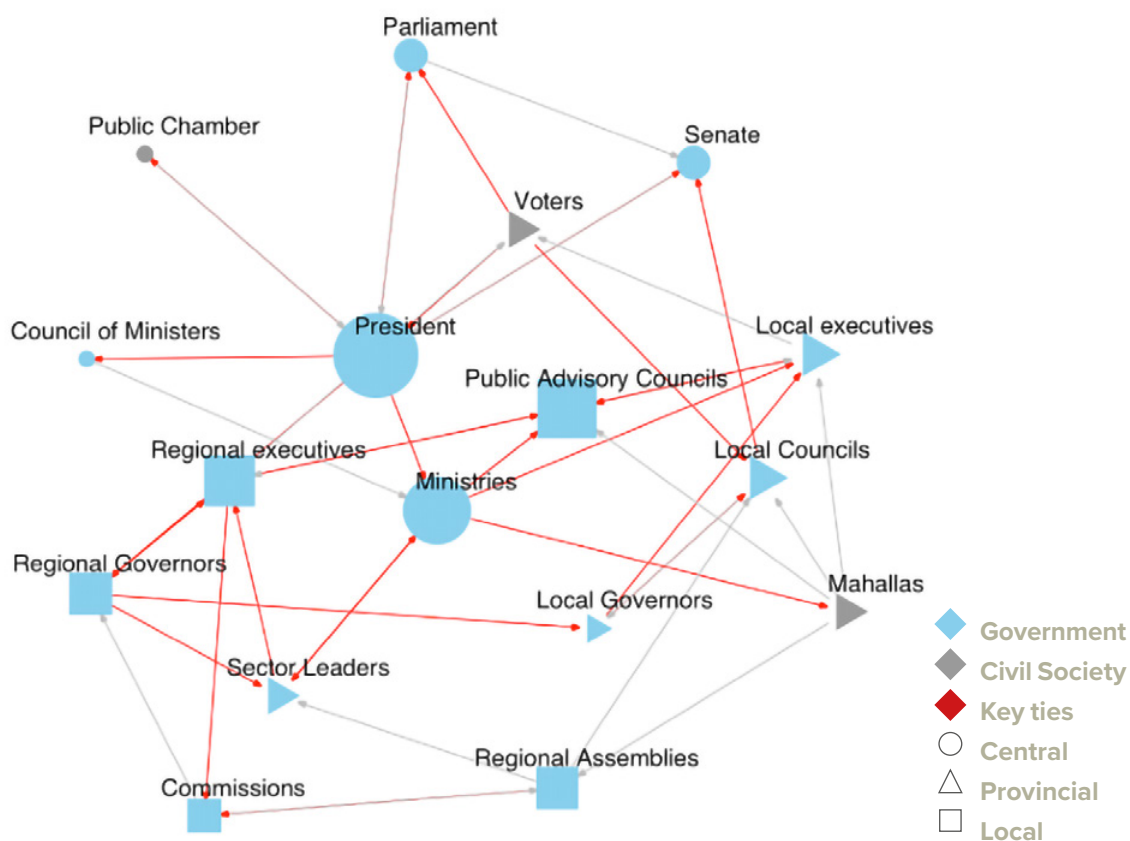
comprise governors, tax department heads, district prosecutors, and heads of district departments of internal affairs. Self-government organizations and NGOs are not included.

**Figure 1:** Multi-level Governance in Uzbekistan



**Government in Uzbekistan:**

- Presidential
- Unitary
- Bicameral Legislature
- Twelve Region plus the Republic of Karrakalpakstan and the Capital City of Tashkent



## 2.2. Service Delivery through Public Service Centres

A primary goal of Uzbekistan’s governance reforms has been to enhance the delivery of public services. Central to this effort was the establishment of the Public Services Agency (PSA) in 2017, under the Ministry of Justice (MOJ), with an aim to improve service provision through process optimization, re-engineering, and better coordination. With over 200 Public Service Centres across the country, including in remote areas, the PSA offers a one-stop shop for a range of services such as licences and permits, registrations, and other approvals. In 2022, as part of the new iteration of public administration reform, the PSA was integrated into the MOJ as a newly created Department of Public Services. Thanks to a digitalisation initiative supported by UNDP, many services are now available online. However, a significant digital divide persists, limiting the effectiveness of these services, and the majority are still provided in person.

The MOJ is the key actor in this instance of MLG. It is responsible for developing proposals, consulting and negotiating with other agencies and civil society representatives, and overseeing implementation in coordination with the central Cabinet of Ministers when necessary. Regional and district officials are engaged through Public-Private Partnerships for constructing Public Service Centres and delivering some local services through these Centres. Additionally, Public Service Centres actively engage with Mahalla representatives to support vulnerable populations in accessing services. The MOJ employs various methods to gather feedback for improving service delivery, including social media, messaging apps, and surveys. It tracks statistics on questions, comments, and complaints, and takes corrective actions as needed to address issues and enhance service quality.

### 2.3. The Role of Civil Society in Uzbekistan

CSOs in Uzbekistan began to develop after the country gained independence in 1991, with support from both the state and international organisations including UNDP. Among the most prominent civil society actors are the Mahallas.

Traditionally family-based social institutions, “assemblies of citizens in mahallas are self-governing bodies” (Article 105 of the Constitution). Having been formalized, Mahallas now have an elected leader (aksakal) and operate under state legislation and a ministry, making them hybrid of state/civil society institutions.

To enhance public oversight of state bodies, the central government established a Public Chamber at the central level and Public Advisory Councils at regional and district levels in 2020. The Public Chamber aims to foster state-society

dialogue, increase public participation, and promote civil society cooperation in achieving the SDGs. Public Advisory Councils serve as platforms for civil society and business representatives to engage in the activities and decision-making processes of subnational governments.

Additionally, public feedback is collected through a system of People’s Receptions, which are held quarterly both online and onsite by the President and Prime Minister, as well as at local levels. It has been proposed that an annual reception for business/entrepreneurs’ appeals be included as part of the KPIs for district and regional assemblies. Furthermore, a Decree from March 2021 introduced the appointment of a permanent NGO representative to participate in the sessions of the Legislative Chamber of the Oliy Majlis.

### 2.4. Key Issues, Strengths and Weaknesses of MLG in Uzbekistan

Uzbekistan’s MLG is evolving from a legacy of centralised authoritarian rule, facing both institutional and cultural challenges as it democratises and decentralises. Many citizens and officials remain hesitant to criticise the state, and command-and-control practices persist.

Nonetheless, significant reforms and innovations indicate a genuine shift towards a more inclusive MLG, characterized by increased citizen engagement, accountability, and improved services.

Local governments are taking more responsibilities, but their systems and capacities are still underdeveloped. Policies and implementation largely follow a top-down approach, and existing intergovernmental forums are often disconnected and ineffective. While citizen engagement avenues have expanded, they are largely hybrid in nature (state/civil society) and government led. Despite

strong political will at the central level, local institutional mechanisms to translate this into effective service delivery are lacking. Public Service Centres, although beneficial, remain disconnected from local councils, limiting their effectiveness. Centralized service coordination is efficient and effective, but more efforts are needed to enhance local responsiveness and accountability.

District-level executives are formally and practically accountable to regional executives, who in turn report to the central government. Despite the institutionalisation of elected legislatures, assemblies are chaired by governors appointed by regional governors or the President, making district and regional assemblies subordinate to the executive. Additionally, regional and district governments are subordinate to line ministries. The sectors for integrated social development are argued to duplicate and undermine the role of local

governments and create dual accountabilities as sector leaders also head regional branches of central ministries. This blurs accountability lines and undermines local autonomy. These accountability issues are exacerbated by a lack of transparency. The local governance law (Article 4) only requires district governors to report on their activities to Mahallas if deemed necessary, with no mandatory consultations or response. District assemblies receive reports from local heads of ministries but often follow the governor's recommendations.

Despite opportunities for participation through Mahallas and Public Advisory Councils, civil society and the non-governmental sector have limited influence on policymaking and governance. The absence of clear participation mechanisms and effective coordination between government levels and civil society often renders citizen engagement inconsequential, discouraging further involvement. Elected representatives are expected to address citizens' concerns, but work plans are predominantly determined by higher authorities, including the President and central ministries.

### 3. Lessons and Recommendations

Decentralisation in a formerly authoritarian state requires a significant cultural shift and capacity development among civil servants, political leaders and the public. People need to become accustomed to advocating for their rights, criticising the state, and exercising autonomy.

The creation of hybrid state-civil society institutions, such as the Public Advisory Councils, is a step towards empowering civil society. However, a truly independent civil society with its own institutions, influence, and resources is essential for meaningful engagement.

Citizens should be actively involved in designing policies and projects, rather than merely providing feedback on proposals or services. This involvement can be facilitated through dedicated participatory and deliberative forums and Mahallas, and district and regional planning processes. These engagement mechanisms need to be formalised, integrated into decision-making, and have tangible impacts.

Local representatives play a crucial role in gathering citizen feedback and ensuring responsiveness. They must be connected to the service delivery agencies and be able to hold the executive accountable. As decentralised institutions develop in a democratic state,

local representatives can be marginalised, and unclear and dual accountabilities can undermine their effectiveness, impeding the intended autonomy and rights of local authorities.

In terms of supporting MLG processes in Uzbekistan, entry points for UNDP could include:

1. Support district and regional executives, assemblies (kengashes), and Mahallas in designing and implementing participatory and deliberative models of citizen engagement to ensure early involvement in policy and programme development.
2. Collaborate with citizens through Mahallas, Public Advisory Councils, Ministry of Economy and Finance, and the Agency for Development of Public Service to create and implement model KPIs for local governance, regional socio-economic development, public service delivery.

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| <p><b>3.</b> Support the central government, including through technical advice on legislative reform, in clarifying and streamlining the accountability of district and regional executives and assemblies.</p> <p><b>4.</b> Design and deliver capacity-building programmes for regional and district-level politicians to enhance their ability to engage with citizens and represent their interests effectively.</p> | <p><b>5.</b> Monitor and review the functions and influence of Public Advisory Councils, investing in their continued improvement, including refining nomination processes and leadership structures.</p> <p><b>6.</b> Create and implement education programmes for the public to foster cultural change, raise awareness of rights (including gender rights), and encourage political participation.</p> |
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### Key Take-Aways

- Decentralised local service delivery can improve availability of, access to, the quality and responsiveness of inclusive public services for local communities. This is particularly important in highly centralised countries like Uzbekistan, where remote and rural areas suffer from poor levels of public service delivery.
- While Public Service Centres can improve availability of services, they can marginalise local governments if they are primarily run by federal/central-level authorities. Local governments are the primary interface between the state and its citizens and a key conduit for citizen feedback and participation, ensuring that public services are responsive to the needs of local communities. Their key role in public service delivery should not be undermined for the sake of mere effectiveness through centralised mechanisms.
- Cognisant that methods and capacities for citizen accountability and participation need to be strengthened, Uzbekistan has innovated a series of institutions to involve citizens by formalising traditional institutions (Mahallas) and establishing hybrid state-society bodies, like Public Advisory Councils, to bring citizen perspectives to the fore.
- Decentralisation in a formerly centralised and authoritarian system requires a considerable cultural shift and capacity-building for civil servants, political leaders, and the public, as well as avenues for civil society engagement.

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