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*Agenda item 3: Ensuring effective implementation of the Sustainable Development Goals
through leadership, action and means*

Local Actors and the SDGs in Arab Post-Conflict Contexts: Reflection from the Iraq Case[1]

I.   <u>Introduction</u>

1. Arab uprisings that swept across long considered stable middle –income regimes highlighted the political dangers of 'democratic deficits' and the need for redrafting social contracts. In order to guarantee citizens the rights to responsive, transparent, inclusive, and accountable governance in matters directly affecting their lives, there is increasing recognition in the region of the need to institutionalize social accountability mechanisms and reform local governance systems.[2]

2. The quest for reform, however, has often coincided with the spread of violence, conflict, and political instability. With half of Arab countries affected directly or indirectly by conflict, there is a need to examine the role of local authorities in situations of state fragility. What are the challenges and capacity needs of local authorities and communities in implementing the SDGs post-conflict? The following draws on the case of Iraq, whose decentralization experiment sheds light on the challenges of fundamentally overhauling the unitary state's structure to create a federal system in post-conflict countries with strong cultural and institutional legacies of centralization. The needs of local authorities highlighted below are pertinent, to varying degrees, to the cases of post-war Syria, Libya, and Yemen, where decentralization is considered a cornerstone of peacebuilding efforts.

II. <u>The local in the 2030 Agenda</u>

1. Absence of the "local" in the MDGs has been documented as a weakness. The 2030 agenda, in contrast, more explicitly emphasizes local actors as captured in Goal 11 on sustainable cities. Achievement of most SDGs hinges on the existence of local authorities that can effectively and equitably deliver public services, and as public institutions, they are involved in the achievement of Goal 16 on effective, accountable and transparent institutions.

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[2] World Bank, *Supporting Social Accountability in the Middle East and North Africa* (Washington DC, World Bank, 2011).

2. Given the emphasis on leaving no one behind and the integrated nature of the SDGs, localization has emerged as a key priority for policymakers. Successful progress on this front requires synergy between the national and local authorities, steady flow of financial resources, human resources capacity development, as well as access to sub-national data.

III. Overview: Decentralization in Post-Conflict Contexts

1. Decentralization is a political process that involves restructuring relations among state, society and the market, with important implications for both the role of civil society and the exercise of state power. Reform programs entail both vertical devolution of power and resources from the central state to local government structures, as well as horizontal reforms aimed at the empowerment of grassroots communities to enable them to determine, plan, and implement their socio-economic development.[3]

2. While decentralization is often emphasized as a useful power sharing mechanism integral to sustaining peace in post-conflict situations nuanced analysis suggests that it may not always serve to reconstitute state legitimacy, promote social integration, or cement the territorial integrity of the state. Rather, successful adoption of reforms depends on context specific factors particularly cultural values, political will, buy-in of the central bureaucracy, design of reforms, as well as access to resources.

IV. Arab Post-Conflict Countries: Case of Iraq

1. Iraq's a-symmetrical federal system, in which power is unevenly divided among constituent Governorates, reflected the special status of the Kurdish areas, which enjoyed de-facto autonomy prior to the adoption of the 2005 constitution.[4] Technically, the schema of decentralization allows Governorates to acquire varying degrees of autonomy and self-government, ranging from that of a federal unit to that of an administrative governorate, depending on the Governorate's aspirations for self-government. Although ratified by the popular vote, the introduction of federalism was met with fierce resistance by Sunni minority, as well as persistent concerns regarding expanding corruption as well as threats to the territorial integrity of the state.

2. The reform process has been fragmented, contradictory and subject to policy reversals. Lack of ideological consensus, gaps in legal-institutional frameworks together with struggles over power and access to oil resources, have served to

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[3] Kauzya, John-mary. "Local Governance Capacity-Building for Full-Range Participation: Concepts, Frameworks and Experiences in African Countries", Discussion Paper No. 33. New York: UNDESA 2003: 3-4.

[4] There are two tiers of decentralization in state power. The first tier entails granting full-fledged autonomy to Governorates that are organized into regions. The second tier delegates administrative powers to governorates organized outside the regions. Governorates have locally elected councils and they in turn select the local executive authority (i.e. Governor) based on majority formula or a deliberated consensus. Unlike the case of the regions, Central Government has the constitutional authority to legislate Governorate authority and sources of revenue. Although there have been a number of local initiatives for the formation of Sunni regions in the northeast and a *Shii* region around Basra, the central government has resisted the formation of regions. As a result, only the Kurdish region thus far exists.

impede initial bottom-up driven decentralization efforts spearheaded by the Governorates.[5] As a result, the state's structure has remained heavily centralized.

3. Since 2013, however, policymakers endorsed a top-down plan to push further decentralization reforms aimed at creating functioning federalism. The current government's reform package seeks to empower local authorities to extend services while reserving oversight and supervision roles to the federal government.[6] The latest push aims to specifically hasten decentralization within eight core ministries to the governorate level.[7] It has come against the backdrop of, widespread popular discontent with lack of access to public services, perception of widespread corruption, political deadlock, relapse into conflict following the rise of the ISIS, as well as the decline in oil prices.

V.   Empowering Local Actors to Implement the SDGs: Mapping Challenges

1.   *Inconsistent Legal-institutional framework:*

- Despite recent reforms empowering elected Councils to design and monitor public policies, and shifting substantial executive powers to Governors, local actors in Iraq perceive their powers as legally tenuous. Iraq's constitution does not fully distinguish between the powers of regions and regular Governorates outside the Kurdish Regional Government, resulting in considerable confusion over the exact powers of Governorates. Further compounding the picture is the fact that the constitution envisions delegation of powers across government tiers both ways. Thus, "though constitutionally enshrined, decentralization is procedurally reversible."[8]

- Despite successive reforms aimed to fine-tune the decentralization process, there remains considerable confusion regarding differentiation of administrative functions across government tiers. To address these challenges, the recently established Higher Commission for Coordination among Provinces, was tasked with resolving bottlenecks, clarifying mandates and enabling local officials to assume expanded powers. However, the Commission's own lack of legal experts, and ambiguity regarding the legal weight of its decisions, have hampered progress.

2.   *Human Resources Capacity Gaps*

- The devolution of powers to Governorates in Iraq brought to the forefront glaring capacity gaps. Local-level authorities lack experience in managing human resources, including administering salaries, hiring and evaluating performance. The problem became particularly pressing following the ouster of Saddam, with institutionalization of *mohasasa*, or ethnic quotas in public employment, and widespread fraudulent education degrees, both of which led to a drop in the performance of the civil service.

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[5] El-Meehy, Asya. Revisiting Decentralization in Iraq: Challenges and Policy Recommendations *United Nations Working Paper* (forthcoming)

[6] Government of Iraq, Prime Minister Office, General framework of the Government Program 2014-2018.

[7] Ministries of Housing and Reconstruction, Municipalities and Public Works, Health, Education, Labor and Social Welfare, Sports and Youth, Agriculture, and, even though to a lesser extent, Finance.

[8] Interview with government official Beirut July 2017. El-Meehy, Asya. Revisiting Decentralization in Iraq: Challenges and Policy Recommendations *United Nations Working Paper* (forthcoming).

- The need for capacity-building potentially opens space for implanting collaborative public service practices, by reorienting public service from focusing on hierarchical procedures, to proactively engage with stakeholders to facilitate the pursuit of SDGs, based on deliberation, participation, and mutual decision-making with stakeholders.

- Thus far, donors have played the dominant role in financing and providing patchwork capacity-building support initiatives designed to facilitate ongoing decentralization. On the longer-run, however, there is a need for developing a sustainable capacity-building framework, in order to provide coherent systematic technical and operational advisory support to bureaucrats at both the federal and local levels. Further, promoting the shift towards new public governance at the sub-national level, necessitates transformative leadership at the center, and involvement of local managers in macro-strategic planning processes.

3. *Vertical integration*

- Efficient planning and implementation of the SDGs requires synergistic relations and vertical integration between the federal and sub-national tiers of governance. Evidence from the field, however, points to several weaknesses on this front. Indeed, the national structure for SDGs planning in Iraq currently excludes the Governorates, a situation that hinders sound goal setting. As well at the level of implementation, the ability of local actors to pursue SDGs is hindered by prevailing turf-wars with federal agencies. Within the bureaucracy, decentralization continues to be resisted as potentially undermining the power of central government agencies.

4. *Horizontal Decentralization*

- Successful localization of the SDGs demands deepening links between local governments and the citizenry, or pursuing horizontal decentralization reforms. However, Iraq lacks well-developed collaborative structures because reforms have focused on transferring powers only to the Governorate level. Indeed, at the local levels of districts (*qadaa*) or sub-districts (*nahyaa*), which constitute the interface between the state and local communities, there have been little devolution of power. As a result, consultation with local actors has been done on ad-hoc basis.

- There is a need for establishing viable participatory mechanisms with grass-root local actors enabling local decision-makers to appropriately assess local economic, environmental and social conditions in the design and implementation of public policies. Building effective inclusive structural arrangements that bring together the stakeholders in the private sector, in civil society and the local governments themselves, is necessary[9], and should not be restricted to the level of Governorates.

5. *Access to Resources*

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[9] Kauzya, John-mary. "Local Governance Capacity-Building for Full-Range Participation: Concepts, Frameworks and Experiences in African Countries", Discussion Paper No. 33. New York: UNDESA, 2003.

- Fiscal centralization has continued to be a barrier to empowering local actors to pursue the SDGs. Strong resistance from the Ministry of Finance at the center to decentralizing public services, and meagre investment allocations to the Governorates and Kurdish Regional Government (KRG) estimated at less than 6% of the total 2016 investment budget have slowed decentralization on the ground. This has heightened tensions and undermined the credibility of reforms in the eyes of the citizens.

- In the case of Iraq, given the breadth of local government powers, the ability to levy taxes, and raise revenues is vital for the success of its decentralized governance model. Responsiveness of local public services to evolving needs on the ground, necessitates adequate flexibility in expenditure powers. Financing systems ideally should also place funds at the local level such that, the needs of the local communities are not just met, but also opportunities are provided to develop revenue generation and financial management capacity.

- Appropriate mechanisms to ensure fair distribution of shared oil and gas revenues among Governorates are as well much needed. This is particularly the case as the distribution of resources thus far, including the official designation of 17% of the federal budget to the KRG, has been based on estimates and political bargains rather than accurate population census or sub-national spatial data on deprivation levels. UN recommendations on natural resource revenue sharing are pertinent to Iraq given the country's high dependence on oil.