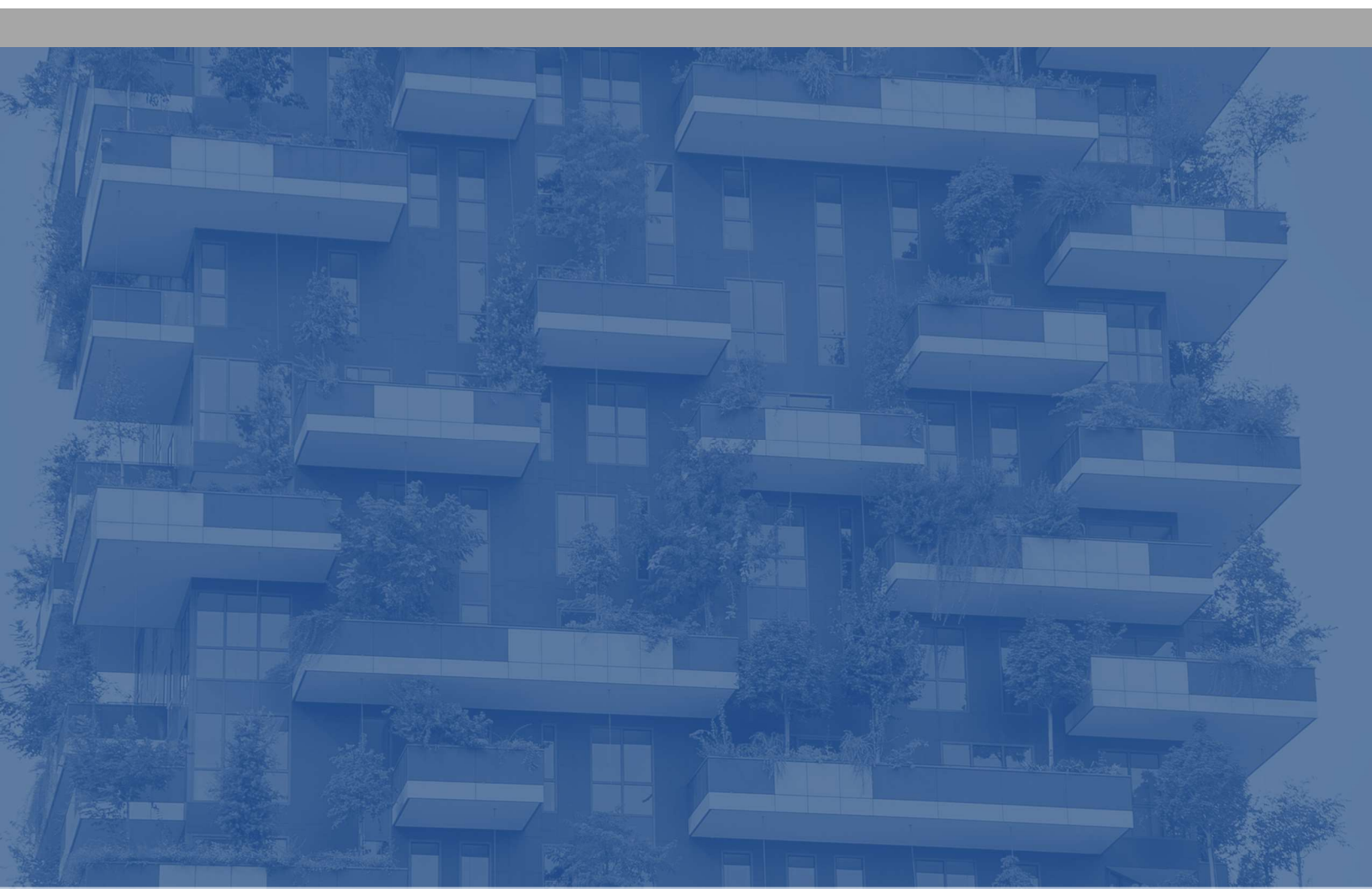




Guidance Note: Preparing a LoGICA Intergovernmental Profile



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Guidance Note: Preparing a LoGICA Intergovernmental Profile

1. Introduction

1.1 Objective of the LoGICA Intergovernmental Profile

In countries around the world, subnational governments and other local public sector entities are responsible for delivering the public services that people rely on day-to-day: schools for their children, public health services, access to clean water and sanitation, road infrastructure to get people to jobs and goods to markets, and so on. Although these public services align with global development objectives and national priorities, the provision of these public services are fundamentally local in nature.

As the governance levels closest to the people, subnational governments and subnational administrative units should be highly inclusive, responsive, and accountable to the priorities and needs of their constituents. In practice, however, the ability of subnational officials to respond to the needs of their constituents—by delivering inclusive and effective public services; by promoting local economic development and job creation; by engaging in urban resilience and local climate action; and by ensuring inclusive governance and social inclusion—depends on the general amount of power, responsibility, and resources provided to subnational governance institutions.

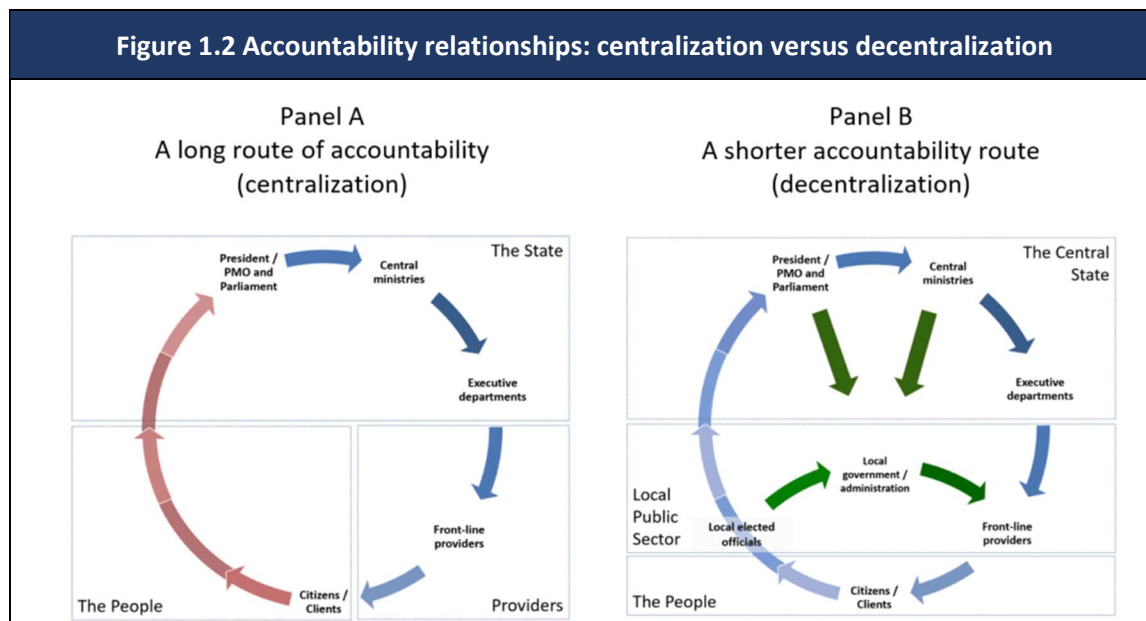


The LoGICA Framework aims to inform country level policy debates and reforms on decentralization and localization, by ensuring a better understanding of the exact nature of a country’s multilevel governance arrangements, and by placing each country’s experience in a comparative global or regional context.

The Local Governance Institutions Comparative Assessment (LoGICA) Framework provides a diagnostic framework to evaluate the multilevel governance structure of a country, in order to assess the subnational institutions that contribute to inclusive governance, effective public service delivery and sustainable localized development.

1.2 The impact of subnational governance institutions on inclusive governance and sustainable development

The global challenges that countries face in the twenty-first century cannot be dealt with by any single government level alone. Although central governments have inherent advantages in terms of decision-making power, administrative capacity, and financial resources, a centralized system—where the central government has a monopoly over the provision of public services—runs the risk of resulting in the inefficient use of public resources and unresponsive public services. In centralized countries, the long chain of accountability relationships between citizens and central policy makers makes it almost impossible for people (citizens, taxpayers, and clients of public services) to have their voices heard or to hold the central government accountable for its performance (Figure 1.2, Panel A). When certain conditions are met, however, the establishment or increased reliance on democratically elected local governments can enhance the efficiency of the public sector as a mechanism for inclusive and responsive collective decision-making and service delivery by “bringing the public sector closer to the people” and shortening the route of accountability between the people, public sector decision-makers, and service delivery providers (Panel B).



Decentralization should not be seen as a panacea. Although “bringing the public sector closer to the people” through devolution can shorten the accountability route between the people and their elected representatives, the benefits of devolved governance do not automatically appear simply as a result of the establishment of elected local bodies. Instead, subnational governance institutions need to be provided with appropriate levels of discretion, incentives, capacity, and accountability, while multilevel governance systems have to be carefully calibrated across their political, administrative and fiscal aspects. In fact, in countries where decentralization efforts have been pursued in an incomplete or unbalanced manner, ineffective multilevel governance systems and weakly empowered subnational governments provide a binding constraint to inclusive governance and sustainable development in a wide range of development endeavors. Weakly empowered subnational governments are often hamstrung in their efforts to strengthen residents’ access to basic public services and economic opportunity; to combat urban crowding and congestion; address climate change and environmental stewardship; or to promote women’s economic empowerment, to name of few.

In response to the grand challenges faced by public sectors around the world, inclusive and effective multilevel governance systems—and empowered subnational governments—are needed to ensure that stakeholders at all levels of society can work together to collectively solve these challenges. There are strong links between the list of characteristics that empowered local governments are expected to possess and the chain of assumptions in the devolved “route of accountability”. For instance:

- If a local governance institution is not a corporate body with its own authoritative decision-making power, local leaders are not able to respond to their local constituents by advancing community priorities with respect to public service delivery, taxation, or other aspects of subnational administration and regulation.
- If the local political leadership is not elected or does not have autonomy or authoritative decision-making power, local constituents cannot hold locally elected leaders accountable for their decisions or performance.
- If locally elected leaders lack control over the officers and staff that manage the local administration and deliver local services, local leaders are unable to hold these officers and staff accountable for their performance (and in turn, local constituents would be unable to hold their local leaders accountable).
- If locally elected leaders are unable to prepare, adopt, and implement their own budget decisions, local leaders are unable to direct and implement their own decisions and programs (and thus, again, local constituents would not be able to hold them accountable if their priorities are not addressed).

In order to achieve a degree of clarity about the true nature of local governance institutions in different countries, the Local Governance Institutional Comparative Assessment (LoGICA) framework allows subnational (regional or local) governance institutions to be classified into one of six different categories, ranging from subnational governments with extensive autonomy and authoritative decision-making power over a wide range of functions (“extensive devolution”) to subnational governance institutions that are not legal, administrative or fiscal entities in their own right, or entities which lack political, administrative and/or fiscal powers. As a result, the LoGICA

assessment allows policy makers and other stakeholders to distinguish between highly devolved local government institutions—which are typically empowered to respond to the needs and priorities of local constituents—from local institutions that are less empowered to do so.

1.3 Subnational governance institutions *versus* subnational governments

A clear distinction should be made between subnational govern**ance** institutions—a general term capturing different types of subnational public sector institutions—and subnational govern**ment** institutions, which are subnational institutions that adhere to a number of specific institutional characteristics.

The LoGICA framework defines subnational governments as:

corporate bodies (or institutional units) that perform one or more public sector functions within a subnational jurisdiction and that have adequate political, administrative, and fiscal autonomy and authority to respond to the needs and priorities of their constituents.

This definition implies that regional and local governments—as corporate bodies or institutional units—have a degree of institutional autonomy and authority, including the ability to own assets, raise funds, and engage in financial transactions in their own name. Subnational governments should also be able to appoint their own officers, independently of external administrative control. An important reason for conducting a LoGICA assessment is to assess whether the nature of subnational governance institutions in a country empowers them to engage in inclusive governance, to deliver responsive public services, and to champion localized development.

That said, the LoGICA Framework does not assume that a more devolved or empowered subnational public sector is *necessarily* more effective, more efficient, or more desirable than a well-functioning centralized public sector. Given the state of a country’s political, social and economic development, and given the state of public sector development, policy makers may opt to pursue localized services and development through other mechanisms, such as deconcentration or vertical sector programs. However, as countries urbanize and their economic systems evolve over time, it is expected that, under the right conditions (e.g., an appropriate multilevel governance structure or architecture; political arrangements that ensure subnational inclusiveness, responsiveness and accountability; adequate subnational administrative capacity; adequate financial resources; effective intergovernmental coordination; and engaged citizens and civil society), a greater degree of political, administrative, and fiscal decentralization is likely to facilitate the objective of a more resilient, inclusive, sustainable, and efficient public sector.

Regardless of the nature of the multilevel governance system, it is critical to understand the exact nature of subnational governance institutions and *de facto* functional responsibilities in a country. Without achieving a clear consensus on the nature of multilevel governance systems and subnational governance institutions, it is impossible for policy makers to improve the effectiveness with which subnational governance institutions can engage as empowered development actors.

1.4 Overview of the LoGICA Intergovernmental Context / Profile

A complete LoGICA Assessment for a country consists of three elements: (i) a LoGICA Intergovernmental Context; (ii) a LoGICA Country Profile; and (iii) a LoGICA Score Card.¹ The LoGICA Intergovernmental Profile is an abridged version of the LoGICA Intergovernmental Context. The LoGICA Intergovernmental Profile offers a good entry-point into the LoGICA Assessment framework.

This guidance manual provides detailed guidance on how to complete a LoGICA Intergovernmental Profile. This manual may also be used as basic guidance to complete the somewhat more complete LoGICA Intergovernmental Context. Whenever necessary, this guide identifies the slight differences between the two instruments.

As part of the LoGICA Framework, the LoGICA Intergovernmental Context—as well as the abridged version, Intergovernmental Profile (IGP)—explores the basic nature of the subnational public sector in a country by exploring its multilevel governance systems, thereby providing a foundation for a deeper understanding of the subnational public sector (including subsequent questions, about the extent to which subnational officials are empowered to respond to the priorities of their constituents), by raising four questions:

1. What is the country's constitutional / legal / policy context for subnational governance?
2. What is the subnational governance structure of the public sector?
3. What is the nature of subnational governance institutions at different levels and tiers of the public sector?
4. What is the assignment of functions and service delivery responsibilities across different levels and tiers of the public sector?

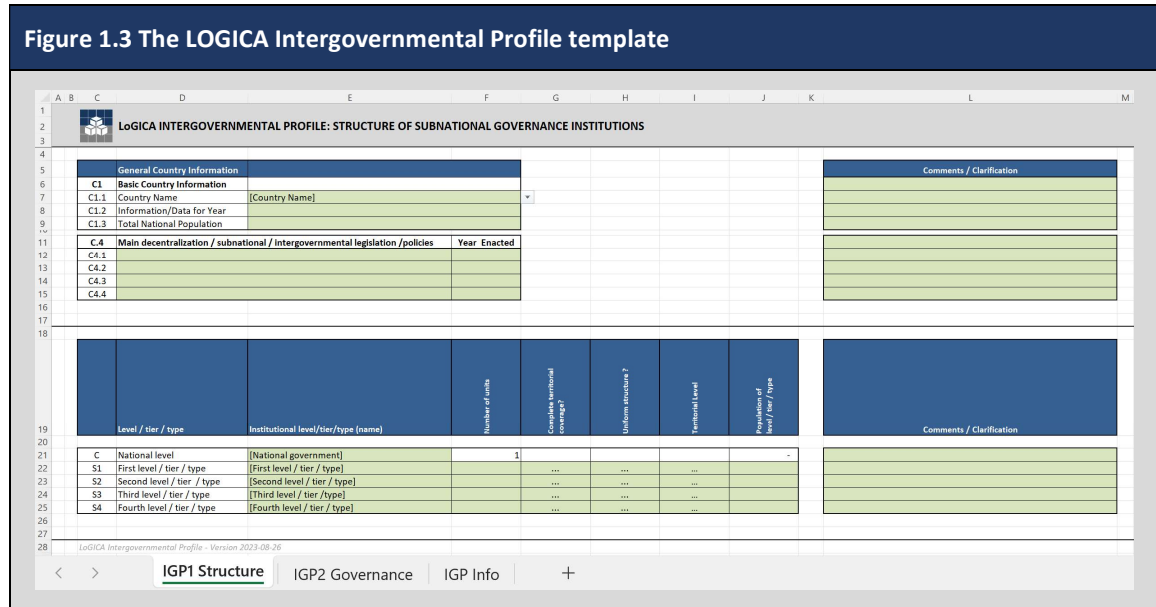
The LoGICA framework is completed using an Excel-based template. When preparing the more comprehensive LoGICA Intergovernmental Context, each of these four questions is explored in its own worksheet:

1. Basic Country Information (General)
2. LoGICA Subnational Governance Structure (Structure)
3. LoGICA Nature of Subnational Governance Institutions (Governance)
4. LoGICA Functional Profile (Functions)

The Excel workbook for **LoGICA Intergovernmental Profile (IGP)** is somewhat more condensed (Figure 1.3): the country background and subnational governance structure are contained in the first worksheet (IGP1), whereas the nature of subnational governance institutions is contained in

¹ Details about the full LoGICA assessment (including the Country Profile and Score Card, which are contained in the same Excel workbook as the Intergovernmental Context) are not covered in this guidance manual. More information about the complete LoGICA assessment process is available online at <http://www.decentralization.net/resources/logica-framework/>.

worksheet IGP2. An abridged version of the LoGICA functional profile is contained in worksheet IGP3. This last worksheet may be hidden in the Excel IGP template in order to focus the assessor’s attention of the most important worksheets (IGP1 and IGP2), both of which need to be completed in order to assess a country (or region’s) *State of Local Governance Institutions*.



In addition to the main worksheets, each LoGICA template has an ‘Info’ worksheet to be completed by the assessor. The ‘Info’ worksheet provides information about the assessment process and contains an abstract of the Intergovernmental Profile (which is used to prepare the online intergovernmental profile). The workbook contains a number of additional hidden worksheets which assist in the assessment process.

It should be noted that while the **LoGICA Intergovernmental Profile** provides an entry point or foundation for understanding a country’s multilevel governance structure but—by itself—does not provide a comprehensive picture of multilevel governance and subnational governance institutions in a country. While the LoGICA Intergovernmental Profile focuses on capturing the basic institutional nature of subnational governance institutions, it does not provide an in-depth exploration of its functional responsibilities, nor of the nature of its political, administrative, fiscal systems.

In order to more fully explore these different aspects of multilevel governance and subnational governance institutions in a country, the assessor is encouraged to prepare a more detailed **LoGICA Country Profile**.

2. Completing the LoGICA Intergovernmental Profile: General guidance

The LoGICA Assessment Framework is an open methodology for all to use. All materials needed to complete an LoGICA Intergovernmental Profile are contained in this manual, including the Annex. Further information may be available on the website of the Local Public Sector Alliance at: www.decentralization.net/resources/logica-igp/.

Unlike many existing diagnostics or data sets of subnational governance institutions, the LoGICA Intergovernmental Profile seeks to incorporate all types of subnational governance institutions at all main territorial-administrative levels or tiers. As such, the Intergovernmental Profile should include devolved local government levels as well as deconcentrated administration tiers. If devolved local governments operate side-by-side with deconcentrated administration, the profile should capture both. If special-purpose subnational governments play an important role in the public sector, these should also be included in the Intergovernmental Profile.

The LoGICA Intergovernmental Profile explicitly recognizes that some subnational governance institutions are more empowered than others. Not all local or regional governance institutions are alike. Empowered local governance institutions and local officials can play an important role in achieving resilient, inclusive, sustainable, and efficient and equitable development if they are institutionally empowered to make authoritatively binding decisions. The role of less empowered local leaders is often smaller. As such, it is hard to define a clear role for local governance institutions if we do not make a distinction between local governance institutions on the basis of their institutional, functional, political, administrative or fiscal empowerment. The LoGICA subnational institutional typology provides a clear scheme for classifying different types of subnational governance institutions. Understanding the typology of subnational governance institutions is a fundamental building block for exploring inclusive governance and sustainable service delivery and development.

The LoGICA framework should describe the actual (de facto) situation rather than the legal (de jure) situation. Unless otherwise indicated, the Intergovernmental Profile should be based on the actual or *de facto* situation in a country, rather than merely describing the legal (or *de jure*) situation. The assessment should be based on how the multilevel governance system *actually* works, not based on how it *should* work according to the law, or based on policy ambitions. When relevant, it is imperative to note (in the comments/clarification section) the differences between the *de jure* and *de facto* situations, as the existence of a gap between the two tends to weaken local governance and contributes to inefficient localized services.

Follow guidance strictly to ensure accuracy and comparability. In order to achieve an assessment that is meaningfully comparative across different country systems, it is important for the assessor to apply a consistent, strict and unbiased interpretation of the assessment indicators. For instance, the response “Yes” should only be selected when the indicator / question (or every part of the question) can be answered affirmatively, without further qualification. When this is not the

case, the appropriate answer is typically “No”, and further clarification should be provided as to why the indicator question is not—or only partially—true. Only truly minimal exceptions should be tolerated, and when they exist, they should be clarified in the comments/clarification section.

The comments/clarification section in each worksheet should be used whenever a response should be qualified. The IGP Excel template is set up to collect all comments and clarifications in a short ‘IGP Country Notes’ document. Alternatively, the assessor is encouraged to prepare a short narrative Intergovernmental Profile using the LoGICA Country Brief format. As such, the *clarifications* to categorical responses (Yes/No, etc.) are as important as the categorical responses themselves.²

Completing the ‘Info’ worksheet. Please also complete the ‘Info’ worksheet, which asks the assessor about the completion of the LoGICA Intergovernmental Profile. The Info worksheet further asks the assessor to provide several paragraphs of narrative description of the multilevel governance system (LoGICA Assessment Abstract).

Quality Assurance Review. As part of its backstopping role, and in order to ensure the reliability and validity of the information and comparative data generated by the LoGICA framework, the Local Public Sector Alliance Secretariat ensures the quality of LoGICA Assessments by providing in-depth Quality Assurance Reviews of draft LoGICA reports prepared in accordance with the Framework. Completed LoGICA Intergovernmental Profiles should be submitted by email at logica@decentralization.net.

Upon review, all approved LoGICA Intergovernmental Profiles will be made available on the Local Public Sector Alliance website at www.decentralization.net/countries/.

The LoGICA Intergovernmental Profile is only the beginning. There are many questions that the LoGICA Intergovernmental Profile does *not* answer about a country’s multilevel governance system or about the way subnational institutions operate. For a more in-depth assessment, please complete the LoGICA Country Profile and/or the LoGICA Score Card. When more in-depth LoGICA Assessments are done, the additional country assessment results will be added to the country’s online LoGICA Country Profile.

Excel and File naming convention. Certain portions of the Excel template are locked, in order to facilitate the extraction and management of data. Please do not unlock the Excel template.

When submitting an Intergovernmental Profile to the Local Public Sector Alliance, please name the relevant Excel file ‘LOGICA_IGP_CCCYEAR’ where CCC is the country’s three-digit ISO 3166 country code and year is the four-digit year. If a Word/PDF report is submitted, the report should use the same naming convention.

² For instance, the response to the question “Is the United States of America fully sub-divided into States?” should technically be “No” as the Federal Capital District (Washington, D.C.) is not considered a state. However, 99.8% of Americans live in one of the country’s 50 States, and the District of Columbia has the same institutional governance characteristics as a state. As such, with this qualification made in the Comment/Clarifications section, the most accurate response would be “Yes”.

Questions? Concerns? Please contact the Local Public Sector Alliance Secretariat by email at logica@decentralization.net with questions of concerns about the completion of the profile.

3. General Country Information

The first segment or worksheet of the LoGICA Intergovernmental Context requests the assessor to provide general country information, including information about the constitution / legal / policy framework surrounding subnational governance and intergovernmental relations.

In the full version of the *LoGICA Intergovernmental Context* (Figure 3.1), the General Country Information segment is included as a separate worksheet (worksheet “1 General”). In the abridged *LoGICA Intergovernmental Profile*, selected country background questions are contained in worksheet *IGP1*, together with the subnational governance structure (as shown in Figure 1.3).

Figure 3.1 General Country Information

LOCAL GOVERNANCE INSTITUTIONS COMPARATIVE ASSESSMENT (LoGICA) INTERGOVERNMENTAL CONTEXT: GENERAL COUNTRY INFORMATION			
General Country Information			
C1	Basic Country Information		Comment / Clarification / Source
C1.1	Country Name	[Country Name]	
C1.2	Information/Data for Year	[Year]	
C1.3	Total National Population		
C1.4	Percent Urban Population		
C2 Central Public Sector Information			
C2.1	Administrative tradition		
C2.2	System of government	...	
C2.3	Competitive elections at national level?	...	
C2.4	Parliament structure	...	
C2.5	Election of parliament (general assembly / lower house)	...	
C2.6	Election of parliament (upper house), if any	...	
C3 Framework guiding subnational public sector and intergovernmental relations			
C3.1	Intergovernmental political structure?	...	
C3.2	Overall territorial-administrative structure	...	
C3.3	Is the subnational structure uniform across urban and rural areas?	...	
C3.4	Are there (other) asymmetries in the structure of the subnational public sector?	...	
C3.5	Recognition of principles of autonomy and subsidiarity?	...	
C3.6	Clear and consistent assignment of the powers?	...	
C3.7	Formal mechanism for intergovernmental coordination?	...	

The **General Country Information** segment serves to capture basic country background information needed to understand the country’s multilevel governance structure, intergovernmental systems, and subnational governance institutions.

Answers to the questions or indicators in this segment of the *Intergovernmental Context / Profile* should be quite straightforward. If there is any lack of clarity or confusion of the input being sought, the main LoGICA Framework document (Annex 1) provides highly detailed guidance for every single question or assessment indicator.

The assessor is asked to carefully document the information and data sources used in the completion of the Profile. These information sources, along with any additional information, comments, or clarification should be added in the relevant column.

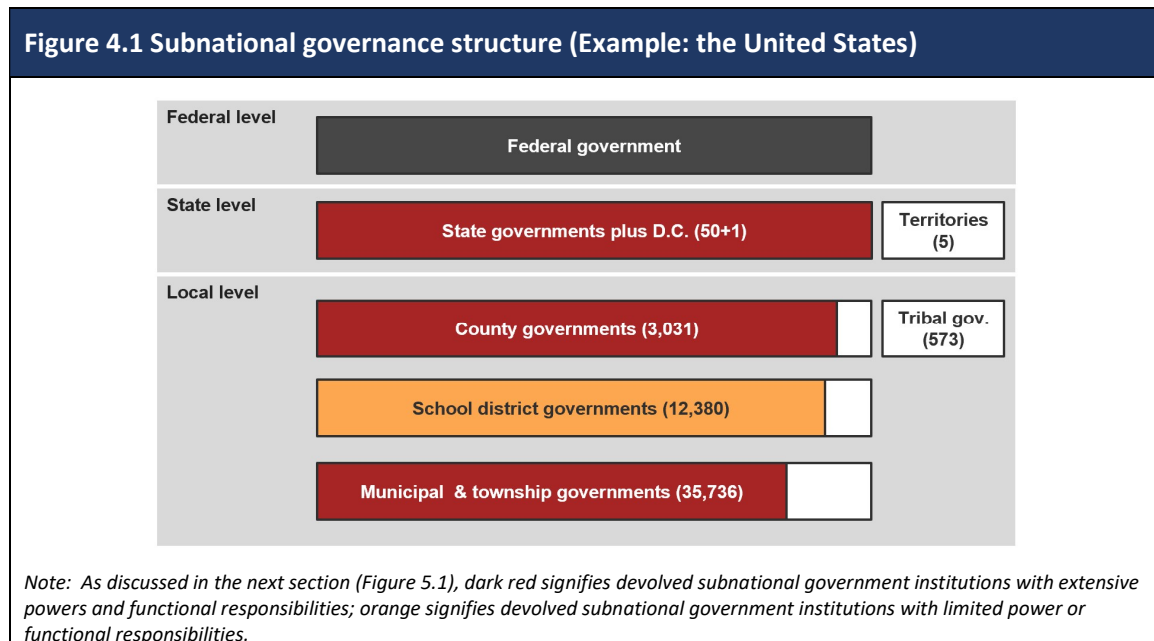
4. Subnational Governance Structure

4.1 Objective of the Subnational Governance Structure

After completing the General Country Background, the country's **Subnational Governance Structure** is the focus of the second segment of the LoGICA Intergovernmental Profile. This segment of the Intergovernmental Profile is identical to the subnational governance structure worksheet contained in the complete LOGICA Framework.

The LoGICA Subnational Governance Structure segment serves to capture the vertical or subnational governance structure of a country, including the number of levels or tiers of the public sector and the number of governance units or jurisdictions at each level. (Details about the nature of subnational institutions are assessed in the next segment of the profile). Information about a country's subnational governance structure is required to understand and assess the extent to which the country's multilevel governance structure and intergovernmental systems enable and empower subnational governance institutions to contribute to inclusive governance, effective public service delivery and sustainable localized development. For instance, knowledge about the number and size of subnational jurisdictions determines whether or not subnational governance institutions at each level are able to perform certain functions in an inclusive and efficient manner.

Figure 4.1 provides an example of the visual presentation of a country's subnational governance structure.



It would be appropriate for a LoGICA Intergovernmental Profile to be accompanied by a diagram of the country's subnational governance structure (to be prepared in PowerPoint). As such, this guide for the preparation of LoGICA Intergovernmental Profiles is supplemented by a number of PowerPoint-based templates. Depending on the exact nature of the public sector structure, a more detailed organizational diagram may be required.

4.2 Background information on subnational governance and territorial-administrative organization

The concept of subnational governance structure falls in between two existing concepts: a country's territorial-administrative structure and a country's subnational government structure.

Almost every country in the world has territorial-administrative subdivisions, which form the basis for the different subnational governance levels or tiers of the public sector.

Box 1. Secondary information sources on (territorial-)administrative divisions of countries

- International Standards Organization – Iso Standard 3166-2:
https://en.wikipedia.org/wiki/ISO_3166-2
- Wikipedia – List of administrative divisions by country:
https://en.m.wikipedia.org/wiki/List_of_administrative_divisions_by_country
- Statoids (website on administrative subdivisions, not recently updated):
<http://www.statoids.com/>

While the territorial-administrative structure provides an important input for the subnational governance structure, the two structures are not necessarily identical: in some countries, there are territorial-administrative levels or tiers that are internal to a higher-level governance institution. For instance, local governments may be politically subdivided into wards, but the ward level should generally not be considered a subnational governance level in its own right. Similarly, for administrative convenience, subnational governance institutions or districts may be divided into administrative sub-districts (e.g., *kabupaten* in Indonesia are divided into *kecamatan*). These minor territorial-administrative levels do not require the same level of attention when considering a country's subnational governance structure and should not be included as separate institutional levels in the subnational governance structure.

At the same time, the overview of a country's subnational governance structure should not necessarily be limited to elected / devolved subnational governments. The intent of the subnational governance structure is to capture the main governance levels of the public sector, which may include devolved subnational governments as well as major non-devolved subnational administrative tiers.

In its simplest form, a country may have a single subnational level of governance or administration. This structure is common in smaller unitary countries. In this case, these local

jurisdictions would form the country's primary subnational administrative division. In other cases, a country may have two subnational levels or tiers. For instance, a country may be divided into regions or provinces, which in turn are divided in local-level jurisdictions. In that case, the regional level would represent the primary or first-level subdivision, while the local level would form the second level or tier of territorial-administrative subdivision.

In yet other cases, a country may have three or more territorial-administrative levels. For instance, a country may be divided into states or provinces, then further subdivided into counties or districts, which in turn may be subdivided into municipalities and villages. It is important to recognize that the names and composition of different subnational governance levels vary from country to country.

The overview of the subnational governance structure (in Excel, as well as the related diagram) should focus on the main subnational governance levels and/or administrative tiers in a country. As a rule, levels or tiers that form an integral institutional part of the next-higher level should be excluded from the profile and diagram (although they may be mentioned or noted in the diagram or narrative for completeness). For instance, as noted above, local governments wards are generally a political subdivision of the next-higher level, rather than an institutional level or tier with political, administrative and/or fiscal powers in its own right.

Similarly, the subnational governance profile should include a country's major deconcentrated administration levels (e.g., regional administration, district administration) while minor administrative levels may be de-emphasized. For instance, Administrative Posts (government officials that are posted at the village- or community-level officials as part of a deconcentrated field administration) should—in most cases—be considered part of the higher-level administrative level to which they belong, rather than being considered a separate institutional level in own right.³

Finally, it is important to emphasize that the Intergovernmental Profile should include all major institutional levels or tiers or a country's public sector, and not necessarily just those levels that are elected subnational governments. After all, some countries may be organized by elected subnational governments, while others are structured based on deconcentrated administrative tiers, or a combination of the two.⁴ For instance, Tanzania has deconcentrated administrations at the regional level, but relies on elected Local Government Authorities at the local level. Other countries may have deconcentrated administrative units and elected local governments operating side-by-side within the same territorial jurisdictions.

Gathering information to inform the subnational governance structure segment. Whenever possible, the preparation of the Subnational Governance Structure Profile should be based on primary or official information sources, rather than secondary sources. A country's constitution

³ For completeness, it would be useful to note these intermediate levels or tiers in the written narrative and/or diagram.

⁴ See Boex, Williamson and Yilmaz (2021) for a discussion of key concepts, terminology, and definitions. The distinction between devolution and deconcentration will also be touched on in greater detail in the following section.

or legal framework may provide important guidance in determining its subnational governance (and/or territorial-administrative) structure. Other official documents, such as census documents, government circulars, budget documents, and similar documents may also be relied upon.

It bears repeating that the profile should reflect the actual (*de facto*) situation rather than the constitutional or legal framework. Any differences between the legal framework and the actual structure of the public sector should be noted in the comments and clarifications section.

What to include and what not to include? The territorial-administrative subdivisions of a country generally provide the foundation of the subnational governance structure, which should be listed and illustrated hierarchically from the top down.

As already noted, the overview of the subnational governance structure should focus on the *main* subnational governance levels and/or administrative tiers in a country; the profile should not include minor territorial-administrative levels or tiers (e.g., levels that form an internal political or administrative subdivision of the next-higher level, such as local government wards).

Specific exclusions from the subnational governance profile should be noted. For instance, there may be parts of a country's national territory—for instance, due to geographic location—that are technically part of a country of nation-state, but that are generally not considered part of the regular subnational territorial-administrative structure (e.g., in the case of the United Kingdom, the assessment would exclude the 14 British Overseas Territories and 3 Crown Dependencies). It would be appropriate to visualize such exclusions in the diagram when possible, and to clarify the situation in the comments and clarifications section of the worksheet.

Another relevant issue faced in some countries is that there may be subnational governance levels or tiers created for special purposes. For instance, some countries rely on elected water boards to ensure water management that do not necessarily overlap with the general-purpose government levels. Other countries may rely on elected school district governments for the provision of basic education. Similar special purpose bodies may exist for other service delivery or regulatory functions. When these types of special purpose government entities exist and play more than an insignificant role in the public sector, they should be included in the public sector profile.⁵

At the same time, the subnational governance structure profile should only include the main administrative and governance subdivisions of a country. In addition the profile should not include levels or tiers that merely reflect geographical or statistical territorial divisions. For instance, in the United States, states are grouped into regions and division for data reporting or oversight purposes, without these regions and divisions having their own institutional status or administrative structures. The organizational profile should generally not include such levels or tiers.

⁵ Significance may be determined based on whether the subnational level, tier or type accounts for more than one percent of public sector spending.

Note that it may not always be apparent which levels should be included in the organizational profile, as some administrative subdivisions may have a more limited role in public sector administration than others, or the nature of an institutional level or tier may *a priori* be unclear. Whenever unsure, the profile should include the subnational institutional level, tier, or type, unless (or until) subsequent analysis suggests that the level, tier or type of subnational institutions should not be included.

There are a few other challenges that assessors may encounter in preparing the Subnational Governance Structure. For instance, a country may have an asymmetric subnational governance structure, with different parts of the country having different subnational governance arrangements. This is especially (but not exclusively) true in federal countries. For instance, while most federal states in Germany are subdivided into district and municipalities, City States are not subdivided in this manner. Similarly, some countries have asymmetric governance arrangements for autonomous regions, special provinces, or major metropolitan areas.

In other cases, there may be different types of governance institutions at the same territorial-administrative level that require recognition. For instance, there may be elected local governments alongside deconcentrated entities at the same level, or there may be elected local governments in urban areas, while rural areas are administered as deconcentrated administrative units. Such variations should be noted in the organizational profile (both in the Excel version, as well as in the diagram), while the details of the asymmetries should be clarified in the comments and clarification section.⁶

Box 2. Secondary information sources on subnational government structures

- UN Women Local Government Country Profiles: <https://localgov.unwomen.org/country-profiles>
- OECD/UCLG World Observatory on Subnational Government Finance and Investment: <https://www.sng-wofi.org/countries/> (Country and Territory Profiles)
- Territorial Governance, Powers and Reforms in Europe, CEMR: <https://terri.cemr.eu/en/>
- Council of Europe, Congress of Local and Regional Authorities, Monitoring and Election Observation Reports: <https://www.coe.int/en/web/congress/congress-reports>
- Local Autonomy Index 2.0, University of Lausanne: <http://local-autonomy.andreasladner.ch/>
- Regional Authority Index: <https://garymarks.web.unc.edu/data/regional-authority-2/>
- Commonwealth Local Government Forum Country Profiles: <https://www.clgf.org.uk/resource-centre/clgf-publications/country-profiles/>
- ECLAC Gender Equality Observatory for Latin America and the Caribbean: <https://oig.cepal.org/en/countries/5/system>
- Subnational panorama of subnational government (institutional and fiscal, report in Spanish), Latin America: <https://subnational.iadb.org/panorama>

Note: Most of these data sources focus on devolved subnational government levels only; generally, no information on deconcentrated administrative tiers is provided by existing data sources. In some cases, these sources provide *de jure* information, rather than *de facto* information.

⁶ As noted below, for cases where there is a bifurcated subnational governance structure, the LoGICA template includes an alternate worksheet that can be used.

4.3 Completing the Subnational Governance Structure

The LoGICA Subnational Governance Structure segment (also referred to as the Organizational Structure Profile) is presented in a straightforward worksheet in the Intergovernmental Context (Figure 4.2). In the abridged Intergovernmental Profile, the organizational structure segment is included in worksheet *IGP1*.

The assessor should complete the template by including the names and numbers of all major levels, tiers and/or types of subnational governance or administration that are relied on in a country. This could include one or more regional (intermediate) levels as well as one or more local government levels (e.g., district government; municipal government; village government; and even special-purpose local governments).

Figure 4.2 Subnational Governance Structure

	Level / tier / type	Institutional level/tier/type (name)	Number of units	Complete territorial coverage?	Uniform structure?	Territorial Level: Central / Regional / Local	Nature of Level / Tier / Type	Comments / Clarification
	C National level	[National government]	1					
S1	First level / tier / type	[First level / tier / type]	...	...	...	...
S2	Second level / tier / type	[Second level / tier / type]	...	...	...	...
S3	Third level / tier / type	[Third level / tier / type]	...	...	...	...
S4	Fourth level / tier / type	[Fourth level / tier / type]	...	...	...	...
S5	Fifth level / tier / type	[Fifth level / tier / type]	...	...	...	...
S6	Sixth level / tier / type	[Sixth level / tier / type]	...	...	...	...
S7	Seventh level / tier / type	[Seventh level / tier / type]	...	...	...	...
S8	Eighth level / tier / type	[Eighth level / tier / type]	...	...	...	...

The Intergovernmental Profile accommodates up to four levels/tiers/types of subnational governance institutions, whereas the Intergovernmental Context accommodates up to eight levels/tiers/types. If there are more than eight major subnational governance levels, tiers, or types, the assessment team should prioritize the most important ones, while describing the complete subnational governance structure in the comments/clarification section (and/or in the LoGICA Country Brief).

In addition to indicating the names (in English) of the different **subnational governance levels / tiers / types** and the **number of subnational governments** or territorial-administrative entities at each level (or of each type), three additional questions are asked about subnational institutions at each level, tier, or type:

- Does the subnational level or type provide **complete territorial coverage** of the next-higher level included in the profile? In other words, are territorial-administrative jurisdiction at the

next-higher level fully subdivided into contiguous subnational territorial- administrative units, so that every part of the higher-level jurisdiction is covered by lower-level jurisdictions?⁷

- Does the subnational governance level or tier have a ***uniform institutional structure***? The correct response would be “no” if there is a substantial differences or asymmetry between government institutions at the same level (e.g., numerous “special” or “autonomous regions” with different governance arrangements) or if the same territorial-administrative level includes several different types of subnational government (e.g., urban / rural local governments) that are not further broken out in the territorial-administrative structure.⁸
- ***What subnational governance level*** should each subnational territorial-administrative level, tier or type be designated as: central, regional, or local? Please note that it is possible to designate multiple territorial-administrative levels as either regional or local. For instance, both district governments and village governments could be considered local institutions; similarly, municipal governments and school district governments may both be considered local in nature. As such, detailed options include (1) Main Regional; (2) Main Local; (3) Lower Local (e.g., village, commune); (4) Urban; (5) Other Regional; or (6) Other Local.

Please make the selections that are relevant for your country. If there is only one regional governance level or tier in your country, please identify this level or tier as “Main Regional”.

Please do not make selections that are not relevant for your country. For instance, there is no need to select the “Main Regional” if there is no regional governance level or tier in your country. Similarly, there is no need to select “Lower Local” if there is no prominent lower local government level in your country. “Urban” should only be selected and used if urban jurisdictions have different local governance institutions than non-urban areas, separate from main or other local governance institutions that are relevant to urban as well as rural jurisdictions.

Using the Alternate Structure worksheet. As already noted, some countries have a territorial-administrative structure that includes devolved as well as deconcentrated bodies at the same territorial level government levels (e.g., a district council alongside a district administration covering the same jurisdiction). Other countries may have a territorial-administrative structure that includes urban as well as rural institutions at different government levels, where each of these types of subnational institutions are substantially different in nature.

⁷ Incomplete territorial coverage may occur when there are certain non-uniform or asymmetric subnational institutional arrangements. For instance, county jurisdictions in the United States are generally not completely subdivided into municipalities below the country level: while urban places are often incorporated as municipal/town governments, other less densely populated places often remain unincorporated (thus resulting in incomplete territorial coverage). Similarly, in Bangladesh, Upazilas (Sub-Districts) are divided into two types of local government jurisdictions: Unions (rural areas) and Pourashavas (municipalities). As a result, Upazilas are not fully subdivided into Unions, even though Unions are the next-lower level of local governance jurisdictions in the territorial-administrative structure.

⁸ If the subnational institution is generally uniform except for a single (or very limited) exception, such as a national capital territory, the institutional level can be marked as uniform, and the exception can be explained in the notes (and further discussed in the LoGICA Report).

In these cases, the full LoGICA profile (Intergovernmental Context) provides the assessment team with the option to use the hidden ‘Alternative Structure’ worksheet (“2 Alt Structure”) instead of the regular subnational governance structure worksheet (“2 Structure”).⁹ The alternative worksheet (Figure 4.3) has exactly the same functionality as the main subnational governance structure worksheet, while presenting four levels or tiers of subnational institutions side-by-side. However, if the assessment team feels that the alternate worksheet presents the territorial-administrative structure more clearly, they can “unhide” and use this worksheet (while hiding the unused original structure worksheet).

Figure 4.3 Subnational Governance Structure (Alternative Structure)

	Level / tier / type	Main institutional level/tier/type (name)	Number of units	Nature of Level / Tier / Type	Alternative institutional level/tier/type (name)	Number of units	Nature of Level / Tier / Type	Complete territorial coverage?	Uniform structure ?	Territorial Level: Central / Regional / Local
C	National level	[National government]	1							
S1 / S5	First level / tier / type	[First main level / tier / type]	...		[First alt. level / tier / type]	...		...	...	...
S2 / S6	Second level / tier / type	[Second main level / tier / type]	...		[Second alt. level / tier / type]	...		...	...	...
S3 / S7	Third level / tier / type	[Third main level / tier / type]	...		[Third alt. level / tier / type]	...		...	...	...
S4 / S8	Fourth level / tier / type	[Fourth main level / tier / type]	...		[Fourth alt. level / tier / type]	...		...	...	...

⁹ The ‘Alternate Structure’ option is not available in the abridged *LoGICA Intergovernmental Profile*.

5. Nature of Subnational Governance Institutions

5.1 Objective of the subnational governance segment

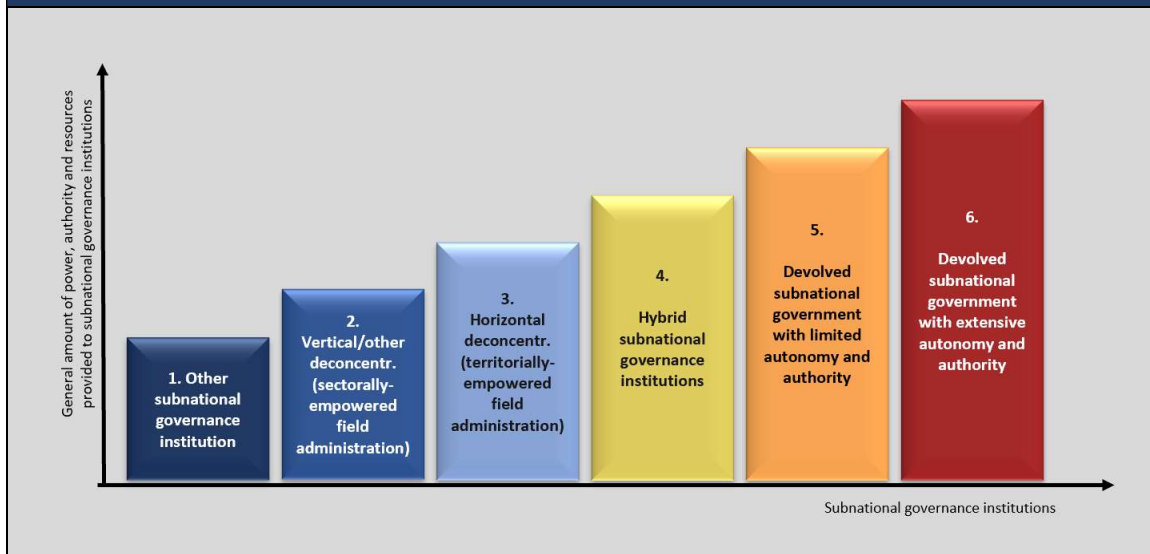
The state of knowledge on the role that multilevel governance and subnational governance institutions play in achieving an inclusive and responsive public sector—a public sector that is able to efficiently deliver local public services and promote inclusive development in a localized manner—is relatively limited. Relative to other aspects of public sector management, little comparative research has been done on multilevel governance systems. In fact, stakeholders often even lack a common set of definitions to discuss multilevel governance arrangements, with the same terms sometimes meaning different things in different countries.

Rather than applying the term “local government” or “regional government” to all local and regional governance entities or jurisdictions in different countries, the LoGICA framework aims to make some important distinctions between different types of subnational governance institutions around the world. For this purpose, the LOGICA Framework defines a **typology of local governance institutions** that includes six discrete types of subnational governance institutions. The classification of subnational governance institutions in a country as part of the LoGICA Intergovernmental Profile should again be based on the actual situation rather than on the legal situation.

In order to achieve a degree of clarity about the true nature of local governance institutions in different countries, the Local Governance Institution Comparative Assessment (LoGICA) framework includes a Subnational Institutional Typology that allows subnational (regional or local) governance institutions to be classified into one of six different categories, ranging from subnational governments with extensive authoritative decision-making power over a wide range of functions (extensive devolution) to subnational governance institutions that are not legal, administrative or fiscal entities in their own right and/or that lack political, administrative and/or fiscal powers. As a result, this typology is able to distinguish between highly devolved local government institutions—which are typically empowered to respond to the needs and priorities of local constituents—from local institutions that are less empowered to do so.

As shown in Figure 5.1, the LoGICA typology of subnational institutions includes two types of **devolved** subnational government institutions; one category of **hybrid subnational governance institutions** (which are subnational governance institutions that combine elements of devolved and non-devolved institutions) and three types of **non-devolved** subnational governance institutions. The grouping of non-devolved subnational governance institutions can be further broken down into two types of specific **deconcentrated** institutional arrangements, with all subnational institutions that are not considered to fall into any of these five categories assigned to the remaining “other” type of subnational institutions or jurisdictions. (The detailed typology is explored in further detail below.)

Figure 5.1 LoGICA Subnational Institutional Typology



- **Devolved subnational governments.** Devolved subnational governments are subnational governance institutions that adhere to all characteristics of being a subnational government both in form as well as in function, and by law (*de jure*) as well in practice (*de facto*).
- **Hybrid subnational governance institutions.** Hybrid subnational governance institutions are institutions that combine features of devolved subnational governments and deconcentrated subnational administration units. As such, they are neither fully devolved nor fully deconcentrated institutions. There are numerous different reasons for subnational governance institutions to be considered hybrid local governance institutions. For instance, a subnational institution that meets all conditions of a local government but lacks control over its own officers, or a local body that lacks authoritative decision-making power (e.g., its budget needs to be approved by a higher-level government) would be considered hybrid local governance institutions.
- **Non-devolved (deconcentrated and other) local governance institutions.** Local governance institutions that fail to meet the conditions of devolved or hybrid categories of subnational governance institutions are classified as non-devolved local governance institutions. For instance, deconcentrated field administration units that do not have meaningful administrative and budgetary discretion may be classified as 'other' local governance institutions.

The classification of subnational institutions should be based on institutions fully adhering to all the conditions of each category. In most cases, it is possible to identify one type or category to which a subnational governance institution belongs in a clear and indisputable manner. The questions asked in the third segment of the LoGICA Intergovernmental Context (and the IGP2 worksheet of the Intergovernmental Profile) are intended to provide the information that will

help determine the correct institutional type for each subnational governance level, tier, or type included in the LoGICA assessment.

While the typology organizes subnational institutions from most-empowered on the right-hand-side (or top) to the least empowered institutions on the left hand-side (or bottom), the typology does not necessarily reflect a ranking of subnational governance institutions in terms of “better” (or more preferred) or “worse” (less preferred). Depending on their policy preferences, different countries may arrive at different policy choices when it comes to their multilevel governance structure and the nature of subnational governance institutions. From a democratic governance perspective, however, devolution is often perceived as a governance structure to have the potential to be more inclusive and responsive. In addition, as economies develop, devolution may have the benefit of ensuring greater responsiveness and accountability of the public sector, in ways that are not likely to be achieved by non-devolved governance structures.

5.2 Background information on the subnational governance segment

The LoGICA Framework is based on a series of definitions of decentralization posited by Dennis Rondinelli (1981; 1986; 1999). As the main subtype of decentralization, Rondinelli defined devolution as the “transfer of [authority and] responsibility for planning, management, resource-raising and allocation and other functions from the central government and its agencies to ... subordinate units or levels of government.” In turn, the most consistent description of what constitutes a local or regional government has been formulated by the International Monetary Fund over the years. There are some (albeit very minor) differences between the IMF’s definition of local government and the Local Public Sector Alliance’s definition of a local government.

Devolved local governments. According to the IMF’s System of National Accounts (1993; 2008) and Government Finance Statistics (e.g., 1986; 2001; 2008; 2014), the total economy of a country can be divided into five sectors, with each sector consisting of a number of institutional units. The five sectors are (1) non-financial corporations, (2) financial corporations, (3) general government, (4) non-profit institutions serving households, and (5) households. In turn, according to the IMF, the general government sector is divided into three subsectors: the Central Government Subsector; the State (provincial or regional) Government Subsector; and the Local Government Subsector. The public sector is defined to include all units of the general government sector plus all public (financial and non-financial) corporations.

Within this framework, the International Monetary Fund describes local governments as “institutional units whose fiscal, legislative, and executive authority extends over the smallest geographic areas distinguished for administrative and political purposes” (IMF 1986; 2001; 2008; 2014). This general formulation ensures that the term local government covers a wide variety of governmental units, such as counties, municipalities, cities, towns, townships, boroughs, school districts, and water or sanitation districts.

To be treated as “institutional units” (as per the IMF’s definition), they must be entitled to own assets, raise funds and incur liabilities by borrowing on their own account; similarly, they must have some discretion over how such funds are spent.¹⁰

The general nature of the IMF’s description of subnational governments, however, requires further clarification about the precise nature of local governments. The IMF clarifies that the scope of their authority is generally much less than that of central government or state governments, and local governments may, or may not, be entitled to levy taxes on residents in their areas. Local governments are understood to often be heavily dependent on grants or transfers from higher levels of government, and they may also act as agents of central or regional governments to some extent. The fact that local governments may—to some extent—act as agents of central or state governments does not prevent them from being treated as separate institutional units, provided they are also able to raise and spend some funds on their own initiative and own responsibility. They should also be able to appoint their own officers, independently of external administrative control.

The IMF recognizes that not all local governance institutions are necessarily local governments. A central issue is “whether [subnational governance institutions] may be judged to have a separate existence, that is whether they have sufficient discretion in the management of their own affairs to distinguish them as separate from the administrative structure of another government. [Local governance institutions] may be deemed to be dependent agencies of some broader governmental unit [instead of local governments in their own right] where ... they lack control over their own officers ... [or if] they must submit budget estimates to another governmental entity [for approval] ... [or where] important aspects of their administration are controlled by another government entity.” (IMF 1986:14).¹¹

Informed by the IMF’s definitions and explanations, the Local Public Sector Alliance defines a subnational government as ***a corporate body (or institutional unit) that performs one or more public sector functions within a subnational jurisdiction that has adequate political,***

¹⁰ An institutional unit is an economic entity that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and in transactions with other entities. The main attributes of institutional units may be described as follows: (a) An institutional unit is entitled to own goods or assets in its own right; it is therefore able to exchange the ownership of goods or assets in transactions with other institutional units; (b) It is able to take economic decisions and engage in economic activities for which it is itself held to be directly responsible and accountable at law; (c) It is able to incur liabilities on its own behalf, to take on other obligations or future commitments and to enter into contracts; (d) Either a complete set of accounts, including a balance sheet of assets and liabilities, exists for the unit, or it would be possible and meaningful, from an economic viewpoint, to compile a complete set of accounts if they were to be required (IMF 2008: 61).

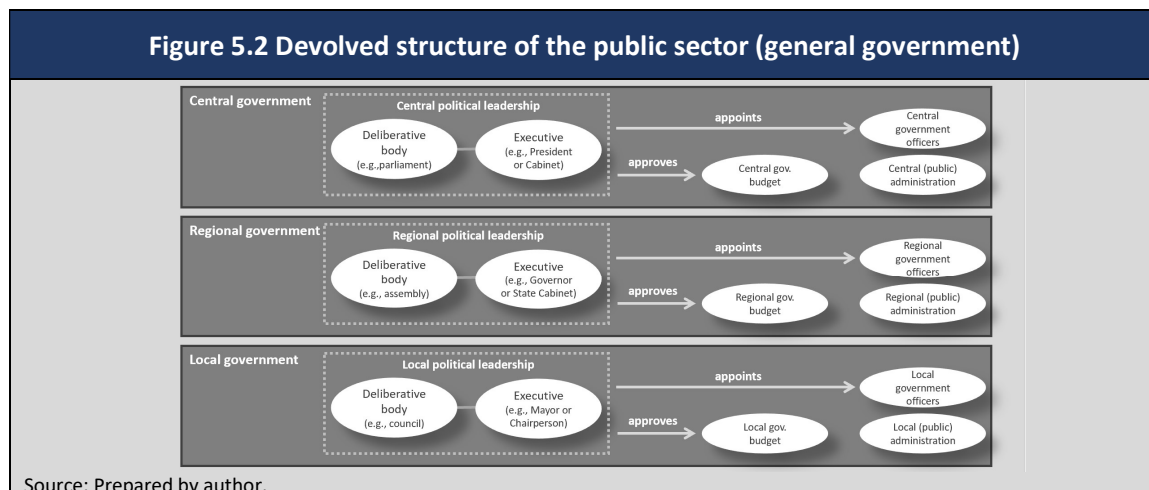
¹¹ According to the IMF (1986: 12), the central government is defined to include “all agencies or instruments of the central authority of a country... [including] the geographical extension of central government authority which may operate at the regional or local level without the attributes necessary for existence as a separate government”. In other words, the IMF simply considers non-devolved (and hybrid) subnational governance institutions as subnational extensions of the central government.

administrative, and fiscal autonomy and authority to respond to the needs and priorities of its constituents.

In order for a subnational institution to be considered a devolved subnational (regional or local) government based on this definition, the entity must meet four conditions or criteria of subnational governments:

1. it must be a corporate body (or institutional unit) that performs one or more public sector functions;
2. it must have its own (typically elected) political leadership with a degree of autonomy and authoritative decision-making power over the priorities and actions of the corporate body;
3. it must have a degree of administrative autonomy and authority, including the power to employ and control its officers and staff;
4. and it must have a degree of fiscal / budgetary autonomy and authority, including the power to have, prepare, approve, and manage its own budget.

Figure 5.2 highlights that in a devolved general governance structure, subnational government institutions at each level—as corporate bodies in their own right—have their own political leadership (consisting of a deliberate or decision-making body and/or an executive or executive body).¹² In order to ensure that the entity is able to act on its own decisions, the corporate body’s leadership appoints and employs its own officers (e.g., the Chief Executive Officer, Chief Finance Officer, and department heads), and approves the entity’s own budget. Without these institutional features, the entity is not able to function as a single, coherent entity. While the federal or central government sets the overarching legal and regulatory framework within which subnational governments operate, in a devolved system, subnational government units are generally free from direct higher-level intervention in their political decisions or internal operations.



¹² The term “political” does not necessary refer to a system based on political parties. Instead, the term *political* (as used here) refers to activities that are associated with the process of decision-making in groups. The word *politics* derives from Ancient Greek πολιτικά (politiká), meaning “affairs of the cities”.

Box 3. Corporate entities and the role of the corporate board of directors and officers

In assessing the extent to which subnational governance institutions are (*de facto*) corporate bodies, it is useful to consider the organizational similarities between subnational governments—as corporate bodies or institutional units—and other corporate bodies (e.g., business corporations or non-for-profit corporations). In a business corporation or not-for-profit corporation, the equivalent of the local government’s political leadership is the corporate board of directors.

A corporate board of directors is formed by a group of people that is elected to represent the shareholders in a corporation. After the board of directors are hired, they will operate as the controlling body of the corporation with full responsibility and oversight over the significant business decisions, as spelled out in detailed in the entity’s Articles of Incorporation and Bylaws. The board is there to work for the interests of the shareholders/owners, including by creating corporate policies and procedures and by making all major decisions that need to be made for every corporate entity. The board of directors also hires officers who oversee the daily operations of the corporation.

Regardless of the type of corporate entity (i.e., business corporation, not-for-profit, or subnational government), a clear distinction should be made between the role of the board of directors (or political leadership) and the corporate officers. Corporate officers are hired by the board to manage the daily operations of the corporate entity. Such officers may include the Chief Executive Officer (CEO), Chief Financial Officer (CFO), or Chief Operating Officer (COO). Officers may be given different titles based on their exact responsibilities; in fact, there could be hundreds of officers for a company, depending on the size of the corporation. Subnational government officers may be known as CEO, Chief Administrative Officer, Municipal Secretary, or by other titles. Department heads of the subnational government’s main departments should also be considered corporate officers.

Regardless of the corporate body’s nature, the board of directors (or its equivalent) retains the power to make all major decisions and should have full oversight over the operation of the entity, including the power to employ (or dismiss) officers that are effective at implementing the board’s decisions. In its decision-making and oversight role, the board of directors has a fiduciary responsibility to the shareholders, including a duty of care and loyalty.

Source: <https://www.upcounsel.com/corporate-board-of-directors> (2023).

Consistent application of the definition of subnational governments across countries around the world is complicated. One challenge is that while many countries proclaim—in their constitution or in legislation—that subnational governments are corporate bodies, in practice, it may be found that subnational governance institutions fail to adhere to the definitional characteristics of a corporate entity.

Another challenge is that the same or similar terms are often applied very differently in different countries. For example, the Mayor of New York City may say that the city “has, prepares, approves and manages its own budget”—meaning that the city, as a corporate entity, controls all of its own finances, for which it prepares a budget plan, which is approved by the city council and executed by the mayor’s office and other city departments completely free from direct state interference

or control. At the same time, the Mayor of Dili Municipality in Timor-Leste may state that Dili “has, prepares, approves and manages its own budget”, by which he or she would mean that the central government has designated a section of the central government budget for the benefit of Dili Municipality; that these resources are ring-fenced within the central budget to be spent based on plans proposed by elected local officials; and that local officials are involved in ensuring that expenditures are made by the central government treasury in line with the local budget plan. In this example, the latter case is not consistent with LPSA’s definition of a subnational government.

In order to be as consistent as possible, and in order to avoid confusion as much as possible, the LoGICA framework provides very specific guidance on a series of indicators in order to assess whether subnational governance institutions, first, meet minimum preconditions required to be considered devolved subnational governments; second, have adequate political, administrative and fiscal autonomy and authority to be considered a subnational government; and third, have any limitations on their powers and functions, that would cause them to be considered subnational government with limited (as opposed to extensive) powers and functions.

In practice, when the definition of subnational governments is strictly applied, many subnational governance institutions fail to meet the features of a “textbook” devolved local government.

Deconcentration. In countries that do not have elected regional or local government levels, the local public sector is typically formed by deconcentrated subnational line departments or subnational territorial units of the national government. Deconcentration is defined by Rondinelli as the “transfer of authority, responsibility, and resources from the central government to field units of central government ministries or agencies.” In other words, in the case of deconcentration, authority and responsibility are assigned to regional or local offices within the central bureaucracy.

Consistent with our institutional classification of subnational public sector entities, deconcentration takes place when a deconcentrated administrative body is empowered to serve as the interface between the central public sector and the people. In countries without devolved local governments (or in countries where local governments only play a minor role), deconcentrated subnational administrative units are generally assigned the responsibility for delivering key government services—such as education, health services, and so on—within their respective geographic jurisdictions. As such, in a deconcentrated system, the provincial education department or the district education office might be a sub-organization of the national Ministry of Education, rather than being part of a devolved subnational government.

Because deconcentrated departments or jurisdictions are a hierarchical part of the next-higher government level deconcentrated units are typically not (*de facto*) corporate bodies.¹³ Perhaps the most important distinguishing feature of deconcentration is that deconcentrated subnational

¹³ In some cases (e.g., Vietnam), deconcentrated field administration may actually be organized as (*de jure* and in some ways, *de facto*) corporate bodies that share many features of subnational governments, while operating on the principle of political centralization (i.e., in the absence of meaningful decentralization of political power and authority).

bodies do not have their own political leadership with authoritative and autonomous decision-making power. While deconcentrated subnational administrators may have a degree of discretion over budget expenditures within their remit, they typically cannot own assets or engage in financial transactions in their own name. Nor do deconcentrated jurisdictions have authoritative decision-making power over “their” budgets; instead, their budgets are typically contained as sub-organizations within the budget of the higher government level and subject to (explicit or implicit) approval by higher-level government officials. The table below compares the features of devolution with the “textbook” features of deconcentrated administration:

Table 5.1 Devolution versus deconcentration		
	Devolution	Deconcentration
Local entity	Subnational government	Subnational administration
Legal status	Corporate body	Part of national/State administration
Political status	Own political leadership (with authoritative decision-making power)	No political decision-making power (advisory council, if any)
Admin. status	Appoints own officers and has discretion over own human resources	Local staff are a hierarchical part of the national civil service
Fiscal status	Has its own budget (separate from center); manages its own financial accounts	Budget is part of national budget as (sub)organization; finances are part of Consolidated Treasury Account; any revenues belong to central government

Within the broad range of public sector structures that could be labeled ‘deconcentration’, opportunities for subnational discretion vary considerably: deconcentration can merely shift implementation responsibilities from central government officials in the capital city to those working in regions, provinces, or districts (while headquarters-based officials retain all decision-making power), or it can create strong subnational administrative institutions where a degree of operational and budgetary discretion is yielded to deconcentrated departments under the supervision of central government ministries.

When deconcentrated field units of the central government are organizationally deconcentrated but they are not recognized in the national budget as separate budgetary organizational units (or sub-units) as defined in the Chart of Accounts, we can refer to this situation as (non-budgetary) **administrative deconcentration**. For instance, administrative deconcentration takes place when a district health officer is administratively placed in charge of health administration and health service delivery staff in the district. When deconcentrated local entities are further recognized in the national budget structure as separate budgetary units (or sub-units), we speak of **budgetary deconcentration**. In line with the consensus definition of deconcentration, the LoGICA framework considers that both administrative deconcentration as well as budgetary deconcentration is a necessary condition for the empowerment of subnational officials associated with meaningful deconcentration.¹⁴

¹⁴ LoGICA's subnational governance institutional typology further requires that the deconcentrated field administration and service delivery apparatus is organized in a territorial-administrative manner. As such, sectoral deconcentration efforts (i.e., assignment of administrative functions to sectoral facilities) are

Box 4. Vertical deconcentration versus horizontal deconcentration

The hallmark of a ***vertically (or sectorally) deconcentrated structure*** is that line ministry budgets are organizationally broken out across different government levels or tiers, so that subnational (e.g., provincial or district) line departments service as separate sub-organizations and cost centers within their line ministry budgets. Thus, under a vertical or sectoral approach to deconcentration, each line ministry operates ‘vertically’ in a deconcentrated manner, with limited or no harmonization of planning and budgeting at the provincial or district level. From an institutional and budgetary view point, this means that every line ministry follows a ‘silo-structure’ or a ‘stove pipe’ from the central level down to the province level (and possibly to district level). Vertical deconcentration allows line ministries a strong role in planning and implementing sectoral services.

Under a ***horizontally (or territorially) deconcentrated budget structure***, subnational line departments are not included in the budget under their parent ministries. Instead, subnational revenues and expenditures are included in the central budget aggregated into territorial units, which are then broken down into subnational departments. As a result, under horizontal (or territorial) deconcentration, sectoral departments at each administrative level are administratively subordinate to the Provincial Governor or to the District Governor, respectively. As such, under horizontal deconcentration, the ‘subnational budget’ reflects the aggregation of spending decisions made by the center to be executed within the subnational jurisdiction. However, since the subnational spending is no longer contained with the budget votes of individual line ministries, subnational officials may have marginally greater discretion over subnational expenditure priorities.

With respect to budgetary deconcentration, it may further be helpful to recognize that a deconcentrated public sector structure can fall into one of two different types of budgetary deconcentration: vertical (or sectoral) deconcentration versus horizontal (or territorial) deconcentration (Box 4).

How can the existence of a deconcentrated territorial-administrative structure—as part of LoGICA’s subnational institutional typology—be documented or confirmed in the real world? The most straightforward way to confirm the existence of deconcentrated territorial-administrative budget entities is to analyze the central government budget. A necessary condition for horizontal or territorial deconcentration (and a sufficient condition for a deconcentrated institutional structure) is that the central government budget contains budget votes or chapters for provincial administrations or other subnational jurisdictions. Similarly, a necessary condition for vertical or sectoral deconcentration is the presence of sub-votes or sub-organizations for deconcentrated territorial-administrative units in different central line ministry budgets. In order for meaningful deconcentration to exist, the budgets of these deconcentrated units should not only contain the spending for the deconcentrated office or officers, but should also contain the expenditures associated with frontline service delivery within the subnational jurisdiction.

generally not considered when assessing a country’s territorial-administrative structure or when considering functional assignments to different territorial-administrative levels.

Different views on the subnational public sector. One of the biggest differences between the IMF’s classification of the public sector and the LoGICA classification is that while the IMF considers deconcentrated regional or local administration units simply as part of the central government subsector, the LoGICA Framework considers regional and local deconcentrated administrative units as part of the subnational public sector as long as they are identifiable as subnational sub-organizations in the central government budget.¹⁵ Figure 5.3 highlights that in addition to deconcentrated entities, the LoGICA Framework in principle also recognizes that certain other central government programs (including “vertical programs”) as well as other public sector organizations (such as subnational public corporations) should be considered as part of the subnational public sector.

In order to achieve a classification that is meaningfully comparative across different countries, it is critical for the assessor to apply a consistent, strict and unbiased interpretation of the classifications in determining the nature of subnational institution. If the deviation from a category’s definitions is more than truly minimal, the category should not be applied. Likewise, if the assessor believes that a subnational governance institution falls in between two consecutive categories, the less empowered of the two categories should be assigned. In that case, extensive clarification should be provided as part of the clarifying notes.

Five questions (below) can be asked to assign subnational governance institutions in any country to the appropriate classification or category (i.e., Type 1 – 6) using the decision-tree in Figure 5.4.

1. Does the subnational institution meet the textbook preconditions or characteristics of a subnational government? In order to be considered a (devolved) subnational government, a subnational institution or entity must meet ALL preconditions or characteristics of a subnational government as a corporate body or institutional unit. If a subnational entity fails to meet ANY of these conditions, it should not be considered a devolved subnational government.

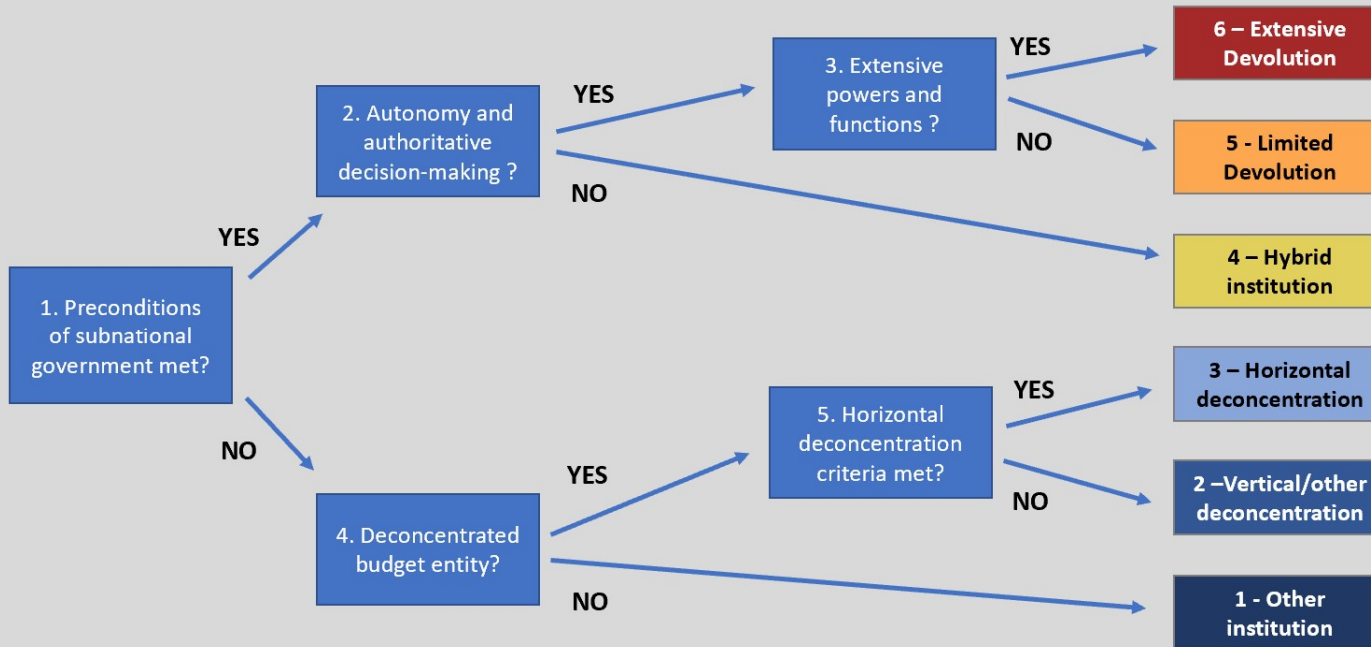
2. Does the subnational entity have a degree of autonomy and authoritatively binding decision-making power? If a subnational institution lacks an adequate degree of autonomy and authoritative (political, administrative and fiscal) decision-making power—for instance, if its budget needs to be approved by a higher-level government—the entity should not be considered a subnational government.

¹⁵ According to the IMF (2001, Chapter 2: 14): “[i]f a government entity operating in a state is entirely dependent on funds from the central government, and if the central government also dictates the ways in which those funds are to be spent, then the entity should be treated as an agency of the central government.”

Figure 5.3 Typology of subnational governance institutions (definitions / characteristics)

0 - Geographic jurisdictions	1 - Other subnational institutions	2 - Vertically (sectorally) or other deconcentrated institutions	3 - Horizontally (territorially) deconcentrated institutions	4 - Hybrid subnational governance institutions	5 - Devolved subnational government (limited powers)	6 - Devolved subnational government (extensive powers)
Subnational subdivisions lack formal institutional structure	Subnational subdivisions have other institutional structure	Subnational unit is administratively and budgetarily a hierarchical part of a higher-level government		Institution combines elements of devolution and non-devolved inst.	<ul style="list-style-type: none"> - Institution is corporate body - Own (elected) political leadership - Control over officers and staff - Own budget and accounts 	
Subnational subdivisions that lack (any / clear / formal) institutional structure	Subnational subdivisions with other institutional structure (e.g., coordinating authority)	<p>Subnational units are part of their respective central line ministry budgets</p> <p>Subnational institutions / units lacks consolidated administrative structure</p>	Subnational subdivisions are included in central budget territorially and are administered as consolidated or integrated territorial-administrative units	<p><i>Pro forma</i> subnational governments that lack <i>de facto</i> authoritative decision-making power</p> <p>Subnational entities with formal dual subordination</p>	<p>General-purpose governments that are limited in one or more aspects of local governance</p> <p>Special-purpose government (i.e., limited in functional responsibilities)</p>	General-purpose governments with elected leadership that fully adhere to IMF definition of subnational governments, and have extensive functional responsibilities

Figure 5.4 Typology of subnational governance institutions (decision-tree)



Source: Prepared by authors.

Box 5. Subnational government (decision-making) councils versus subnational advisory and supervisory councils

The mere presence of an elected subnational body is not a sufficient condition to establish that there is a devolved elected subnational government.

A subnational institution should only be considered to be a real (de facto) subnational government when it has its own political leadership, *and* when the leadership (e.g., the local council) has a degree of authoritatively binding decision-making power over its own affairs (including its own revenues, expenditures, as well as its executive or regulatory functions). By contrast, the presence of an (elected or selected) advisory council or supervisory council which does not hold binding executive or legislative authority over administrative offices at the regional or local level should not be designated as a regional or local government.

If subnational administration is organized in a deconcentrated manner (i.e., as field administration of the higher-level government), then the presence of a subnational advisory or supervisory council—while likely a welcome accountability mechanism, to be noted in the comments and clarifications—does not fundamentally change the nature of the underlying deconcentrated subnational governance structure.

An important test whether subnational government institutions truly have a sufficient degree of autonomy and authoritatively binding decision-making power is to consider whether subnational government decisions (including their budgetary decisions) require approval by the central government (or a higher-level government). Subnational governments budgets require approval by the central government when one or more of the following situations takes place:

- The Local Government Act (or similar legislation) requires subnational entities to submit their budgets to the Minister of Local Government (or another Minister) for review and approval. In this case, the subnational government does not have authoritatively binding decision-making power.
- After the subnational council approves the subnational entity’s budget, the subnational entity’s budget (including portions of the subnational budget funded from own revenue sources) is included in the national budget and submitted to parliament for approval.¹⁶ In this case, the subnational government does not have authoritatively binding decision-making power.
- After the subnational council approves the subnational budget, budget negotiations or “budget scrutiny” take place with the central government (e.g., Ministry of Finance or Ministry of Local Government) to ensure that the subnational budget adheres to central

¹⁶ It is customary and appropriate for intergovernmental fiscal transfers to be included in the higher-government budget. In a devolved fiscal system, it is not customary or appropriate for the central government to review and approve the entire local government budget (including spending from own revenue sources, shared revenues, and/or unconditional grants).

government policies and priorities.¹⁷ In this case, the subnational government does not have authoritatively binding decision-making power.

- As part of the subnational budget formulation process, the higher-level government determines its grant allocation to each subnational jurisdiction in a discretionary manner (e.g., through a negotiated revenue sharing rate or through earmarked discretionary grants) to ensure that the subnational budget plan only includes expenditures that have been approved by central officials. In this case, the subnational council does not have authoritatively binding decision-making power.

Other conditions must be met as well in order for subnational governance institutions to be considered actual subnational governments, with sufficient autonomy from the higher-government level. For instance, subnational governments should be able to employ and manage their own officers independently of external administrative control.

Similarly, if a subnational institution meets the textbook criteria of a subnational government, but its subnational departments (*de jure* or *de facto*) report not only to the subnational institution itself (e.g., the local council or executive) but also to a ministry, department, or agency at a higher government level (i.e., a situation called dual subordination), the subnational governance institution should generally be considered to lack authoritatively binding decision-making power over its administrative apparatus. The same is true if it needs higher-level approval to change its own organizational structure or staff establishments.

When a subnational governance institution meets the textbook characteristics of a subnational government, but if it lacks sufficient autonomy or authoritative decision-making power, it should be deemed a hybrid subnational governance institution. As noted earlier, hybrid subnational governance institutions are institutions that combine elements of devolution and deconcentration.

3. Does the subnational institutions have extensive powers, autonomy, and functions? Two different types of devolved subnational governments are recognized by the LoGICA typology of subnational governance institutions: *devolved subnational governments with extensive powers* and *devolved subnational governments with limited powers*.

First, devolved subnational governments with extensive powers are general-purpose governments with their own elected leadership that fully adhere to the textbook characteristics of subnational governments and have extensive functional responsibilities. Although these institutions must abide by the legislative framework established by higher government levels, these subnational governments are essentially autonomous in their decision-making processes and operations free from interfere or intervention from higher-level governments.

¹⁷ In rare instances, a budget review process may be used exclusively to confirm compliance with legal or presentational requirements of the subnational budget. In this case, the budget review should generally not result in an increase or decrease in subnational expenditures or the re-allocation of intergovernmental fiscal transfers.

Second, devolved subnational government with limited powers are general-purpose governments that meet the textbook characteristics of a subnational government, but are limited in their empowerment of one of the aspects of subnational governance (e.g., administration or finance). For instance, it might be the case that while a subnational government employs its own officers and staff, it is not fully empowered to make certain human resource decisions over its officers and staff. For instance, some subnational officers may be seconded by a higher government level (without subnational leaders being involved in the decision-making process), or the subnational government's ability to employ, hire, or fire frontline staff may be subject to various regulations, processes, and/or approvals imposed by a higher government level).

The category of devolved subnational government with limited powers also includes special-purpose government, such as elected school district governments or elected water boards which exist in some countries. In these cases, the subnational governments are limited in their functional responsibilities.

When a subnational institution is assessed to be a non-devolved institution (i.e., neither a devolved nor hybrid subnational governance institution), the full LoGICA assessment framework will also consider what type of non-devolved institution the entity might be.¹⁸

4. Is the subnational entity a deconcentrated administration? If a subnational governance institution is not a devolved (or hybrid) local government, the next step is to consider whether the entity is a deconcentrated administration. A critical distinction between devolution and deconcentration is that effective devolution involves the transfer of political, administrative, and fiscal powers to subnational governments, whereas deconcentration only involves the transfer of administrative and fiscal powers (i.e., not political powers) to subnational units (field administration) of the higher-level government. As such, this criteria helps establish a dividing line between devolved (and hybrid) institutions on one hand, and deconcentrated (and other) institutions on the other.

In line with this definition—that “deconcentration is the transfer of authority, responsibility, and resources from the central government to field administration units of the central government (or higher-level government)” —the LoGICA framework applies a relatively narrow definition of deconcentration: in order to be considered a deconcentrated institution, subnational institutions must both be an integrated administrative unit (with officers and staff) capable of being assigned a degree of administrative authority and responsibility, as well as budgetary unit, identifiable in the higher-level budget document as a subnational budget organization or sub-organization (for instance, as a budget vote, budget department or a budget head).¹⁹

5. Are the criteria of horizontal deconcentration met? As noted above, the LoGICA typology of subnational governance institutions considers two types of deconcentration. Horizontal (or

¹⁸ As noted further below, the shorter LoGICA Intergovernmental Profile does not assess the specific nature of non-devolved institutions.

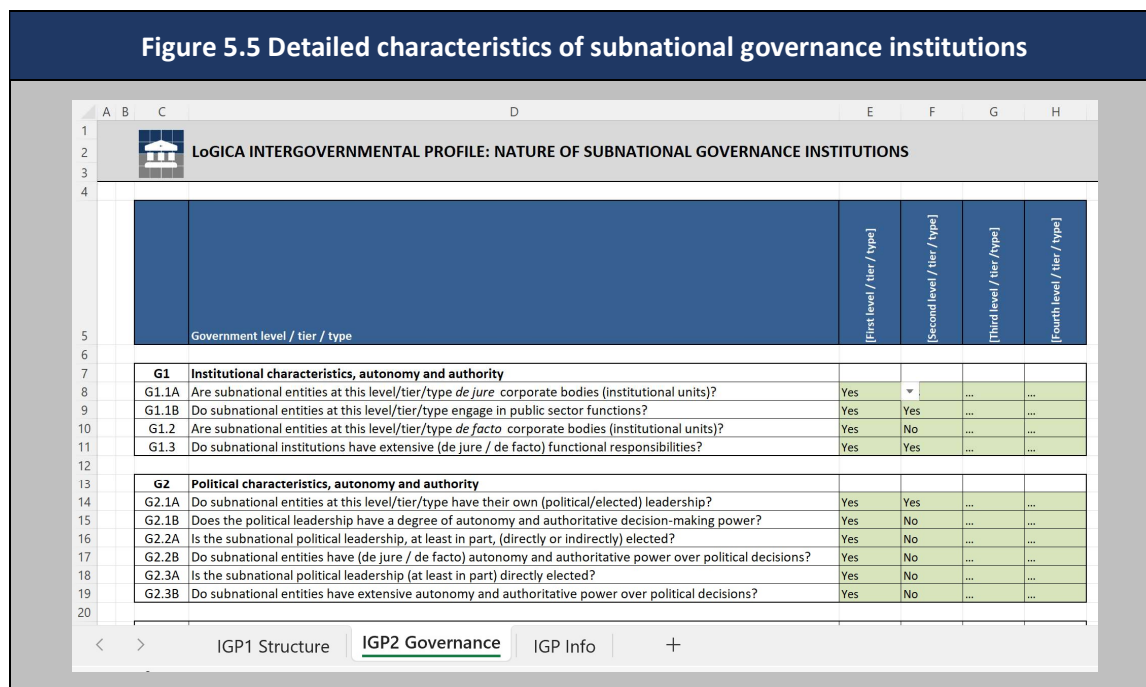
¹⁹ Field administration that is not recognizable in the central government budget as its own budgetary organization, sub-organization or unit is considered to be an integral part of the central government, rather than being considered a deconcentrated entity.

“territorial”) deconcentration takes place when deconcentrated institutions are fully organized in a territorial manner. For this to be the case, first, subnational subdivisions or jurisdictions must be included in higher-level budget as consolidated budget organizations (for instance, each provincial administration is listed in the national budget as budget organizations alongside central ministries). Second, in order to be considered a horizontally deconcentrated system, subnational subdivisions must be administered as a consolidated or integrated territorial-administrative unit (i.e., they must prepare their plans and budgets as a single administrative entity).

Vertical (or sectoral) deconcentration takes place when subnational departments are part of their respective central line ministries and are included in their budgets. In this case, subnational subdivisions lack a consolidated administrative structure, as the plans of different subnational departments are developed and approved by different line ministries rather than by an integrated subnational jurisdiction.

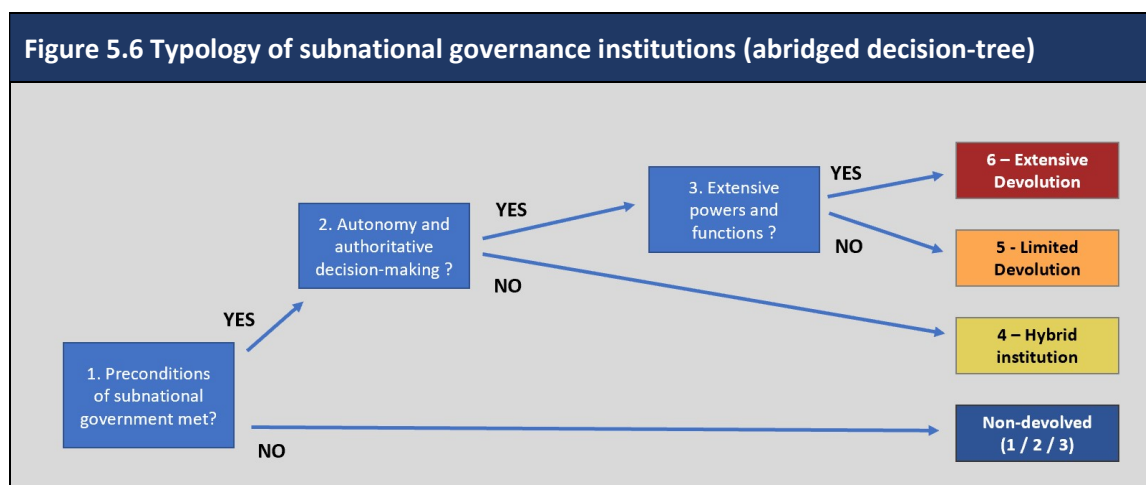
5.3 Completing the subnational governance typology segment

The second worksheet in the LoGICA Intergovernmental Profile Excel template (IGP2) explores the characteristics and nature of subnational governance institutions, in order to determine the subnational institutional type (Figure 5.5).²⁰ Depending on the nature of the subnational governance institutions being evaluated, not all assessment indicators or questions have to be completed in order to arrive at a conclusion about the nature of the subnational institution.



²⁰ In the full LoGICA Profile, the nature of subnational governance institutions is part of third segment/worksheet.

As most countries are primarily interested in knowing whether they have truly devolved subnational government institutions or not, the LoGICA Intergovernmental Profile uses a slightly modified version of the classification scheme (Figure 5.6), which focuses on identifying whether their subnational governance institutions are devolved subnational governments, hybrid subnational governance institutions, or a non-devolved (i.e., devolved and other) subnational governance institutions. (In other words, this modified version of the typology does not distinguish between different types of non-devolved subnational governance institutions).



As illustrated in Figure 5.4 / 5.6 and indicated in the three rows of Table 5.2, the nature of a subnational institution is determined in a sequence of three sets of questions.²¹ First, are all preconditions for devolved subnational governance institutions met? This requires subnational governance institutions to possess key characteristics of a corporate body or institutional unit. If so, second, are all conditions for devolved subnational governance institutions met? This requires subnational governance institutions to possess a sufficient degree of authority and autonomy. If so, third, does the subnational government have extensive powers and functions? This can be answered in the affirmative when the subnational government is not impeded by limitations on its (political, administrative, and fiscal) functions or powers by higher-level governments.

Detailed guidance in determining the nature of subnational governance institutions is provided in Annex A.3. Indicators G1.1, G2.1, G3.1 and G4.1 in the Subnational Governance segment consider whether subnational institutions meet the *preconditions* of devolved subnational governments. These indicators—included in the top row of Table 5.2—correspond to Box 1 in Figure 5.6. **Every single one of these indicators must be answered in a positive manner in order for a subnational institution to have fully met the preconditions of a devolved subnational government.** If any of

²¹ It is important to recognize that these indicators are intended to assess the nature of subnational governance institutions, and not the entire multilevel governance environment within which these subnational institutions operate. The detailed assessment of the political, administrative, fiscal and sectoral aspects of the multilevel governance system is done as part of the full LoGICA Country Profile.

these preconditions is not met, then the subnational entity should be considered a **non-devolved** subnational governance institution.

Table 5.2 Identifying devolved local governments using the LoGICA Subnational Institutional Typology				
	Institutional characteristics & functions (G1)	Political characteristics, autonomy, and authority (G2)	Administrative characteristics, autonomy, and authority (G3)	Fiscal/budgetary characteristics, autonomy, and authority (G4)
Preconditions for devolved institutions (1)	De jure corporate body (G1.1A) Engages in public sector functions (G1.1B)	Own political/elected leadership? (G2.1A) Degree of auth. decision-making power? (G2.1B)	Have / employ own officers? (G3.1)	Own assets / raise funds? (G4.1A) Own budget? (G4.1B) Prepare/adopt own budget? (G4.1C)
Autonomous subnational governments (2)	Preconditions of de facto corporate body met (G1.2)	Political leadership (in part) elected? (G2.2A) De jure and de facto political autonomy / authority (G2.2B)	Authority over CEO, most/all officers, and staff? (G3.2A & G3.2B) De jure and de facto admin. autonomy / authority (G3.2C)	Manage own funds (G4.2A) De jure and de facto fiscal autonomy / authority (G4.2B)
Subnational governments with extensive autonomy and authority (3)	De facto corporate body with extensive (de jure / de facto) functional responsibilities? (G1.3)	Political leadership (in part) directly elected? (G2.3A) Extensive pol. autonomy and authority (G2.3B)	Fully empowered over officers and staff? (G3.3A & G3.3B) Extensive admin. autonomy and authority (G3.3C)	Extensive autonomy and authority over budget and fiscal decisions (G4.3)
Note: All indicators in a row must be met in order to attain the status/score described in the first column of each row, and before proceeding to assess the status in the next row.				

Next, Indicators G1.2, G2.2, G3.2 and G4.2 (the second row in Table 5.2) pertain to potentially devolved subnational institutions that have met the definitional preconditions of a subnational *government* (as opposed to a subnational *administration* or other subnational institutions). **Each of these indicators has to be met in order for a subnational institution to be considered a devolved subnational government.** If one or more of these indicators is not met, then the subnational entity should be considered a **hybrid** subnational governance institution.

Likewise, the third row in Table 5.2 (Indicators G1.3, G2.3, G3.3 and G4.3) is only relevant for subnational entities that are deemed to be devolved subnational governments, in order to determine whether subnational institutions **are subnational governments with extensive powers and functions**, or whether subnational institutions are subnational governments with limited powers and functions.

In the longer version of the LoGICA Intergovernmental Context, Section G5 deals with the nature of non-devolved (potentially deconcentrated institutions). This set of indicators is excluded from the abridged LoGICA Intergovernmental Profile.

Indicator G.6 carries important weight in the LoGICA Intergovernmental Profile, as it summarizes the overall nature of the subnational institutions based on the typology described above. It should be completed after careful consideration of the different characteristics of subnational institutions at each level or tier.

Once the subnational institution type has been determined, it would be appropriate to use color scheme associated with the subnational institutional typology to reflect the nature of subnational institutions in the graphic depiction of the subnational governance structure (as previously shown in Figure 4.1).

6. LoGICA Functional Profile

6.1 Objective of the Functional Profile

LOGICA's subnational institutional typology (Indicator G.6) provides a useful way to sort different subnational governance institutions around the world based on their institutional characteristics. However, even two subnational institutions that are assigned the same institutional type could be vastly different in terms of their (functional, political, administrative and fiscal) powers and responsibilities.

The objective of the LoGICA Functional Profile is to determine the “de facto” assignment of responsibilities over public service delivery functions across different government levels or tiers, based on a list of 25 public services, as well as 10 regulatory powers.

Given that the functional assessment is an optional part of an Intergovernmental Profile, the relevant worksheet (*IGP3 Functions*) may or may not be hidden in Excel. The functional profile version included in the *LoGICA Intergovernmental Profile* is an abridged version of the functional profile contained in the full LoGICA Framework. Unlike the longer version, it contains only 12 service delivery and regulatory functions to be assessed. The functional assessment contained in the *Intergovernmental Profile* is also more limited in other ways (for instance, by only focusing on human resources and capital).

The LoGICA framework does not consider the constitutional or legal framework when determining “who does what” in a multilevel public sector. The way in which the LoGICA Framework seeks to consistently identify which government entity or entities are actually responsible for the delivery of public services in practice (i.e., *de facto*) is to unbundle service delivery responsibilities by types of economic inputs, and then determining who actually pays for (or controls) each of the different inputs that jointly combine to form frontline services. For instance, if local governments employ primary school teachers, then this local government level is (at least partially) responsible for the provision of primary education. Likewise, if the central government funds and constructs primary school buildings, then this government level is (at least partially) responsible for the provision of primary education as well.

6.2 Background information on the Functional Profile

In order to ensure that the functional assignment segment of the LoGICA Profile is completed in a consistent manner, it is useful to establish some conceptual background on functional assignments before providing specific guidance on how to complete the template:

The Classification of Functions of Government (COFOG). The Classification of Functions of Government (COFOG) is a detailed classification developed by the IMF (2001) of the functions that governments seek to perform through various kinds of expenditures or outlays. Statistics on

public expenditures for health, education, social protection, and environmental protection can be used to study the effectiveness of government programs in those areas and permits examination of trends in government expenditures on particular functions over time. The IMF's COFOG classification scheme is the most commonly used classification of government functions. COFOG contains ten main functional divisions:

701 General public services	706 Housing and community amenities
702 Defense	707 Health
703 Public order and safety	708 Recreation, culture, and religion
704 Economic affairs	709 Education
705 Environmental protection	710 Social protection

Within each division, there are several sub-groups, such as "Pre-primary and primary education" (7091). Within each of these groups, in turn, there are one or more classes, such as "Pre-primary education" (70911) and "Primary education" (70912). All three classification levels and detailed descriptions of the contents of each functional class are provided in the IMF (2001) Government Finance Statistics Manual. Unless otherwise noted, the overview of functional responsibilities captured in the LoGICA Profile (R1.1-R1.27) generally follows COFOG functional classifications. Public sector functions indicated with a (*) reflect specific sub-functions or activities that do not represent an official COFOG function or activity.

Unbundling the delivery of public services. Note that the LoGICA functional profile concerns itself with the government level or administrative tier that is responsible for the *provision* or *delivery* of a service (in other words, which entity is responsible for making sure the service gets delivered?). These questions do not pertain to whether a higher-level government sets *policy standards*, *regulates* the service, or *provides financing* for the service (through intergovernmental fiscal transfers). It should also be noted that the responsibility for *provision* of a service does not necessarily imply that the LG or SDD *produced* the service, as the production of the service may be contracted out to a private sector provider.

If all the dimensions associated with the delivery of a good or service are assigned to the same government level, this is referred to as an "exclusive" (central or local) government function. In contrast, when the dimensions associated with the delivery of a publicly provided good are assigned to different government levels, this is referred to as a shared, joint or "concurrent" function.

Economic inputs to be considered. In identifying which local governance level is responsible for the provision of a function or a public service, it is important to recognize that the "production" of a service is achieved by combining a series of different inputs in order to deliver a specific output. In obtaining a complete picture of functional assignments for a particular public service, it is useful to consider five different types of service delivery inputs that together form "the responsibility" for the delivery of a public service:

- **Human resources or "functionaries" (HR).** Which subnational governance body (or bodies) has responsibility for providing frontline service delivery staff as a service delivery

- input? In other words: what government level/tier/type is the statutory employer and pays “frontline bureaucrats” such as teachers, health workers, law enforcement personnel, firefighters, and so on?
- **Operation and maintenance (O&M).** In addition to subnational human resources and wage expenditures, the provision of a function typically requires a series of other (non-wage) recurrent expenditures, which are also referred to as “operation and maintenance” expenditures. Which entity (or entities) has the responsibility for (and authority over) recurrent service delivery operation, maintenance and related expenditures?
 - **Supplies.** Some public services involve the direct provision of certain supplies to beneficiaries/households, such as medical supplies, schoolbooks, learning materials, seeds and fertilizer, and other such inputs. It is not unusual for sectoral supplies to be provided and funded through a mechanism that is different from other goods and services. What governance level / tier/ type is responsible for (and has the authority to) procure and provide the supplies that are provided directly to clients as part of the service delivery process?
 - **Capital / development expenditures (“facilities”).** Which subnational governance body (or entities) has responsibility and authority for service delivery infrastructure (school buildings and health facilities)? Who procures them? Who is the legal owner of the buildings? Who maintains or rehabilitates them?
 - **Management of frontline services; community engagement, coordination, and monitoring.** Which entity (or entities) has the responsibility and authority for coordinating the other four input streams, for performance monitoring of front-line services, and for community mobilization? For instance, who is the local health officer in charge of coordinating the provision of health services? Although in many cases, the governance entity responsible for employing the frontline service delivery staff is also responsible for ensuring the management of service provision, this is not always the case.

6.3 Completing the Functional Profile

Out of the five economic inputs that are combined to produce public services, the LoGICA Intergovernmental Profile focuses on the two most important and most visible economic inputs: **human resources** and **capital infrastructure** (Figure 6.1). By contrast, the full LoGICA assessment asks the assessment team to consider all five inputs into service delivery listed above.²²

Since frontline service delivery staff is often the most important input into the production of a public service, the first question to be asked in order to determine the *de facto* functional assignment for each of the public services contained in the functional profile is: which governance level or tier is the statutory employer—and pays the salary of—the frontline service delivery provide for each service, such as teachers, health workers, police officers or firefighters?

²² The Intergovernmental Profile permits the assessor to consider four subnational levels / tiers / types (S1 through S4) plus ‘Other Regional’ or ‘Other Local’. The Intergovernmental Context permits the assessor to select S1 through S8.

Figure 6.1 LoGICA Functional assignment profile

LoGICA INTERGOVERNMENTAL PROFILE: DE FACTO FUNCTIONS AND RESPONSIBILITIES OF SUBNATIONAL GOVERNANCE INSTITUTIONS						
R1	Identifying the de facto responsibility for provision of frontline public services	Primary responsibility		Role of PCEBIs?	Comments / Clarification	
		HR	Capital			
General public services (701); Public Order and Safety (703)						
R1.1	Civil administration (registration of births/marriages/deaths)*	...	XX	...	Note: C = [National government] S1 = [First level / tier / type] S2 = [Second level / tier / type] S3 = [Third level / tier / type] S4 = [Fourth level / tier / type] OR = Other Regional OL = Other Local	
R1.3	Fire protection (7032)	...	XX	...		
Economic Affairs (704)						
R1.4	Agricultural extension / livestock services (70421*)	...	...	...
R1.8	Public transit (70456)	...	...	...
Environmental Protection (705)						
R1.11	Waste management (7051)	...	...	...
Housing and Community Amenities (706)						
R2.1	Land use planning and zoning	...	XX	...		
R2.4	Building and construction regulation; building permits	...	XX	...		
R1.16	Water supply (7063)	...	...	...
R1.17	Street lighting (7064)	...	...	...
Health (707)						
R1.19	Public health and outpatient services (7072,7074)	...	...	...
Recreation, culture, and religion (708)						
R1.20	Recreation and sporting services (7081) – includes parks	...	...	...
Education (709)						
R1.23	Primary Education (70912)	...	...	...

If there are multiple levels or tiers that provide the same service, please respond with the subnational institutional level, tier or type that employs the largest number of frontline workers.

The next question for each of the public services contained in the functional profile worksheet is: which governance level or tier is responsible for constructing the facilities or infrastructure needed to provide each service? For instance, is it the Ministry of Education who hires the contractor that constructs new school buildings, or is the provincial or local government responsible for the construction of new buildings?

Again, if multiple levels, tiers, or types of subnational institutions provide infrastructure inputs for a particular service, please note the subnational institutional level, tier, or type that primary provider.

A third column in this worksheet considers whether parastatal entities, public corporations or other extrabudgetary institutions (PCEBIs) play a role in public service delivery. Where a general government entity is directly responsible for delivering a public service, the answer to this question should be 'No'.

Yet in some other cases, public services are not directly delivered by a central ministry or by a subnational government department, but rather, the actual delivery of services may be done by a public corporation, NGO, or another provider—including private sector providers—acting as agents of the government entity. For instance, water and sanitation services are often delivered by a water company or water authority, rather than by the responsible government department itself.

If a public service is provided by a parastatal, a public corporation or public authority, by a not-for-profit, by a community group or by a similar entity, the functional profile should list the parent government level or tier that is responsible for service provision, while indicating that a public

corporation or similar entity is responsible for the actual production of service. The comments and clarifications section should be used to clarify the exact service delivery arrangements.

Caveat emptor. The functional assignment worksheet in the *LoGICA Intergovernmental Profile* only identifies the subnational governance levels, tiers or institutions that are primarily responsible for delivering different public services. The Intergovernmental Profile provides only a starting point in exploring the assignment of functional responsibility, and does not imply that this governance level, tier, or institution necessarily has full autonomy or control over the manner in which each public service is delivered.

In fact, even when subnational governments have responsibility for the provision of frontline services, it is not unusual for higher-level governments to involve themselves (or to control) different aspects of frontline service delivery. Such influence or control may be exercised in different degrees and through different mechanisms. For instance, this may involve the setting of sectoral policy objectives and enforcement of different service delivery standards; the provision of earmarked grants to fund one or more elements (or all elements) of public service delivery; or direct involvement in the hiring and management of the human resources involved in the delivery of frontline public services. In extreme cases, subnational governance institutions are little more than a "post office" for higher-level governments.

While the functional responsibility profile indicates the extent to which different government levels or tiers **bear primary responsibility** for the de facto delivery of public services, the profile does not reflect the extent to which subnational institutions have **authority or autonomy** in the delivery of public services. The assessor or assessment team should consider completing the full LoGICA framework in order to obtain a more complete picture of the extent to which subnational officials are empowered over different aspects of the subnational public sector.

7. Completing the 'Info' worksheet

The final step in completing the LoGICA Intergovernmental Profile is the completion of the 'Info' worksheet.

The 'Info' worksheet asks the assessor about the completion of the LoGICA Intergovernmental Profile. In addition, this worksheet asks the assessor to provide several paragraphs of narrative description of the country's multilevel governance system (LoGICA Assessment Abstract). The abstract paragraphs will form the basis for the country's online Intergovernmental Profile.

In addition to the LoGICA Assessment Abstract, the IGP Excel template will pull together all the comments and clarifications entered into the various worksheets of the Intergovernmental Profile and prepare a set of IGP Country Notes. As a standard part of the Intergovernmental Profile, the assessor is also asked to prepare a PowerPoint-based diagram reflecting the structure and nature of subnational governance institutions, as discussed in Section 4.2.

In addition to the LoGICA Intergovernmental Abstract, the IGP Country Notes, and the subnational governance structure diagram, the assessor or assessment team may *optionally* prepare a short, written LoGICA Intergovernmental Profile report (4-12 pages). A template for the LoGICA Intergovernmental Profile report is available, following the general structure and content of the Intergovernmental Profile/Context:

1. Country description and state of decentralization [1-3 pages]

- Objective and scope of LoGICA Assessment
- Brief description of the country and state of decentralization and localization

2. Subnational governance structure [1-3 pages]

- Diagram of subnational governance structure
- Details of the country's subnational organizational / governance structure

3. Nature of subnational governance institutions [1-3 pages]

- Diagram/table informing the nature of subnational governance institutions
- Details of the country's subnational governance structure

4. Assignment of functions and responsibilities [1-3 pages]*

- Diagram of multilevel assignment of functions and responsibilities
- Brief description of the assignment of responsibilities for key functions and public services
- General assessment of functional assignments (e.g., adherence to subsidiarity; *de facto* versus *de jure*, etc.)

* Note: Since the functional profile is an optional part of the IGP, this section may be omitted as relevant.

Annex 1

The Local Governance Institutions Comparative Assessment (LoGICA) Intergovernmental Profile / Intergovernmental Context

This annex provides detailed guidance regarding the preparation of the Local Governance Institutions Comparative Assessment - Intergovernmental Profile (which is an abbreviated version of the LoGICA Intergovernmental Context).²³

A.1 General country information

Basic country information (C1). The General Country Information Section provides basic country information for the LOGICA Profile, starting with country name, reporting period (year), and national population. The Country Name (C1.1) can be the country's commonly used "short form" (rather than a country's longer, more formal name). Next, because local governance institutions change over time, time coding of the LOGICA information is important. Typically, a Country Profile will seek to collect information for the latest year for which relevant information is available. This calendar year is to be indicated for C1.2.

The total national population is to be entered in persons (i.e., not in thousands or millions). If possible, this amount should reflect the estimated national population mid-year. In addition, the country's urbanization rate (i.e., the urban population as a percent of total population) is to be entered into the profile in order to provide country context.

Among others, the population figure can be used to determine the average size of local jurisdictions. Country-specific demographic estimates can vary considerably. When recent census counts or reliable census-based estimates are unavailable, the preferred data source for population is World Population Prospects, or other related UN data sets (e.g., <https://population.un.org/wup/Country-Profiles/>).

Central public sector information (C2). The second element of the General Country Profile is a segment on Central Public Sector Information. The information gathered about the central public sector is not intended to be comprehensive, but rather, seeks to provide some information about possible political and institutional incentives that the central public sector might face in its interactions with the subnational public sector.

C2.1 What is the administrative tradition of the country (at the central government level)?

²³ Complete guidance on the completion of the entire Intergovernmental Context (including the questions that are not included in the shorter Intergovernmental Profile) is provided in Annex 1 of the LoGICA Framework (LPSA, September 2022).

This question requires an open-ended response, if pertinent. Contemporary public administration tends to reflect not only current ideas about how the public bureaucracy should be organized and function, but it also reflects its historical roots. For instance, within Western Europe, distinctions can be made between British, Napoleonic, Germanic, Scandinavian and Latin-Napoleonic administrative traditions. In many countries in Africa, Asia, and the Americas, colonial administrative traditions and influences (including British, French, German, Portuguese and Spanish) continue to be present. In other countries, other historical and traditional practices (e.g., Ottoman; Islamic; Soviet) may continue to influence contemporary public administration practices.

C2.2 What system of government does the country have at the central government level?

Possible options include ‘Presidential’, ‘Parliamentary’ and ‘Other’. A presidential system reflects a system where the President (typically the Head of State and Head of the Executive Branch) is directly elected. A parliamentary system reflects a system where parliament elects the Prime Minister, who acts as the Head of the Executive Branch.

C2.3 Do competitive elections take place at the national level?

Valid responses include ‘Yes’, ‘No’ or ‘Mixed/Other’. The intent of this question is to capture the existence of a strong and effective democratic tradition that results in meaningful change in political power at the central government level through electoral processes. As such, the existence of competitive, multi-party elections at the national level is considered a necessary but not a sufficient condition for a competitive electoral system. Instead, we would like to observe regular elections over the past twenty years (one election at least every seven years), whereas we would expect at least one democratic transition from one political party to another to have taken place (either in the legislative branch or in the executive branch) as proof of the *de facto* competitive nature of the political system over the past twenty years.

C2.4 How is the central government’s parliament structured?

Appropriate responses include ‘Unicameral’, ‘Bi-cameral’, or ‘Other’.

C2.5 / C2.6. What electoral process is used in the election of the general assembly / lower house and senate / upper house (if any) of parliament?

Options for these two questions include ‘Proportional Representation (Party List)’, ‘Single-Member Constituency (First Past The Post)’, ‘Other Direct Election’, ‘No Direct Election’, or ‘Mixed System’. Please record “Mixed” (and clarify in the Country Profile Notes) if there are special/appointed seats in parliament (e.g., the military, labor unions, societal organizations, and so on) alongside “regular” elected seats. If there are set-aside seats in parliament for women, but all other members of parliament are directly elected, please select the main electoral process (rather than selecting “Mixed”). The “Other Direct Election” option includes different direct election mechanisms, such as Multiple-Member Constituencies. The option “No Direct Election” includes indirectly elected parliaments as well as countries where there is no elected institution

that holds legislative power. If there is no upper house of parliament (as indicated in C2.4), simply leave the answer for C2.6 blank.

Framework guiding local public sector and intergovernmental relations (C3). The third segment of the General Country Information considers the constitutional and legislative framework guiding the local public sector. Whenever necessary, please clarify responses in the LOGICA Report.

C3.1 What is the country's intergovernmental political structure?

Valid responses to this question include 'Federal', 'Unitary' or 'Partially/Mixed/Other'. A federal country is a country where the constitution assigns certain powers to state or regional governments, which cannot be unilaterally abrogated by the national government. In contrast, a unitary country is a state governed as one single unit in which the central government is supreme and any subnational units (whether local administrative units or local governments) exercise only powers that their central government chooses to transfer or 'delegate'. Many states in the world have a unitary system of government. There are only a select number of federal countries in the world (see the Forum of Federations, <http://www.forumfed.org>).

It should be noted that decentralization (devolution) is possible in both federal as well as unitary countries. Indeed, many unitary countries (particularly in the industrialized world) are quite decentralized (in terms of the share of public expenditures that takes place below the central level). Although the degree of expenditure decentralization within federal countries varies considerably, federal countries often have a higher share of sub-central expenditures than unitary countries.

C3.2 Overall territorial-administrative structure

This indicator seeks to summarize the overall nature of the subnational public sector, based on the predominant approach(es) to decentralization and localization within the public sector. Appropriate responses include 'Devolved subnational governments', 'Hybrid subnational governance institutions', 'Horizontal (territorial) deconcentration'; 'Vertical (sectoral) or other deconcentration'; 'Other institutions'; or 'Mixed'. Detailed definitions of each classification / subnational institutional type are provided as part of indicator G6.

If there is a single dominant subnational government level, the overall territorial-administrative structure should reflect the nature of the dominant subnational governance level / tier / type. If there is more than one dominant subnational government level, tier, or type (which may disproportionately be the case in (quasi) federal systems) the assessor will need to select the option that most closely reflects the institutional nature of the two most dominant levels.

Note that this question does not assess the overall importance of subnational institutions in the public sector, which may be either limited or extensive. Instead, the question focuses on the overall nature of territorial-administrative institutions.

Unless the main subnational levels or tiers in a country are of the same institutional type, it may be difficult to capture the overall nature of a country's territorial-administrative structure in a single category. 'Mixed' should be selected if the public sector relies on two (or more) different types of subnational governance institutions or systems. Clarifications should be provided in the comment section (and in the Country Brief / Country Profile) to clarify or qualify the selection as needed. It may be necessary to revisit the answer to this question after completing the segment on Subnational Governance (G1-G6).

C3.3 Is the structure of the local public sector (LPS) uniform across urban and rural areas?

Appropriate responses include 'Yes', 'No' and 'Partially/Mixed/Other'. In Mozambique, for example, elected municipal governments operate in urban areas, whereas rural areas are administered by deconcentrated offices of the state administration. Similarly, in Turkey, there are 5 types of municipalities with asymmetric arrangements in service delivery responsibilities, revenue sources, and transfers. If the territorial-administrative structure of the local public sector is not uniform across urban and rural areas, this issue will likely be addressed as part of the Organizational Structure segment of the Intergovernmental Context (for instance, by possibly listing urban and rural institutions as separate entities). Whenever necessary, please clarify the response in the LoGICA Country Brief or Country Profile.

C3.4 Are there (other) asymmetries in the structure of the subnational public sector?

Beyond any possible asymmetries between urban local government and rural local governments, are there any (other) asymmetries in the structure of the subnational public sector? Examples of such asymmetries may include the presence of "Autonomous Regions" in a country (with different powers, functions or revenues when compared to other entities at the same level), or asymmetries caused by different states in a federation relying on vastly different local government systems. Appropriate responses include 'Yes', 'No', and 'Partially/Mixed/Other'. If there are asymmetries in the territorial-administrative structure of the subnational public sector, this issue needs to be clarified and discussed as part of the Territorial Organizational and Administrative Structure Profile. Whenever necessary, please clarify the response in the LoGICA Country Brief / Country Profile.

C3.5 Does the central government recognize local self-governments and the principle of autonomy and subsidiarity?

This question refers not only to the *de jure* (legal) context, but also to the *de facto* situation. Appropriate responses include 'Yes', 'No' and 'Partially/Mixed/Other'. Most constitutions (and/or the relevant legislative framework) recognize the existence of local governments. This does not necessarily mean that central governments recognize local self-governments and the principle of autonomy and subsidiarity. Instead, the concept of local self-governance requires the recognition that local governments are not primarily agents of the central government, but rather, that local governments have their own decision-making space and that local bodies exist primarily in order to promote the priorities, interests and wellbeing of its constituents. Recognition of the principles of autonomy and subsidiarity is demonstrated when local autonomy is protected by constitution

or law and respected by central government, with central supervision confined to *ex post* verification of the legality of local government decisions.

C3.6 Does the constitution or the legal framework provide a clear and consistent definition of the powers and responsibilities of different government levels, and is this assignment of functional responsibilities adhered to in practice?

Appropriate responses include ‘Yes’, ‘No’ and ‘Partially/Mixed/Other’. An affirmative response should be provided when existing legislation is on the whole clear and precise on the roles and responsibilities of different local government levels and is adhered to in practice. A negative response should be provided when no legislation exists; when there are unclear or contradictory laws and regulations; or when the legislated expenditure assignment is not consistently adhered to. The answer to this question should be consistent with the more detailed analysis of (de jure and de facto) assignment of functions and expenditure responsibilities, which is discussed in greater detail in the fourth segment of the Profile.

C3.7 Is there a formal mechanism for intergovernmental coordination?

Appropriate responses include ‘Yes’, ‘No’ and ‘Partially/Mixed/Other’. An affirmative response should be given if there is a formal institutional mechanism that brings together representatives from central, regional (as appropriate) and local governments in order to coordinate intergovernmental (financial) issues, and/or to serve as a platform for intergovernmental dispute resolution.²⁴ Examples as such institutions include Germany’s Financial Planning Council, South Africa’s Fiscal and Financial Commission (FFC), Kenya’s Commission on Revenue Allocation (CRA), Nepal’s National Natural Resource and Fiscal Commission (NNRFC) or Uganda’s Local Government Finance Commission (LGFC). A negative response should be provided if no formal organizational mechanism exists to bring together representatives from different government levels to provide a platform for dialogue and/or for dispute resolution. For instance, this is the case in the United States (where the Advisory Commission on Intergovernmental Relations was abolished in 1996). Other countries may provide mixed or other systems. For instance, in India and Pakistan, Intergovernmental Finance Commissions are formalized commissions that are periodically constituted to guide reforms of the intergovernmental fiscal system. In other countries, local government association may play a more or less formalized role in vertical intergovernmental coordination (e.g., the Netherlands).

C3.8 Does the country have experience with regular local elections?

This question applies to the main elected subnational government level (if any). Options include ‘Yes’, ‘No’, and ‘Partially/Mixed/Other’ in accordance with the following standards:

- Yes – regular local elections have been held consistently over the past 20 or more years, with intervals of less than 7 years between local elections.

²⁴ This question does not pertain to the election of an upper house of parliament, which may or may not be constituted to represent the interest of subnational jurisdictions at the central level.

- No – local elections have been held regularly over the past 15-20 years, with intervals of less than 7 years between local elections.
- No - local elections have been held at least once in the past seven years (but have not yet been held on a regular basis over a period exceeding 15 years).
- No – local election have never been held, or local elections were held more than seven years ago.
- Partially/Mixed/Other – should only be used when there are different experiences at different subnational government levels, or when there are different experiences in different parts of the country (e.g., within federal countries).

C3.9 Does the timing of central and local elections coincide (or are elections at different levels timed sequentially)?

Appropriate responses include ‘Yes’, ‘No’ and ‘Partially/Mixed/Other’. Turnout can be expected to be higher when central and local elections are held concurrently. In contrast, sequencing of elections (e.g., local government elections prior to center elections) may allow political parties to build on gains in local elections as a springboard to national elections.

C3.10 Recent or ongoing decentralization reforms?

The final question with regard to the framework guiding intergovernmental relations asks whether a major decentralization reform took place during the years preceding the preparation of the Profile. Appropriate responses to this question are ‘Yes’, ‘No’, and ‘Mixed/Other’. Only answer ‘yes’ if a major decentralization reform is actually being implemented in a way that is resulting in a major change in the structure, functioning or financing of the (subnational) public sector. Typically, such reforms are the result of a constitutional reform or major public administration reforms. Do not answer ‘yes’ if a new constitution or decentralization act was adopted, but without the accompanying reforms being (at least, in part) implemented prior to the year for which the LoGICA Profile is being completed. Decentralization reforms and local government reform efforts of lesser magnitude can be indicated using the ‘Mixed/Other’ designation, with further detailed provided in the LoGICA Report.

Main decentralization / subnational / intergovernmental legislation / policies (C4). What is the name/year of the main law(s) guiding structure and finances of the local public sector? Please respond with the name of the legislation, and the year in which the current legislation was enacted. Please start with any references to the country’s intergovernmental or subnational governance structure contained in the constitution or Basic Law. Typically, the establishment and the legislative framework for the operation of local governments is further guided by a Decentralization Law, a Local Government Act, or Municipal Law. It is not unusual for local government finances, local public service management, (local) elections, and (local) procurement to be addressed by separate legislation. In countries with a deconcentrated public sector structure, the relationship between different administrative tiers is often codified as part of a Local Administration Act. To the extent that specific decentralization practices or reforms are guided by a clearly articulated decentralization policy, please not such policy documents as well.

Key stakeholders in multi-level governance policy (C5). The final section of the country background information seeks to identify stakeholders at different government levels that might have an interest in decentralization, or that ought to be part of policy debate on multilevel governance. Please respond with the name of the organization or organizational mechanism—and where relevant, the department or unit—that deals with decentralization, multi-level governance, or intergovernmental relations. As part of the LoGICA Report, further detail may be provided on each of these organizations. Whenever possible, these entities should be invited to be part of the LoGICA Assessment process as team members; key informants; or peer reviewers.

C5.1 Central ministry responsible for subnational governance/administration?

C5.2 Does Finance Ministry have dedicated subnational division/department?

C5.3 Do vertical sectoral coordination mechanisms exist?

C5.4 Intergovernmental coordinating bodies/commissions?

C5.5 Local government association(s)?

C5.6 Civil society stakeholders or policy/research organizations involved in decentralization discussions?

A.2 Subnational governance structure

The full version of the LoGICA Subnational Governance Structure Profile accommodates up to eight sub-central or subnational levels, tiers or types of subnational governance or administration, which could either be subnational (regional and/or local) general purpose governments, subnational (deconcentrated) administrative tiers, and/or special-purpose subnational government types (such as elected water boards or school district governments).

The shorter LoGICA Intergovernmental Profile allows the assessor to record up to four subnational governance institutional levels, tiers, or types (S1-S4).

The Subnational Governance Profile records the existence of each main subnational governance level, administrative tier, or subnational governance types; the number of jurisdictions that are present at each level/type, and a number of other basic institutional characteristics.

If the aggregate population of any subnational institutional level, tier, or type is less than the total national population, then the assessor is asked to complete the total population for that subnational institutional level, tier, or type.²⁵ This information is necessary in order to determine the average population for each subnational institutional level, tier, or type.

In countries with more than eight (or four) significant levels, tiers, or types of subnational governance institutions or entities, the comments/clarifications should include a description of the remaining level, tiers, or types.

Please note that the subnational governance structure profile should not include extrabudgetary entities, public corporations, or other autonomous public sector institutions (such as corporatized public service providers or front-line service delivery units or facilities) as a separate government level / tier / type. Given the principal-agent relationship between the parent government and the service delivery provider, such entities (whether public schools, public health facilities, water utilities or providers, and other public corporations or frontline service providers) should be considered as part of their parent government (i.e., the government level or entity that own, controls and/or operates them).

Despite their often-important role, international donors or development partners should not be understood to be part of their host country's public sector, and as such, should not be included as a separate level in the territorial-administrative structure. To the extent that development partners (directly or indirectly) support programs and public sector entities at the central, regional, and local government levels, these activities should be included in those respected government levels / tiers / types.

²⁵ For instance, this is the case if urban jurisdictions have a separate type of urban local government, and these urban governance institutions are included separately in the subnational governance structure profile.

Care should be taken that the Subnational Governance Structure Profile captures subnational governance institutions (i.e., subnational governments, subnational administrative tiers, or other subnational institutions), rather than reflecting geographical territorial divisions. For instance, in some countries, provinces or districts are grouped into territorial regions for data reporting or oversight purposes, without these regions having their own (significant) institutional status or administrative structures. In such, instance, “regions” should not be included in the Organizational Profile. The details of the Territorial Organization and Administrative Structure Profile should further portray the *de facto* situation, rather than reflecting the legislated system.

Likewise, to the extent that a country’s primary or major subnational government levels, tiers or types are internally divided into secondary or minor territorial-administrative subdivisions (such as political wards), such minor governance subdivisions should generally not be reflected in the Subnational Governance Structure (organogram or template). It would be prudent to mention their existence in the description (comments/clarifications) of the subnational governance structure, and the reason why they are not further analyzed in detail.

A.3 Nature of subnational governance institutions

The LoGICA Intergovernmental Profile seeks to determine the nature of subnational governance institutions by placing them into one of four categories: devolved subnational governments with extensive powers and functions; devolved subnational governments with limited powers and functions; hybrid local governance institutions; or non-devolved local governance institutions.

Indicators G1–G4 ask questions about the institutional, political, administrative, and fiscal / budgetary characteristics, autonomy and authority of each level/tier/type of subnational entities, respectively. Unless explicitly mentioned otherwise, responses to all indicators should reflect the *de facto* situation in a country. Appropriate responses to these questions include ‘Yes’, ‘No’ and (in rare cases) ‘Mixed/Other’. In most cases, when the answer is not unconditionally ‘Yes’, the answer ‘No’ should be selected.

The assessor may choose to answer the selected sub-indicators dealing with the preconditions of subnational governments first (i.e., G1.1, G2.1, G3.1 and G4.1). Alternatively, it may be easier to answer the sub-questions dealing with institutional features and functions (G1); political characteristics (G2), administrative characteristics (G2), and fiscal/budgetary characteristics (G4).

Note that, at each stage, the status of the subnational institution is judged based on the weakest link. For instance, if a subnational entity has administrative and fiscal authority and autonomy, but not sufficient political authority and autonomy, then the institution is not considered a subnational government.

As subnational governments are required to meet all preconditions of being a (*de jure* and *de facto*) corporate body (or institutional unit), subnational governance institution can only be considered a subnational government if **all** preconditions in the top row of Table 5.2 are met. Otherwise, the entity should be considered a non-devolved institution.

In addition to meeting all the preconditions in the top row of Table A.1, a subnational entity should be a *de facto* corporate body and have adequate (political, administrative, and fiscal) autonomy and authority to be considered a subnational government in its own right (i.e., ‘Yes to all indicators in Row 2).

And if so, third, the assessment determines whether the subnational government has extensive political, administrative, and fiscal authority, in order to be considered a subnational government with extensive powers and functions (i.e., ‘Yes to all indicators in Row 3).

Main institutional characteristics and functions of subnational entities (G1). The sub-indicators that form part of Indicator G1 deal with the main institutional characteristics and functions of subnational entities. For the scoring of G1 as a whole (0-3 points) the different sub-indicators build on each other. For instance, a score of 1 is attained when all sub-indicator in Rows 1 (G1.1A and B) have been answered with 'Yes'. In turn, a score of 2 cannot be attained unless all sub-indicator in Row 1 were positive, *and* the sub-indicator in Row 2 (G1.2) has been answered with 'Yes', and so on.

G1.1A Are subnational entities at this level/tier/type *de jure* corporate bodies (institutional units)?

Some subnational institutions are designated by the constitution or their enabling legislation as ‘political organs’, while others are considered ‘local administrative units’, while others are assigned specific legal status as ‘corporate bodies’.

The first thing to be considered about each level, tier, or type of regional or local jurisdictions is whether they are—*de jure*—organized as corporate or statutory bodies (or, as ‘institutional units’ as defined by the IMF).²⁶ In other words, is the subnational entity a corporate body or separate legal entity, which is legally separate from the central (or higher-level) government?

For the purpose of this indicator, ***corporate bodies are legal persons that can, in their own name, own and transact assets, enter into contracts, and engage in economic / financial transactions.***

Question G1.1A considers whether subnational entities at each level/tier/type are *de jure* corporate bodies as defined by the constitution or by the legal framework (e.g., the Local Government Act or similar legislation).

In many countries where subnational institutions are *de jure* corporate bodies, the constitution (e.g., Mexico) or relevant local government legislation (e.g., Kenya County Government Act) simply declares subnational entities as being corporate bodies.²⁷ In other countries, the corporate or statutory status of public bodies is granted as part of the Civil Code (e.g., the Netherlands).

In yet other cases, the statutory nature of regional and/or local governments is determined by constitutional or legal language that does not necessarily use the term ‘corporate body’, but it understood by all to assign *de jure* legal status to subnational entities to subnational governments as corporate entities. For instance, the United States Constitution does not explicitly confer corporate status on U.S. States. Nonetheless, the Constitution provides a sufficient legal foundation for state governments, in their own name, own and transact assets, enter into contracts, engage in financial transactions, and sue and be sued.²⁸ Even in cases where the statutory or *de jure* status of subnational institutions is less explicit, subnational governments

²⁶ The LPSA definition of subnational governments as corporate bodies is closely aligned on this point with the IMF definition of subnational governments (e.g., as captured—among others—in the System of National Accounts 2009, IMF, UN, OECD, World Bank and European Commission), which relies on the concept of ‘institutional units’: institutional units are economic entities that are capable of owning assets, raising funds, incurring liabilities, and engaging in economic activities and transactions with other entities in their own right.

²⁷ For instance, Article 6 of the Kenya County Government Act states “As an entity exercising constitutional authority, a county government shall be a body corporate with perpetual succession and shall have all the powers necessary for the discharge of its functions.”

²⁸ The Constitution does state that “The United States shall guarantee to every state in this union a republican form of government” and the Tenth Amendment states that “The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people.”

could be judged to be *de jure* corporate bodies or institutional units, as long as subnational governance institutions are clearly recognized as having the legal status and rights of a corporate body, as expressed above.

Similarly, in Vietnam, the constitution and local governance legislation vaguely refer to subnational “administrative units”, but not explicitly as corporate bodies. However, the legal framework also provides local institutions with their own elected leadership and the ability to borrow and appoint their own staff, which implies a legal foundation for their ability to make decisions and engage in financial transaction as a *de jure* corporate body or ‘institutional unit’.

In other countries, local governance institutions may be designated as subnational ‘political organs’ or ‘administrative units’, but are not assigned the legal status and rights of corporate bodies, as expressed above. In these cases, subnational governance institutions should not be judged to be a *de jure* corporate bodies.

As noted further below, not all subnational governance institutions that are *de jure* corporate bodies are also *de facto* corporate bodies (Indicator G1.2). For instance, it is not uncommon for a local government act to proclaim that elected local governments are corporate bodies, with an elected board or councils as its authoritative decision-making organ, while also assigning the power to appoint the local government’s chief executive officer to the central government, which makes it *de facto* impossible for the entity to engage in economic transactions in their own right.

For the purpose of Indicator G1.1A, however, the assessment does not have to confirm that the legal assertion that a subnational institution is a corporate body is in fact correct (i.e., that the conditions of being a corporate body are in fact met). Indicator G1.1A should be judged based on whether the legal framework assigns subnational institutions with legal status as corporate bodies.

Clarification G1.1A: Some definitions for corporate bodies (and the definition of institutional units) require these entities to be able to lend and borrow funds. Many higher-level governments (partially or fully) restrict the ability of subnational governments to borrow funds. In the context of the LoGICA framework, the ability to borrow funds is not a requirement in order for the entity to be deemed a corporate body (or subsequently, a devolved subnational government). This issue is further explored in the LoGICA Country Profile (7 Fiscal), as the inability to borrow may constraint the fiscal empowerment of subnational governments.

Some definitions for corporate bodies include a reference to corporate entities being able “to sue and be sued.” In practice, this is an important corollary to the power to engage in economic activities and financial transactions. If a subnational governance entity contracts a business to provide a service or to construct infrastructure, and either party fails to abide by the conditions of the contract (e.g., the business fails to provide the service, or the governance entity fails to make payment as per contract conditions), the contract should be enforceable by legal action against the subnational entity in its own name. For the purpose of Indicator G1.1A (*de jure* corporate body), this requirement is considered to be implicit in the ability to engage in economic and/or financial transactions.

G1.1B Do subnational entities at this level/tier/type engage in public sector functions?

Government units are unique kinds of legal entities established by political processes that have legislative, judicial or executive authority within a given area. Viewed as institutional units, the principal functions of government are to assume responsibility for the provision of goods and services to the community or to individual households and to finance their provision out of taxation or other incomes; to redistribute income and wealth by means of transfers; and/or to engage in non-market production (IMF System of National Accounts, 2008).

Indicator G1.1B explores whether the subnational institution engaged in one or more public functions within its jurisdiction territory?

For instance, does it provide public services or infrastructure; regulate the use of public or private space or other common resources; provide public order or dispute resolution; engage in civil or local administration; engage in other activities for the common good of the jurisdiction; and/or does the jurisdiction engage in taxation? If the entity or jurisdiction at hand does not engage in any of these public sector / governance functions, it should not be considered a public sector entity that should be considered as part of LoGICA's Intergovernmental Profile.

It should be noted that the LoGICA assessment should be applied to subnational general governance institutions. It should not be applied to subnational public corporations (such as municipal water companies) or other entities (e.g., parastatal bodies such as public hospitals or public universities) controlled by general government units.

G1.2 Do regional or local entities at this level/tier/type meet the preconditions of de facto corporate bodies (institutional units)?

Indicator G1.2 considers the *de facto* institutional status of the subnational entities. It is not unusual for subnational governance institutions to be granted *de jure* corporate status through the constitution or relevant legislation. However, this does not necessarily guarantee that the entity is also a *de facto* corporate body in practice. For an organization to *de facto* function and coherently act as a single *corpus* (corporate body or institutional unit), the entity must (i) have the ability to make authoritative decisions, as well as (ii) the ability to act on these decisions, including by (iii) engaging in financial transactions on its own accord.

A subnational governance institution should thus only be considered a *de facto* corporate body if (a) it has its own authoritative decision-making structure or organ (typically a board or council that provides political leadership); (b) it has its own officers to execute its own decisions; and (c) it is permitted to engage (and engages) in its own financial transactions.

The response to G1.2 is based on these three minimum conditions, and all three conditions need to be met in order for G1.2 to be answered in the affirmative. The response may need to be provided (or revisited) after completing G2.1, G3.1, and G4.1. If any of the responses to these sub-indicators is 'No', it is extremely likely that the response to G1.2 is also 'No'.

Clarification G1.2: In addition to the minimum conditions for being a *de jure* and *de facto* corporate body or institutional unit, a corporate body must meet other conditions with regard to its ability to make authoritative (political) decisions; its control over officers; and its power to make its own budget. These issues will be dealt with in G2.2, G3.2 and G4.2 and do not need to be taken into consideration in the response to indicator G1.2.

Some definitions for corporate bodies (and the definition of institutional units) require these entities to be able to lend and borrow funds. In the context of the LoGICA framework, the ability to borrow funds is not a requirement in order for the entity to be deemed a corporate body (or subsequently, a devolved subnational government).

Some definitions for corporate bodies include a reference to corporate entities being able "to sue and be sued." For the purpose of Indicator G1.2 (*de facto* corporate body), the ability to sue and be sued should be considered an explicit requirement. In other words, if a vendor/supplier cannot take legal action for breach of contract against a subnational governance institution (in its own name), the institution should not be considered to be a *de facto* corporate body or institutional unit.

G1.3 Are subnational institutions de jure and de facto corporate bodies with extensive (de jure / de facto) functions?

In order for subnational institutions to be deemed *de facto* corporate bodies, the responses to Indicators G1.2, G2.2, G3.2 and G4.2 are all met. As such, the assessor may need to verify the response to G1.3 after those indicators are assessed.

In addition to (or separate from) subnational governance institutions having potential limits on their political, administrative, or fiscal powers (as explored in G2.3, G3.3 and G4.3), subnational governance institutions may have limited functional responsibilities. For instance, in the Netherlands, a water board (*waterschap* or *hoogheemraadschap*) is a subnational governing body solely charged with the management of surface water in the environment (e.g., to prevent flooding). These subnational governance institutions operate independent of other governance bodies like provinces and municipalities. Similarly, most States in the U.S. rely on independent public school districts for the provision of elementary or secondary education. School district governments are elected special-purpose local government entities that typically operate independent of other local governments (such as a cities or counties).

The purpose of this indicator is to determine whether subnational institutions are *de jure* and *de facto* corporate bodies with general functional powers. Unless subnational institutions are deemed to be single-purpose or special-purpose subnational governance entities, they should be deemed to have extensive (de jure / de facto) functional responsibilities. The exact nature and extent of their (de facto) functional responsibilities is further assessed as part of the functional profile.

In cases where single-purpose or special-purpose subnational governments exist, when possible, they should be included in the Intergovernmental Profile/Context if they account for a non-trivial amount of public spending (e.g., more than 1 percent). The assessment should not include subnational public corporations or public quasi-corporations that have one or more service delivery functions (e.g., water provision), where the public entity functions strictly as an agent of one or more general government entities.

Political characteristics of subnational entities (G2). The sub-indicators that form part of Indicator G2 deal with the main political characteristics, autonomy, and authority of subnational entities.²⁹ For the scoring of G2 as a whole (0-3 points) the different sub-indicators build on each other. For instance, a score of 1 is attained when all sub-indicator in Rows 1 (G2.1A and B) have been answered with ‘Yes’. In turn, a score of 2 cannot be attained unless all sub-indicator in Row 1 were positive, and all sub-indicator in Row 2 (G2.2A and B) have been answered with ‘Yes’, and so on.

²⁹ The term “political” (as used here) should be understood in terms of collective decision-making. It should not be understood to require decision-making based on party politics, as subnational leadership may be party-political or non-partisan in nature.

G2.1A Do subnational entities at this level/tier/type have their own (political/elected) leadership?

Answer ‘Yes’ if the regional or local entity has one or more (directly or indirectly) (s)elected officials—and/or an (s)elected body—that function as the subnational political leadership. Like the Board of Directors of a corporation, the intent of a subnational political leadership organ should be to represent the interests of subnational constituents, rather than to act on behalf of external stakeholders (e.g., the political interests of the higher-level government).

Note that this indicator deals with the *presence* of a subnational representative organ (or official) that acts as subnational political leadership, rather than how it is constituted (e.g., elected), or how powerful it is.

For this purpose of this indicator, subnational political leadership may be formed by an elected or selected deliberative body (e.g., council or board) which is the authoritative decision-making organ of a subnational governance institution. The subnational political leadership may also come in the form of an elected or selected advisory council or supervisory body that represents the interests of the subnational jurisdictions’ constituents with limited or no authoritative decision-making power (e.g., a representative council elected or selected to monitor the functioning of central government administrators in a region or locality on behalf of local constituents).

For this purpose of this indicator, the subnational political leadership does not have to be elected (either directly or indirectly) by popular vote. Any type of election or selection process that results in the subnational political leadership that is intended to represent the interests of subnational stakeholders should suffice. For instance, rather than being directly or indirectly elected, municipal boards in Kenya are deliberative bodies appointed by their respective county governments.

Politically-appointed executives or subnational administrative leaders that are appointed by a higher government level (e.g., a Commissioner appointed by the Prime Minister) should not be considered to constitute subnational political leadership merely because they are political appointees. At the same time, the presence of political appointees should not disqualify an institution from being considered to have its own (political/elected) leadership, as long as there are (directly or indirectly) elected and/or selected officials present at the subnational level that function as the subnational political leadership.

Clarification G2.1A, G2.2A and G2.3A:

Indicator G2.1A concerns itself with the question whether the regional or local entity has one or more elected or selected officials—typically in the form of a council, board or assembly—that functions as the subnational jurisdiction’s political leadership. Neither the nature of this organ (i.e., elected or selected) nor the relative degree of power of the subnational political leadership (or lack thereof) is relevant to the response.

Subsequent indicators will consider the composition of the subnational political leadership (Indicators G2.2A and G2.3A) and the degree and autonomy and authoritative decision-making powers (Indicators G2.1B, G2.2B G2.3B),

G2.1B Does the subnational political leadership have a degree of autonomy and authoritative decision-making power?

In order to answer ‘Yes’, the political leadership of the regional or local entity should (i) have authoritative decision-making power over the internal operation of the corporate body and (ii) have a *de minimis* degree of political (decision-making) power, separate from higher-level governments.

To assess the first part of this indicator, a comparison with a business corporation may be helpful. Within business corporations, the Board of Directors holds authoritative decision-making power (on behalf of company’s shareholders) over all major decisions of the corporation; has the power to appoint the corporation’s officers; and approves the corporation’s budget and major financial transactions. Similarly, in order for a subnational governance entity to be a (*de jure* and *de facto*) corporate body implies that its political leadership should have at least a minimal degree of (*de jure* and *de facto*) authority over the operation of the corporate entity.³⁰ Subnational political leaders who do not hold some degree of *de jure* and *de facto* binding (executive, budgetary, and/or legislative) authority over the operation of the subnational governance entity (e.g., subnational councils that are advisory in nature or that merely provide subnational oversight) should not be considered to have authoritative decision-making powers.

To assess the second part of this indicator, it should be noted that as a precondition for a subnational institution to be considered an autonomous subnational government, its political leadership (e.g., the elected local council or other elected official/body) should have at least a *de minimis* degree of autonomy from higher-level governments and authoritatively binding decision-making power. For example, the subnational entity’s decision-making power should allow the entity to direct at least some of its resources towards its own priorities, rather than the priorities of the higher-level government. Without a degree of autonomy and authority, subnational political leaders would be unable to meaningfully respond to the needs and priorities of their constituents.

The purpose of this question is not to determine the organizational nature or the extent of power of the subnational political leadership, but merely to assess the institutional nature and role of the subnational political leadership: is the local political leadership the decision-making organ of a subnational corporate body or institutional unit—separate from external entities, including higher-level government—and does it hold a degree of autonomy and authoritative or binding political decision-making power.³¹

Given that devolved local governments require the simultaneous decentralization of (at least a degree of) political, administrative, and fiscal powers and responsibilities, this indicator is critical

³⁰ The degree of control of the political leadership over officers and finances will be considered separately as part of G3 and G4.

³¹ As noted previously, political decision-making power—as used here—references body politic: it implies power over setting collective priorities, collective decisions and policy and/or implementation decisions over public services and infrastructure (not necessarily party-political power).

in distinguishing devolution from other types of decentralization, such as deconcentration. After all, even when subnational institutions are institutionally established as corporate entities and meet all other (administrative and fiscal) conditions, if the subnational political leadership does not have a degree of autonomy and authoritative decision-making power (i.e., in the absence of political decentralization), a subnational governance institution cannot be a subnational **government**.

Political decision-making power can be withheld from subnational governance institutions in different manners in different countries, as political authority and autonomy can be withheld in direct or indirect ways, as well as in a *de jure* or *de facto* manner. Most obviously, the (*de jure* or *de facto*) absence of representative (political) leadership in a subnational jurisdiction prevents even *de minimis* subnational decision-making power. Similarly, a subnational council should not be deemed to have *de minimis* decision-making power if it lacks any authoritative power over its own administration and finances.

In other countries, political decision-making power is *de facto* fully withheld by the higher-level government in less direct ways, for instance, by requiring that all (budgetary and non-budgetary) subnational council decisions are subject to absolute review and approval by the higher-level government.

It should be noted that authoritarian regimes and/or centrally planned economies—especially those that are ruled by a single party—may follow the principle of political (or power) centralization, whereby political decision-making power is fully concentrated at the central government level. In these systems, the role of subnational governance institutions—even when their leaders are elected, for instance, by party elections—may not serve as a platform for collective decision-making and provision of services in response to the needs and priorities of subnational constituents, but rather, to exclusively serve as implementing agents of central government decisions-making. When this is the case, subnational entities should not be understood to have *de minimis* degree of political autonomy or authority.

That said, there may be single-party regimes that *do* provide subnational governance institutions with a (limited) degree of (*de jure* and/or *de facto*) political decision-making autonomy and discretion. These institutions should be deemed to have *de minimis* decision-making power and autonomy.

Clarification G2.1B: The response to this Indicator should be ‘No’ if the subnational political leadership is advisory or supervisory in nature (in which case the subnational political leadership lacks *de facto* decision-making authority over key aspects of the entity’s operation, such as over its officers or budget).

The response to this Indicator should be ‘No’ if the subnational political leadership lacks (*de jure* and/or *de facto*) autonomy in determining its priorities and in making its decision-making, separately from the priorities of the higher-level government. As noted, this may be—although not necessarily always—the case in countries that have a one-party political system, where the ruling party may determine all political priorities at the central government level and has full control over subnational political candidates.

There are also countries with multiparty political systems that limit the role of subnational governance institutions to subnational oversight of national government activities (and/or that limit subnational decision-making to decisions that are essentially administrative in nature). The political leadership of subnational institutions in these countries should be judged to lack political autonomy and authoritative decision-making power.

In some countries (e.g., Bangladesh at the Upazila level), subnational elected officials or bodies have a dual function: they primarily act as an advisory or supervisory council which does not (in practice) hold binding executive, budgetary, or legislative authority over administrative offices at their level, while having some decision-making power over funds that are separately channeled to the elected body as a corporate entity. In this case, the primary role of the elected body should be considered (although the secondary role should be noted in the clarifications).

Care should be taken when relying on existing public information sources in determining whether subnational institutions have a degree of political decision-making power. Although the absence of autonomous political decision-making power would disqualify an entity from being considered a devolved subnational government (both based on the IMF definition as well as following LPSA’s definition), it is not unusual for the presence of an elected subnational body to be mistaken for a “subnational government” by existing comparative data sets on subnational governance, even if subnational bodies lack authoritative and autonomous decision-making power.

G2.2A Is the subnational political leadership, at least in part, (directly or indirectly) elected?

In order for this indicator to be scored ‘Yes’, it requires a (positive) response for both indicators G2.1A and G2.1B. Please select ‘No’ and clarify in the comments and if either G2.1A and G2.1B is ‘No’, and the subnational representative body is at least in part (directly or indirectly) elected.

Devolution aims to shorten the “chain of accountability” within the public sector by bringing the public sector closer to the people. In order for devolution to be “the empowerment of the people through the empowerment of their subnational governments”, an important assumption underlying is that local political leaders are responsive and accountable to the local electorate.³²

In many countries with devolved subnational governments, the power to make political decisions (as reflected by the power to adopt subnational legislation, bylaws, or regulations, and the power to adopt the subnational budget) is vested in an elected subnational deliberative or legislative council. In addition to a deliberative or legislative council, subnational entities in some countries have an elected subnational executive and/or an executive-type council (which may consist of either appointed or elected officials or leaders). For the purpose of this indicator, the political leadership of a subnational government entity includes those organs that have authoritative decision-making power over the affairs of the jurisdiction.

If subnational entities have their own political leadership, with a degree of autonomy and authority, is the political leadership—at least in part—directly or indirectly elected? Answer ‘Yes’ if any part of the subnational political leadership (i.e., either the local executive and/or the local council/legislative body) is directly elected by popular vote, or indirectly elected.³³

Direct elections include electoral mechanisms by which all local or regional residents of voting age choose the local council members directly, for instance, through party-list elections (proportional representation) or through ‘first-past-the-post elections’ (formally called single-member plurality voting). Other countries use some hybrid combination of electoral mechanisms, and/or may have reserved seats for specific under-represented groups.

Indirect elections take place, for instance, when local councilors (members of the local deliberative body) are elected by the elected representative of a lower government level, or when the local council elects the local executive. Further details about subnational political structures and electoral systems will be considered in the LoGICA framework as part of the political profile of the subnational public sector.

The specific nature of the electoral system—direct or indirect—does not impact the response to Indicator 2.2A. A subsequent indicator (G2.3A) considers the direct nature of elections.

³² Similarly, within business corporations, the Board of Directors is often elected by—and holds a fiduciary responsibility to—the company’s shareholders.

³³ In a handful of countries, subnational governments are led by appointed (unelected) political leaders, who nonetheless retain a certain degree of political autonomy from those who appointed them. In those cases, the appropriate response here is ‘No’.

Clarification G2.2A and G2.3A: Indicator G2.2A should be answered with 'No' if the subnational election (or in the case of indirect elections, the underlying direct election) is not based on the principle of universal adult franchise or universal adult suffrage. For instance, G2.2A is negative if subnational elections are restricted based on property and wealth; gender, race, ethnicity, caste, or creed; or when elections are only open to ruling party members.

In order for this question to be answered with 'Yes', it is not necessary for the entire subnational political leadership to be elected. For instance, in some countries, the local executive (e.g., the Mayor) may be (*de jure* and/or *de facto*) appointed by the central government, while the local government council is elected (e.g., Netherlands). In other countries, the state government's official executive (e.g., Governor) may formally be appointed by the central government, while the state legislature is directly elected and the Chief Minister indirectly elected by the state legislature. In all of these cases, the subnational political leadership is at least in part elected.

G2.2B Do subnational entities have (de jure / de facto) autonomy and authoritative power over political decisions?

This indicator builds on the response for indicators G2.1 (A & B) and G2.2A. Answer ‘Yes’ if subnational entities have appropriate *de jure* and *de facto* autonomy and authoritative power over subnational affairs (for functions within their remit). An appropriate degree of autonomy and authority would allow subnational governments to act in the political interest of its constituents, even if this means that subnational political decisions are not aligned with the political preferences of the higher government level.³⁴

Answering ‘Yes’ to this indicator requires that there are no major *de jure* or *de facto* impediments to the elected subnational leadership making decisions about subnational affairs in an autonomous and authoritative manner.

For instance, subnational institutions should be considered to lack political / decision-making autonomy if subnational decision-making bodies include elected representatives from higher-level governments (e.g., Members of Parliament) with voting power.

Subnational institutions should also be considered to lack political / decision-making autonomy if there are other impediments to authoritative decision-making power (for instance, if subnational government decisions are—*de jure* or *de facto*—subject to higher-level review and approval or subject to ruling political party review or approval). For instance, even though provinces and districts in Vietnam should be deemed *de jure* corporate bodies with their own elected leadership, the Law on the Organization of Local Governments (2015) states that local institutions should “adhere to the democratic [political] concentration principle” (i.e., follow the guidance of the ruling party) and that local governments “**shall be responsible for listening to, dealing with and responding to recommendations of local Vietnam Fatherland Front Committee**” [emphasis added].

Subnational institutions also have limited control over political priority-setting (even in multiparty political systems) when subnationally elected official are expected to pursue their national political party manifesto (or instructions from national political leaders), even when national priorities are inconsistent with the priorities of local/regional constituents. In the presence of such impediments, subnational entities should not be considered to have extensive autonomy and authoritative power over political decisions.³⁵

³⁴ There are (and should be) limits to the degree of autonomy and authority which subnational governments are expected to operate. Higher-level governments typically introduce a wide range of laws that may bind not only households and businesses, but also subnational governments, ranging from physical planning and environmental laws to civil rights legislation that prohibits housing discrimination. None of these laws should be considered to usurp the ability of subnational governments to manage their own affairs.

³⁵ It should be noted that a degree of vertical political influence within political systems is normal occurrence. Such influence vertical political influence becomes problematic when it prevents subnational leaders from representing (or acting upon) the legitimate concerns and priorities of their constituents.

As noted under Indicator G2.1B, there may be authoritarian regimes and/or single-party regimes that provide subnational governance institutions with a (limited / *de minimis*) degree of decision-making autonomy and discretion. However, given the closed nature of political power of authoritarian regimes or other regimes that lack multi-party contestation, subnational institutions under these regimes should not be considered to have sufficient political autonomy and authority in order to be classified as devolved subnational government institutions.

G2.3A Is the subnational political leadership (at least in part) directly elected?

This indicator builds on Indicators G2.1A and G2.2A. An earlier indicator—Indicator G2.2A—assessed the presence of *direct or indirect* elections. However, efforts to shorten the route of public sector accountability through devolution require subnationally elected officials to be as responsive as possible to the priorities and needs of their constituents. It is not expected that the indirect election of subnational deliberative bodies provides the same level of autonomy or accountability to the electorate as direct elections. As such, the designation of ‘devolution with extensive powers and functions’ is limited to subnational governance institutions for which the subnational political leadership is (at least in part) directly elected.

Respond ‘Yes’ to Indicator G2.3A when the subnational political leadership is (at least in part) directly elected.

Clarification G2.3A: For the purpose of this indicator, both “first-past-the-post” (FPTP) elections (formally called single-member plurality voting), as well as party-list elections (proportional representation) should be considered direct elections.

Some countries may rely on a combination of election types for a subnational level/type, with a combination of FPTP and/or party list candidates, along with reserved seats for specific under-represented groups. Such reserved seats by themselves should not negate a finding that the subnational political leadership (at least in part) directly elected.

G2.3B Do subnational entities have extensive autonomy and authoritative power over political decisions, free of impediments imposed by higher-level governments?

This indicator builds on Indicators G2.1B and G2.2B. Even though a subnational governance institution may be found to have *de jure* and *de facto* political authority and autonomy (sufficient to be considered a subnational government), there may be factors that impede subnational entities from having **extensive** autonomy and authority over political decisions.

For instance, within the political sphere itself, subnational entities should not be considered to have extensive autonomy and authoritative power over political decisions if higher-level government officials have the power to remove subnational elected officials or members of subnational elected bodies without judicial intervention, and this power is exercised (potentially without cause, inconsistently, or based on pretextual arguments) more than sporadically.

Other (direct or possibly indirect) vertical political interventions may potentially occur that similarly limited the *de facto* degree of political empowerment of subnational governments. In such cases, subnational governments should not be judged to have extensive political powers.

In addition, limitations in the administrative and fiscal dimensions of subnational governance can have an (indirect) impact on the political empowerment of subnational governance institutions. For instance, if the subnational political leadership does not have, or does not authoritatively manage, their CEO and most/all of their own officers (as per Indicator G3.2A), then it cannot be said that the subnational political leadership has extensive political powers. Likewise, if the subnational political leadership does not have (*de jure* / *de facto*) autonomy and authoritative power over budget/fiscal decisions (as per Indicator G4.2B), then it cannot be said that the subnational political leadership has extensive political powers.

Administrative characteristics of subnational entities (G3). The sub-indicators that form part of Indicator G3 deal with the main administrative characteristics, autonomy, and authority of subnational entities. The different sub-indicators build upon each other: for instance, the second sub-indicator (G3.2) cannot be answered with ‘Yes’ unless relevant parts of the first sub-indicator (G3.1) have been answered with ‘Yes’, and so on.

G3.1 Do subnational entities at this level/tier/type have (employ) their own officers?

Corporate entities are expected to have corporate officers.³⁶ As a precondition for a subnational governance institution being a corporate entity, therefore, the entity must have (i.e., employ) its own officer(s). At a minimum, a corporate entity or institutional unit must have one officer to implement its decisions.

Regional or local officers include the senior non-elected executive or administrative staff of the regional or local entity, typically including the chief executive officer, the chief administrative officer and/or the chief finance officer of the regional or local body, as well as the heads of the main regional/local departments.

The names of these officers may vary from country to country. It is not unusual, for instance, for the highest municipal bureaucrat to be referred to as a Municipal Secretary.

For officers to be employed by the subnational entity, there must be a (formal or implicit) employment contract between the subnational entity—in its own name—and the officer(s), and the officers should be paid from the accounts of the subnational entity. Alternatively, subnational officers may be formally seconded to the subnational entity.

For own or seconded officers to *de facto* be officers of the subnational entity (for the purpose of this indicator), the subnational leadership must (in practice) direct and oversee the day-to-day activities of these officers, and the officers should be paid from the accounts of the subnational entity.

Clarification G3.1: This question deals with the presence of subnational officers. Subnational leaders do not require authoritative control over the officer(s) (i.e., subnational officers may have dual subordination). Subsequent indicators (G3.2A and G3.3A) deal with the extent of subnational control over subnational officers.

³⁶ In the case of a business corporation or not-for-profit corporation, corporate officers may be referred to as the Company President or Executive Director; Treasurer; Secretary; and so on.

G3.2A Do subnational entities have, and authoritatively manage, their CEO and most/all of their own officers?

This indicator builds on the response for indicator G3.1. The LPSA definition of subnational governments requires that—in order to be considered actual subnational governments, with sufficient autonomy from the higher-government level—subnational governments should be able to appoint their own officers independently of external administrative control.³⁷

Answer ‘Yes’ if the political leadership of the subnational entity has (employs) its own officers, *and* is able to authoritatively manage (including select, promote and terminate) its own Chief Executive Officer (CEO) and most or all of their officers to these positions. (“Most” is sufficient).

To “authoritatively manage” means that the subnational entity is able to make its human resource decisions over officers (including selection, promotion and termination) without obtaining any further authorization from any higher government level or official. Answer ‘No’ if the people in these positions are typically hired or appointed (e.g., seconded) by central government or when the CEO and/or officers are selected by an official or body that is part of a higher-government level.

Subnational institutions lack authoritative control over their own officers if, by law or in practice, a higher-level government is able to appoint, control, or transfer the CEO and/or other subnational officers without input or approval from the subnational political leadership.

Clarification G3.2A and G3.3A: For officers to be employed by the subnational entity, there must be a (formal or implicit) employment contract between the subnational entity—in its own name—and the officer(s), and the officers should be paid from the accounts of the subnational entity.

Officers that are appointed by a higher-level government or seconded to the subnational entity by a higher-level government should not be understood to be “authoritatively managed” by the subnational entity.

In order for this indicator to be answered with ‘Yes’, it is not (strictly) necessary for the subnational entity to hire or select its own CEO and/or officers, as long as the selection is not done by a higher government level (and as long as the local political leadership is able to authoritatively manage—including promote and terminate—the officers). For instance, in some countries, subnational officers may be selected by a subnational public service board that is under the control of the local government level itself or by a neutral subnational public service board.

If subnational CEOs and/or officers are appointed by a subnational public service board where the members of such a board are appointed by a Minister or other official of the higher-level government, the appointment should be considered to take place under the control of the higher government level.

The requirement that subnational entities follow public service regulations (or the requirement that subnational officers meet certain professional qualifications) should not be understood to limit the autonomy and authority of the subnational entity, as long as subnational leaders are able to manage, promote and terminate their officers without any further authorization.

³⁷ This is similar to the IMF definition (e.g., IMF 2001:14).

G3.2B Do subnational entities have, and authoritatively manage, their own staff?

A subnational entity is unable to implement the decisions of its political leadership unless it has not only its own officers, but also has (i.e., employs) its own staff. As such, a subnational government should be able to have (and control) its own staff in order to be considered a devolved subnational government.³⁸

Answer ‘Yes’ if subnational entities—under the authoritative decision-making authority of their own political leadership—have (employ) their own staff and are generally able to authoritatively manage their own staff, without direct involvement of (or requiring approval from) higher-level government officials.

Subnational institutions lack authoritative control over their own staff if, by law or in practice, a higher-level government is generally able to appoint, control, or transfer staff without input or approval from the subnational government’s political leadership. For instance, this may happen when a higher-level government selects or hires subnational staff on behalf of the lower-level entity (without requiring final sign-off by the subnational government).

In order to answer ‘Yes’, it is not necessary that all subnational government staff is directly employed by the subnational government itself. Subnational entities may be considered to have, and authoritatively manage, their own staff, even when some subnational staff is formally seconded to the subnational entity by a higher government level. For seconded staff to *de facto* be staff of the subnational entity (for the purpose of this indicator), the subnational government officials must (in practice) direct and oversee the day-to-day activities of these staff, and the staff should be paid from the accounts of the subnational entity.

However, when the higher government level insists on appointing all subnational government staff above a certain paygrade (through secondment or through other mechanisms), a subnational entity cannot be said to have, or authoritatively manage, its own staff.

In some countries, subnational governments may be the employer of its own administrative/supervisory staff as well as frontline service delivery staff for the functions for which it is responsible. However, the answer for this indicator may be ‘Yes’ even if a subnational governance institution does not employ all of the staff that are responsible for delivering all (*de jure*) subnational public services. For instance, even though ‘primary education’ or ‘enforcement of law and order’ may be among the legal functions of a local government or authority, a subnational institution should be considered to “employ its own staff” even when the teachers and/or law enforcement officers are employed by a higher government level, as long as the subnational government employs the core staff of the sectoral departments for which it has *de facto* responsibilities. In this scenario, the subnational government should be deemed to have the

³⁸ Unlike the requirement to have (and control) its own officers, the requirement for a local government to have (and control) its own staff is not considered a necessary condition for an entity to be considered a corporate body or institutional unit.

ability to employ staff, but does not have the *de facto* responsibility for providing human resource inputs for the relevant function.

G3.2C and G3.3 further consider subnational entities' ability to select and manage their own staff and human resources. Local human resource management issues are explored in greater detail as part of LOGICA Country Profile (under Segment 6: Administrative aspects of the subnational public sector).

Clarification G3.2B: For staff to be employed by the subnational entity, there must be a (formal or implicit) employment contract between the subnational entity—in its own name—and the staff, and the staff should be paid from the accounts of the subnational entity.

The requirement to follow public service regulations, rules or guidelines—such as wage guidelines, or rules regarding processes for promotion and termination—should not be considered to interfere with subnational autonomy or authority.

G3.2C Do subnational entities have (*de jure* / *de facto*) autonomy and authoritative power over administrative decisions, free of major impediments imposed by higher-level governments?

In addition to employing and controlling their own officers and staff, subnational entities that have *de jure* and *de facto* autonomy and authoritative power over their own administration should be able to determine their own organizational structure and manage their own procurements. Answer ‘Yes’ only if there are no major impediments to the subnational leadership making decisions about the subnational entity’s administration—including organizational structure, human resource management and procurement—in an autonomous and authoritative manner.

For instance, when subnational governments require approval by higher-level governments (or impediments are imposed) in order for them to create or modify their organizational structure; to determine the number or nature of staff establishments; and/or if subnational entities have limited control over their procurement, subnational entities should not be considered to have autonomy and authoritative power over administrative decisions.

Furthermore, if a subnational institution meets the textbook criteria of a subnational government, but its constituent units have (*de jure* or *de facto*) dual subordination not only to the political leadership of the subnational institution itself but also to a ministry, department or agency at a higher government level, the institution generally lacks authoritatively binding decision-making power over administrative affairs, and therefore, should be considered to be a hybrid institution (an institution that possesses features of devolution as well as deconcentration).

Although *de facto* dual subordination can occur in weakly devolved countries, formal or *de jure* dual subordination is rare in most global regions.³⁹ The practice was once common in Eastern Europe and Central Asia. Under the former Soviet Union, and in other centrally planned economies, it was common for lower administrative bodies to act under the direct, simultaneous leadership of both a corresponding subnational representative government body (or administrative body of general jurisdiction) and a higher body of general (or specialized) jurisdiction. For example, in the USSR, the oblast (regional) agriculture administration worked under the direct leadership of both the Executive Committee of the oblast (region) as well as under the Ministry of Agriculture of the corresponding Republic.

Clarification G3.2C: The requirement to following national rules or guidelines—such as wage guidelines, procurement regulations, or rules regarding public sector transparency—should not be considered to interfere with subnational administrative autonomy or authority.

³⁹ *De facto* dual subordination may be indicated by central ministries regularly seconding their own officers as subnational officers or department heads; subnational government officials being required to have their plans approved by the central government ministry before submitting to council; or by central line ministries being heavily involved in the placement and transfer frontline of sectoral staff that are notionally employed by subnational governments.

G3.3A Do subnational entities have, select, and authoritatively manage, their CEO and all of their own officers?

This indicator builds on Indicators G3.1 and G3.2A. In order to be considered devolved governments with extensive powers, subnational entities should be judged to have extensive autonomy and authoritative power over administrative decisions. This requires the subnational government to be empowered to have, select, and authoritatively manage, **all** (not just most) of their subnational officers, including their CEO.

G3.3B Do subnational entities have, select, and authoritatively manage, their own staff?

This indicator builds on Indicator G3.2A. Subnational entities should only be judged to have extensive autonomy and authoritative power over administrative decisions if they have, select, and authoritatively manage, **all** of their staff.

This indicator cannot be answered with 'Yes' if subnational governments have any staff (more than on an incidental basis) that is seconded to them by higher-level governments.

This indicator cannot be answered with 'Yes' if higher governments are able to appoint, control, or transfer *any* subnational staff without input or approval from the subnational government's political leadership.

Subnational institutions similarly lack extensive authoritative control over their own staff if, by law or in practice, subnational government staff have to be registered as part of a central government-run public service management system, whereby the central government is able to exercise a degree of discretion over the establishment of new positions and/or the hiring, promotion, or termination of subnational employees.

Clarification G3.3B: Similar to indicator G3.2B, for the purpose of this indicator, the requirement that subnational institutions should adhere to public service regulations, public service wage scales, requirements regarding technical or professional qualifications of staff, and/or requirements to adhere to sectoral service delivery /staffing norms (e.g., student-teacher ratio or health facility staffing norms) should not be considered to limit subnational control.

Similarly, a required for subnational public servants to be registered for public or private pension schemes (even if managed by the higher-level government) should not be considered to place restrictions on subnational administrative autonomy and authority, as long as such registration is not used to exercise a degree of discretion by the higher-level government.

Also, similar to indicator G3.2B, it is possible that frontline public service delivery staff in some sectors are employed by higher-level government, even when the *de jure* functional assignment suggests otherwise. Unless there are other relevant restrictions on subnational human resource management, such practices may imply a gap between *de jure* and *de facto* functional assignments, rather than a systemic problem with administrative deconcentration. However, when higher-level governments have (direct and indirect) control over different aspects of subnational human resource management (i.e., the employees of the subnational government), subnational entities cannot be judged to have extensive autonomy and authoritative power over administrative decisions.

G3.3C Do subnational entities have extensive autonomy and authoritative power over administrative decisions, free of impediments imposed by higher-level governments?

Subnational institutions should be considered limited in the exercise of their administrative powers and functions if—while being the statutory employers of their own officers or staff—in reality, subnational institutions have only limited control over human resources.

Limitations in the political and fiscal dimensions of subnational governance can have an (indirect) impact on the administrative empowerment of subnational governance institutions. For instance, a higher-level government may be able to politically pressure subnational governance institutions in hiring additional staff (or accepting seconded staff), even though the subnational institution has sufficient *de jure* and *de facto* autonomy in human resource management systems to be considered an autonomous subnational government entity. Similarly, a higher-level government may exert a degree of *de facto* control HR decisions when a substantial part (or all) of subnational staff are paid through earmarked wage grants.

Beyond direct or indirect administrative impediments imposed by higher government levels over subnational officers and staff, there may be other restrictions that limit the subnational entity's autonomy and authoritative power over other aspects of subnational administration. For instance, a higher-level government may limit the control that subnational institutions have over their own procurements (for instance, by *de facto* intervening in subnational procurement decisions or by procuring items on behalf of the lower-level government).

Fiscal / budgetary characteristics of subnational entities (G4). The sub-indicators that form part of Indicator G4 deal with the main fiscal and budgetary characteristics, autonomy, and authority of subnational entities. Similar to the previous indicators, the different sub-indicators build upon each other: for instance, the second sub-indicator (G4.2) cannot be answered with ‘Yes’ unless all parts of the first sub-indicator (G4.1) have been answered with ‘Yes’, and so on.

G4.1A Do subnational entities at this level/tier/type own assets and raise funds in their own name?

Subnational governments—as corporate bodies or institutional units—should be able to own (physical and financial) assets, engage in economic transactions, and raise funds in their own name (i.e., as their own legal person).

For the purpose of this indicator, evidence of an institution’s *de jure* and *de facto* ability of “to own (physical and financial) assets and raise funds in their own name” might come in the form of assets or property being legally registered to the entity; the entity having and managing its own bank accounts (outside the higher-level treasury); and/or the entity procuring goods or engaging in contracts *in its own legal name*. If the answer to any of the following questions is ‘No’, subnational entities should not be considered able to own (physical and financial) assets and raise funds in their own name:

- Do subnational entities (both *de jure* and *de facto*) own any assets (such as land, buildings, other infrastructure, vehicles, furniture, or other capital goods) related to their activities in their own name, as a legal entity separately from their higher-level government?⁴⁰
- When subnational entities raise funds through local revenues, are they allowed to deposit (at least some of) these funds in their own accounts and decide over the use of these funds (as opposed to depositing all the revenues into the account of the higher-level government)?
- Furthermore, at the end of the financial year, are subnational entities permitted to carry forward their general-purpose financial resources (and other own untied funds) from one financial year to the next (rather than returning any balance to the central treasury)?

Regardless of the *de jure* standing of the subnational administration unit as a corporate body and/or the presence of subnational political body (e.g., an elected subnational council), there are cases where the subnational institution is not able to *de facto* “own assets and raise funds in their own name”. For instance, some countries combine a subnational political body with a ‘traditional’ system of deconcentration, whereby deconcentrated subnational administration units are fully (both administratively as well as budgetarily) sub-organizations of the higher-level government. In such a system, the officers and staff of the subnational administration are central/national government staff; the expenditures of subnational administration units are fully part of the higher-level government’s budget (e.g., as a budget organization or a sub-organization of the higher-level government); their revenues and expenditures are fully executed through the higher-level government’s treasury (not through their own bank accounts); locally-collected revenues are deposited in the general revenue account of the higher-level government; and any assets belonging to the local administration *de facto* belong to the central/national government. Under

⁴⁰ Assets owned or registered to a subnational entity should not be considered to be owned “in their own name” if the subnational entity itself is (*de jure* or *de facto*) considered to be an administrative sub-entity of a higher-level government without (*de jure* or *de facto*) own legal standing.

these conditions, the subnational institution is not able to *de facto* “own assets and raise funds in their own name”.⁴¹

Clarification G4.1.A: It is common for higher-level governments to limit the revenue-raising power of subnational governance institutions to one or more specific revenue types. This is a normal practice and does not negate the general ability of regional or local entities to own assets and raise funds in their own name.

It is common for higher-level governments to limit or regulate the ability of subnational governance institutions to carry forward unspent conditional grant allocation. This is a normal practice and does not negate the general ability of regional or local entities to own assets and raise funds in their own name.

For the purpose of this indicator, the subnational entity does not necessarily need to have the right to hold its funds in a bank or financial institution of its choice. For instance, the central government may limit subnational governments to holding accounts with public banks rather than commercial banks. Higher-level governments may even require subnational funds to be held in the central treasury or with the Central Bank.

Similarly, the response to this indicator may still be positive even if ability of a subnational entity to hold certain types of financial assets (particularly when they involve financial risk) is restricted.

⁴¹ In fact, in such a situation, it is unclear whether the subnational political body and the subnational administration are actually part of a single, integrated corporate entity. In such a situation, it is likely that neither the subnational political body nor the subnational administration unit can be considered to *de facto* “own assets and raise funds in its own name”.

G4.1B Do subnational entities at this level/tier/type have their own budgets?

Subnational governments—as corporate bodies or institutional units—should be able to make economic decisions and/or financial transactions in their own name. This requires them to have their own budget (i.e., annual financial plans and books of accounts).

Answer ‘Yes’ if the regional or local entity has its own operating and/or capital/development budget, and/or if financial accounts (records of income and expenditure) are separately kept for the subnational entity.

For the purpose of this sub-indicator, a subnational entity budget must bring together all of the (recurrent and/or development) revenues and expenditures that are under the control of the entity’s leadership in a comprehensive manner.⁴² In order for the subnational entity budget to qualify as its own budget, its budget must include the salaries of wages of its officer(s) as per Indicator G3.1.

For the purpose of this sub-indicator, this own budget may be fully distinct from the budget of the higher-level government, while in other cases, this “own” budget may be a distinct—but clearly identifiable—component of the budget of the higher-level government.

The degree of control that the subnational entity (or its political leadership) has over its own budget is not a matter of consideration for the purpose of this indicator.

⁴² For instance, this is not the case if a subnational revenues and expenditures are fragmented or distributed across a number of different budget organizations of a higher-level government.

G4.1C Do subnational entities at this level/tier/type prepare and adopt their own budgets?

Answer ‘Yes’ if the regional or local entity has, prepares, and adopts its own (operating and/or capital/development) budget. For the purpose of this sub-indicator, the subnational entity budget must be distinct from the budget of the higher-level government, or it may be identifiable and fully ring-fenced within the higher-level government budget.

In order for the response to this sub-indicator to be positive, the subnational political leadership (rather than the administrative head or higher-level official) must be the body to approve the subnational budget.⁴³ A minimal degree of fiscal or budgetary power cannot be present if the subnational entity’s budget is not prepared by subnational officials and/or not authoritatively approved by the subnational political leadership.

For the purpose of this indicator, the regional or local body must have at least a minimal degree of authoritative decision-making power over its own budget (i.e., the subnational political leadership must approve the budget). The presence of a minimal degree of authoritative subnational decision-making power over the budget does not preclude the possibility of a degree of (or even extensive) intervention (pre- or post-approval) by a higher-level government in subnational budget decisions.

Clarification G4.1C: It is common for subnational governments to receive a substantial share of their revenues from higher-level governments in the form of intergovernmental fiscal transfers. Such intergovernmental transfers may include different types of transfers, including revenue sharing or unconditional (general-purpose) grants as well as conditional (earmarked or block) grants.

This question deals with the general nature of the subnational entity’s budget - it does not intend to assess the overall extent of conditionality of the intergovernmental finance system. Subsequent indicators (G4.2A, G4.2B, and G4.3) deal with the extent of subnational control or authority over the subnational budget.

⁴³ Note Clarification G1.5 regarding subnational elected bodies with a dual role. The focus should be on the primary role of the elected body.

G4.2A Do subnational entities at this level/type hold and manage their funds outside the higher-level treasury?

This indicator builds on the response for indicator G4.1A and G4.1C. If subnational governance institutions are corporate bodies or institutional units, they should be able to enter into contracts and engage in financial transactions in their own name. If subnational entities are required to hold all (or nearly all) of their funds in an account within the treasury of a higher-level government (rather than, say, their own account in a commercial bank), this means that the entity's financial transactions are executed at the discretion of a treasury official external to the subnational governance entity itself.

G4.2B Do subnational entities have (de jure / de facto) autonomy and authoritative power over budget/fiscal decisions?

This indicator builds on the response for indicator G4.1C. Subnational governments rarely have full discretion over their spending priorities, as “wants and needs are limitless, while (budgetary) resources are scarce”. Furthermore, higher-level governments may limit subnational revenue sources and impose general spending guidelines or influence subnational spending through grant conditionalities and other mechanisms.

In order to be judged to have *de facto* autonomy and authoritative power over budget/fiscal decisions, subnational governments must have authoritative discretion over how their revenues are collected and/or their funds are spent within the applicable rules, regulations, and fiscal constraints.

Answer ‘Yes’ if the regional or local entity has, prepares and authoritatively approves, its own (operating and/or capital/development) budget. For the purpose of this question, the requirement to follow higher government-level budget guidelines generally does not preclude regional or local bodies from having authoritative decision-making power over its own budget, unless these guidelines are so prescriptive that they do not leave any (or insignificant) fiscal space for subnational spending priorities.

A subnational entity should **not** be considered to have authoritative decision-making power and control over its own budget if the budget requires (*de jure* or *de facto*) approval by one or more higher-level government officials. Subnational governments should specifically be understood to lack authority over their own budgets when one or more of the following situations takes place:

- The Local Government Act (or similar legislation) requires subnational entities to submit their budgets to the Minister of Local Government (or another Minister) for review and approval. In this case, the subnational government does not have authoritatively binding decision-making power.
- The Local Government Act (or similar legislation) permits higher-level government officials to administratively modify the subnational budget without judicial intervention.
- After the subnational council approves the subnational budget, the subnational budget is included in the higher-level government budget and submitted to the legislature (e.g., parliament) for approval.⁴⁴ In this case, the subnational government does not have authoritatively binding decision-making power.
- After the subnational council approves the subnational budget, budget negotiations or “budget scrutiny” take place with the central government (e.g., Ministry of Finance or Ministry of Local Government) to ensure that the subnational budget adheres to central

⁴⁴ It is customary and appropriate for intergovernmental fiscal transfers to be included in the higher-government budget. In a devolved system, it is not customary or appropriate for the central government to review and approve the entire local government budget (including spending from own revenue sources, shared revenues, and/or unconditional grants).

government policies and priorities.⁴⁵ In this case, the subnational government does not have authoritatively binding decision-making power.

- As part of the subnational budget formulation process, the higher-level government will determine its grant allocation to each subnational jurisdiction in a discretionary manner (e.g., through a negotiated revenue sharing rate or through earmarked discretionary grants) to ensure that the subnational budget plan only includes expenditures that have been approved by central officials. In this case, the subnational council does not have authoritatively binding decision-making power.

The response to this indicator may be 'Yes' even if the Local Government Act (or similar legislation) requires subnational entities to submit their budget to the Minister of Local Government or another higher-level official for information or for other administrative purposes (as long as the legislation does not require the subnational entity to receive higher-level government approval for its budget).

If a subnational institution meets the preconditions / textbook criteria of a subnational government (Indicators G1.1, G2.1, G3.1 and G4.1), but lacks autonomy or authoritatively binding decision-making power, the institution should generally be considered a hybrid institution (an institution that possesses features of devolution as well as deconcentration).

⁴⁵ In rare instances, a budget review process may be required exclusively to confirm compliance with legal or presentational requirements of the subnational budget. In this case, the budget review should generally not result in an increase or decrease in subnational expenditures or the re-allocation of intergovernmental fiscal transfers.

G4.3 Do subnational entities have extensive autonomy and authoritative power over budget/fiscal decisions, free of impediments imposed by higher-level governments?

This indicator builds on Indicator G4.1 and G4.2. Even if subnational entities are deemed to have (a sufficient degree of) autonomy and authoritative power over their budget/fiscal decisions and administration, there may be certain practices that prevent them from having **extensive** autonomy and authoritative power over budget/fiscal decisions, free of impediments imposed by higher-level governments.

For instance, subnational institutions should be considered limited in the exercise of their budgetary powers and functions if they (a) lack revenue autonomy and/or general-purpose funding (or if a majority of subnational governments have only minimal own source / general purpose revenues), while at the same time (b) the vast majority of their activities are funded by highly earmarked conditional grants that leave limited (or no) discretion to the subnational governance institution's leadership in the pursuit of its statutory functions.⁴⁶

These or similar impediments to budgetary / fiscal autonomy imposed by higher-level governments would prevent subnational entities from having extensive autonomy and authoritative power over budget/fiscal decisions.

In addition, limitations in the political or administrative dimensions of subnational governance can have an indirect impact on the fiscal empowerment of subnational governance institutions. For instance, if subnational entities lack sufficient (de jure / de facto) autonomy and authoritative power over political decisions (as per Indicator G2.2B), then it is not possible for the subnational political leadership to exercise extensive budgetary / fiscal powers. Likewise, if the subnational political leadership does not authoritatively manage, their CEO and most/all of their own officers (as per Indicator G3.2A), then it is impossible for the subnational political leadership to exercise its budgetary / fiscal powers without a degree of intervention from the higher level. In these cases, it cannot be said that the subnational governance institution has extensive budgetary or fiscal powers.

Governance of non-devolved subnational entities (G5). If any of the indicators in the top row of Table A.1 is 'No' (e.g., if subnational entities do not have their own political leadership, and/or if they do have, prepare, and adopt their own budgets), it is highly likely that the subnational entity under consideration is not a devolved regional or local government (or even a hybrid institution), but rather some type of non-devolved entity.

The LoGICA Intergovernmental Context allows the assessor to explore the status of non-devolved subnational governance institutions in greater detail. For brevity's sake, the LoGICA Intergovernmental Profile skips this Indicator.

⁴⁶ Either of these factors by themselves (without the other) is not sufficient to find in favor of limitations on the autonomy and authority of subnational governments.

Indicators G5.1-G5.7 only pertain to non-devolved subnational entities, which are regional and local entities that do not meet the definitional conditions of a subnational *government* included in Sections G1-G4. Whereas hybrid subnational institutions combine some features of devolution and deconcentration, non-devolved subnational institutions either lack (*de jure* and/or *de facto*) corporate status or lack a *de minimis* degree of political empowerment (as determined by Indicator G2.1B). Non-devolved subnational institutions may include deconcentrated territorial administrative entities, sectorally or vertically deconcentrated administrative units, or other subnational institutions (i.e., institutions that are not elsewhere classified).

Deconcentration is generally defined as the transfer of authority, responsibility, and resources from the central government to field administration units of the central government (or higher-level government).

The LoGICA framework's Subnational Institutional Typology applies a narrow definition of deconcentration, as field administration units must not merely exist, but must—to some degree—be in an institutional position to be *empowered* by the central administration. As such, in order for field administration units (or sub-units) to be considered (potentially) administratively and fiscally *empowered* deconcentrated subnational institutional units or sub-units, they must meet two conditions:

- field administration departments or units must be planned and managed as (sectorally or territorially) integrated administrative units (e.g., subnational officers must have administrative control over the staff in the unit);
- deconcentrated departments or units must be a budget organization or sub-organization in the budget of the higher government level (protected from unilateral budget decisions by higher-level officials).

Without meeting these conditions, field administration officials would lack the administrative and budgetary power to respond to the needs of citizens and the community.

G5.1 Do subnational entities administratively form a hierarchical part of the higher-level government?

In order for a subnational entity to be considered a hierarchical deconcentrated part of the higher-level government, it must administratively form part of the higher-level government. If a subnational governance institution has a degree of political autonomy and decision-making power (as determined by indicator G2.1B), then the institution does *not* form a hierarchical part of the higher-level government.

Administratively, a subnational entity can be considered to form part of the higher-level government in a range of situations. In a traditional deconcentrated administrative structure, field administration officers and staff may be fully considered to be employees of the government, and employed through the central government (e.g., Ministry of Public Administration; as part of territorial administrative entities, or through respective central line ministries). In this case, the subnational entity should be considered to administratively form a hierarchical part of the higher-level government.

In a traditional deconcentrated administrative structure, the general terms “field administration departments or units” and “subnational entity” may refer to field administration departments or units that could be organized in either a territorial or a sectoral manner:

- Under a territorial administrative structure, subnational field administrations (e.g., provincial administrations, district administrations) are considered administrative entities on the same footing as central government ministries. In this case, field administration departments or units (regional commissioner’s office; provincial education department; district health department, etc.) are administrative sub-organizations of the territorial administration.
- Under a sectoral (vertical) administrative structure, subnational departments or units are considered administrative sub-organizations of their respective central government ministries. In this case, field administration departments or units (provincial education department; district health department, etc.) are administrative sub-organization of their respective ministries.

In other countries, deconcentrated subnational entities may be formed as (quasi-)corporate subnational entities with their own administrative departments, which operate under the political control of the higher-level government. In these cases, these subnational entities must lack sufficient political (decision-making) autonomy and authority to be considered subnational government entities or hybrid local governance institutions. In the absence of decentralized political decision-making power, such subnational entities should be considered to administratively form a hierarchical part of the higher-level government’s administration.

When subnational entities administratively form a hierarchical part of the higher-level government, there must be a clear vertical separation between the central administration and

subnational field administration.⁴⁷ For instance, to the extent that public sector employment information is available, it must be possible (from publicly available documents) to identify the total number of public sector employees at each administrative level in aggregate (and/or by function, sector or ministry).

⁴⁷ When deconcentrated subnational entities are formed as (quasi-)corporate subnational entities with their own administrative departments, operating under the political control of the higher-level government, the (quasi-) corporate nature of their organization provides for a vertical separation between the central administrative level and the subnational level.

G5.2 If G5.1 is Yes, do field administration departments or units form administrative units or sub-units of the higher-level government?

In a traditional deconcentrated administrative structure, field administration departments or units are recognized by the Ministry of Public Administration (or by an equivalent central government agency) to form administrative units or sub-units of the higher-level government, that are separate from the central ministry administration.

If field administration departments or units form administrative units or sub-units of the higher-level government (either as territorial or sectoral departments/units, or as dependent quasi-corporate entities), there must not only be a clear vertical separation between the central administration and subnational field administration, but also a clear *horizontal* separation between subnational field administration departments or unit in different jurisdictions. For instance, to the extent that public sector employment information is available about the number of public sector employees by department or unit, it must be possible (from publicly available documents) to identify the number of public sector employees (e.g., local administrators; teachers; public health staff; etc.) in each individual subnational jurisdiction.

Field administration officials and staff may fail to qualify as “administrative units or sub-units of the higher-level government” if, for instance, frontline service delivery staff are fully integrated in a central line ministry’s organizational structure (or vertical program structure) without a clear distinction between the central (headquarters) administration and field administration. For instance, if the Ministry of Health has District Health Officers posted in every district, but the Ministry’s Department of Primary Health Services is responsible for frontline health service delivery, and the ministry’s administrative structure does not make a distinction between central headquarters staff, then it is impossible for subnational administrative units to be considered a “administrative units or sub-units of the higher-level government”.

G5.3 If G5.2 is Yes, are field administration departments or units planned and managed as integrated units?

Subnational field administration departments or units are planned and managed as (territorially or sectorally) integrated units when (i) field administration officers and staff are administratively organized and employed on the basis of their respective subnational jurisdictions, and (ii) subnational officers have administrative control over the staff within their respective departments or units.

Subnational administrative units or sub-units in each subnational jurisdiction are likely to have their own organogram, highlighting the number of officers and staff positions—along with the reporting relationships—within the administrative unit. The organogram may also identify reporting relationship(s) between the subnational unit or sub-unit(s) and the central government (or the next-higher level).⁴⁸

⁴⁸ When deconcentrated subnational entities are formed as (quasi-) corporate subnational entities, each with their own administrative departments, the (quasi-) corporate nature of their organization implies that they are planned and managed as integrated units.

G5.4 If G5.3 is Yes, are subnational field administration departments or units organized sectorally or territorially (or mixed)?

Are subnational entities planned, administered, and managed as consolidated territorial administrative units or as coordinated deconcentrated sectoral field administration units?

In deconcentrated public sectors, it is not unusual for a subnational administrator to be appointed by the President's Office, Prime Minister's Office, Ministry of Public Administration or the Ministry of Home Affairs (or a similar entity) in order to coordinate the efforts of different central ministries, departments and agencies. In order for a consolidated territorial administrative unit to exist, the head of the subnational administration should not only have regular coordinating meetings with his/her respective subnational department heads, but (s)he should have a degree of administrative control over its departments; and have a substantive role in preparing the plans and budgets for the subnational administration as a whole (including the subnational administration's sectoral departments or units).⁴⁹

The assessment whether subnational field administration departments or units organized in a sectoral, territorial, or mixed manner should take into account:

- Who *selects* the senior officer of a subnational field department or unit (e.g., District Education Officer; District Health Officer, etc.): the territorial administration or the relevant central sector ministry (or both)?
- Who *employs* the senior officer of a subnational field department or unit (e.g., District Education Officer; District Health Officer, etc.): the territorial administration or the relevant central sector ministry (or both)?
- Who *selects* the subnational field department or unit staff, including frontline service delivery staff (e.g., district administration staff, teachers, health workers, etc.): the territorial administration or the relevant central sector ministry (or both)?
- Who *employs* the subnational field department or unit staff, including frontline service delivery staff (e.g., district administration staff, teachers, health workers, etc.): the territorial administration or the relevant central sector ministry (or both)?
- Who approves the subnational field department or unit's operating and investment plans: the territorial administration or the relevant central sector ministry (or both)?

If the answer to all these questions is "territorial administration", then a consolidated territorial administration unit exists (i.e., territorial deconcentration). If the answer to all these questions is the central sector ministry, then a vertical administration structure is in place (i.e., sectoral deconcentration). Otherwise, there is a mixed territorial/sectoral approach to deconcentration.

⁴⁹ Also see Indicator G5.7: the subnational budget organization and the payment of salaries often reveals the underlying administrative structure.

G5.5 Do subnational entities budgetarily form a hierarchical part of the higher-level government?

Subnational governance institutions that are administratively deconcentrated are not necessarily budgetarily deconcentrated. This is the case when field administration entities are not recognized in the national Chart of Accounts as budgetary organizations, sub-organizations, or units (for instance, or as budgetary sub-units of higher-level government ministries, or as territorial budget units equivalent to central ministries). In these instances, subnational entities are merely organizational or administrative—but not budgetary—sub-organizations or sub-units of their parent organization at the central level. In the absence of their own (ring-fenced) budget space in the higher-level budget, such administrative sub-units have little or no opportunity for discretionary decision-making over budgetary resources.

A non-devolved subnational entity can be considered to budgetarily or fiscally form part of the higher-level government in a number of different situations.

In a traditional deconcentrated budget structure, the revenues and expenses and revenues of field administration units are fully included in the central government budget or higher-level government budget. The response to Indicator G4.5 is “Yes” when subnational field administration budgets are included in the higher-level budget (either territorially or sectorally) in a way that allows the budget to identify the expenditures associated with subnational field administration departments or units.

In other countries, deconcentrated subnational entities may be formed as quasi-corporate subnational entities without meaningful political power. While these entities appear to have their own budgets, their budgets are in turn included (or nested) into the budget of the higher-government level (and thus, subject to *de jure* and/or *de facto* budget approval by the higher government level). This budget structure is especially common in (former or current) centrally planned economies.

Regardless of the approach, in a system that is budgetarily deconcentrated (where subnational entities budgetarily form a hierarchical part of the higher-level government), the central government budget consolidates the revenues and expenditures across all different administrative levels. If subnational entities budgetarily form a hierarchical part of the higher-level government, budget documents must distinguish between (or allow for the vertical separation of) the aggregate finances of central administration bodies and subnational (field) administration bodies (either sectorally or territorially).

In both the traditional and quasi-corporate approaches to budgetary deconcentration, subnational entities’ budgets should be considered to form a hierarchical part of the higher-level government’s budget (i.e., Indicator G5.5 is “Yes”).

G5.6 If G5.5 is Yes, are the budgets of field departments/units included as identifiable sub-organizations or budget units in the budget of the higher-level government?

If field administration departments or units are included as identifiable sub-organizations or budget units in the budget of the higher-level government (either as territorial or sectoral departments/units), there must not only be a clear vertical separation between the central administration expenditures (and/or revenues) and subnational expenditures (and/or revenues) in the higher-level budget, but budget documents (and/or financial statements) should also provide details of the horizontally disaggregated expenditures for subnational field administration departments or unit in different jurisdictions. For instance, in a properly deconcentrated budget that includes field departments/units as identifiable sub-organizations or budget units, it must be possible not only to identify the total or aggregate level of subnational (field) administration expenditures (or revenues), but to identify the total (or sectoral/functional/organizational) expenditures for each subnational jurisdiction (e.g., province or district).⁵⁰

⁵⁰ The horizontal distribution of budget expenditures should not rely on geographic coding of public expenditures in the Chart of Accounts, but rather, based on organizational classification of field administration departments and units.

G5.7 If G5.6 is answered 'Yes', are field departments' or units' budgets organized sectorally or territorially (or mixed)?

When a deconcentrated line department is a budgetary sub-unit of its respective central line ministry (and therefore, when the subnational line department's budget is part of its central ministry budget), then this is known as sectoral (or vertical) deconcentration. When subnational or territorial jurisdictions are primary budget entities in the higher-level budget and the budgets of subnational line departments are contained within the budget vote or budget organization of these territorial administrative jurisdictions, then this is known as territorial (or horizontal) deconcentration.⁵¹

⁵¹ In rare cases, subnational directorates may be included in the central government budget as separate entities, without either being contained in their respective sector ministry budget nor in the budget of a territorial administrative entity (e.g., Egypt). Neither central line ministries nor territorial administrators negotiated the subnational directorate budget on behalf of the subnational directorates. In these cases, to the extent that budgetary deconcentration can neither be classified as sector or territorial, the nature of deconcentration may be considered mixed.

Nature of subnational governance institutions (G6). The final indicator in the subnational governance section of the *Intergovernmental Profile/Context* summarizes the nature of the subnational governance institutions at each level / tier / type based on six main institutional classifications, ranging from no formal institutional structure to fully devolved subnational governments with extensive powers.

Indicator G6.1 offers a truncated version of the typology with four options: extensive devolution, limited devolution, hybrid subnational governance institution, and non-devolved subnational governance institutions.

Indicator G6.2 offers a full version of the typology with all six options, including further details on non-devolved institutions. This indicator is only available in the *Intergovernmental Context* (but not part of the *LoGICA Intergovernmental Profile*).

Finally, for non-devolved subnational governance institutions (levels/tiers/types), Indicator G6.3 should indicate whether an elected supervisory council (or similar oversight body) is present. This indicator does not need to be completed for other institutional types. The presence of a subnational advisory or supervisory council—while likely being a welcome accountability mechanism—does not fundamentally change the nature of the underlying subnational governance institution unless the council has a degree of autonomy and authority over the subnational entity and its affairs.

Concluding remarks. As was noted before, in order to achieve an assessment that is meaningfully comparative across different country systems, it is important for the assessor (or assessment team) to apply a consistent, strict and unbiased interpretation of the classifications.

In most cases, in response to indicator G6, it is possible to definitively and unambiguously identify the institutional category to which a subnational governance institution belongs. Categorization should be made on the basis of subnational institutions fully adhering to all of the conditions of each category. The tolerance for deviations from each category's stated requirements should be minimal.

In virtually all circumstance, if the assessor believes that the institutional types of a subnational governance institutional level / tier / type falls between two consecutive categories, the lesser empowered of the two categories should be assigned, and extensive clarification should be provided as to the combination of institutional characteristics that are observed.

When completing the LoGICA full *Intergovernmental Context* (the longer version of the *Intergovernmental Profile*), the institutional classifications used for indicator G6 may also inform the completion of indicator C3.2. After completing G1-G6 for all subnational governance institutions, the assessor may wish to revisit the Subnational Governance Structure segment, to verify that the assessment has included all relevant subnational governance levels/tiers/types.

A.4 The assignment of powers, service delivery functions and regulatory responsibilities

In the full LoGICA assessment framework, two worksheets are dedicated to the assignment of powers, service delivery functions and regulatory responsibilities. The first worksheet on functional responsibilities (4a) seeks to establish or identify the *de facto* responsibility for the provision of frontline public services in a country (i.e., “in reality, who does what?”). The second worksheet on functional responsibilities (4b) seeks to assess and evaluate the assignment of powers, functions and responsibilities in greater detail.

In the more condensed Intergovernmental Profile, the overview of functional assignments is contained in a single worksheet (IGP3 Functions). Since the functional profile is an optional part of the Intergovernmental Profile, this worksheet may be hidden. The functional assessment contained in the *Intergovernmental Profile* is also more limited in other ways (for instance, by only focusing on human resources and capital).⁵²

Identifying the de facto responsibility for the provision of frontline public services (4a). The functional assignment section of the LoGICA Profile seeks to capture which government level(s) or administrative tier(s) are primarily responsible for the delivery of key public services, including public education, public health services, road infrastructure, and so on. In doing so, LoGICA assessment intends to capture the actual (*de facto*) functional assignments in a country by considering the government level/type that is primarily (and as relevant: secondarily) responsible for the recurrent and capital (development) aspects of different public services. In addition, this worksheet seeks to determine whether Extrabudgetary Institutions and/or Public Corporations play a substantial role in public service delivery for each function or responsibility.

As noted before, the subnational governance profile should not treat extrabudgetary entities, public corporations, or front-line service delivery units or facilities as a separate governance level. To the extent that services are delivered by public service providers that are separate entities from the government level that is responsible for provision, such providers (potentially including public schools, public health facilities, water utilities or providers, other public corporations of frontline services, and possibly community-based providers supported by the public sector) should be considered to be part of their parent government (i.e., the government level or entity that own, controls and/or operates them).

The *de jure* assignment of functional responsibilities. A country’s constitution or the legislative framework establishing regional and local governments normally gives an important indication what the functional responsibilities of different subnational governments are expected to be.

The legal or *de jure* assignment of the “functions”, “responsibilities”, “mandates” or “powers” of local governments is often captured in a list –sometimes included as a separate schedule to the constitution or local government act—which details the specific activities or functions that are to

⁵² Unlike the longer version, the IGP Functional Profile contains only 12 service delivery and regulatory functions to be assessed. Although the IGP version of the functional profile is more condensed and considers fewer functions, the technical guidance in this annex applies to both versions.

be the responsibility of local government authorities. For instance, a common way in which the *de jure* assignment of functional responsibilities may be assigned is for the relevant law to state that local governments are assigned the responsibility for the “provision and maintenance of primary education” (Nigeria); the responsibility “to operate and manage health centers, health posts and sub-health posts” (Nepal); or the function to “establish, erect, maintain and control slaughter houses” (Tanzania).

It should be noted that in some countries, the legal assignment of functional responsibilities does not make clear distinctions between the different types of service delivery inputs for which local governments are responsible. For instance, the responsibility to “operate and manage health centers” can reasonably be understood to include all facets of recurrent health provision (i.e., functionaries, operation and maintenance, supplies and community engagement), but leaves unresolved whether local governments are also responsible for the construction of additional health facilities. In other cases, vague language is used in the legal framework with regard to functional assignments (e.g., local governments may be responsible for “promoting” education or public health, without any further clarification). It is also not unusual for decentralization (local governance) legislation to be inconsistent with sectoral legislation regarding the assignment of functions, resulting in lack of clarity with regard to functional responsibilities.

The *de facto* functional responsibility. The degree of *de facto* responsibility that a level or tier has over a function corresponds closely (although certainly not perfectly) to the degree to which each level or tier has budgetary control over the expenditures related to that function. In fact, a government entity or administrative tier cannot have effective responsibility (or functional control) over a service or public function unless the entity has control or authority over the resources needed to perform that function. Thus, the pattern of local public sector expenditures—which administrative tier or local government entity funds what—often provides important insights into who is *de facto* responsible for the delivery of public services in a country. In line with this guidance, unless a local government (or local administrative body) has budgetary authority over a specific aspect of localized service delivery (e.g., unless a local government actually pays for the wages of local teachers or has control over the budgetary resources to procure school books or other supplies), it would generally not be prudent for that entity to be assigned the primary *de facto* responsibility for the corresponding function in the LoGICA Profile.

Budgetary general government units versus public corporations, extrabudgetary institutions, and other public sector entities (PCEBs). In some cases, public services are provided directly by “budgetary general government” units or sub-units. For instance, this is the case when public services as provided by frontline facilities or service providers that are institutionally part and parcel of a central government ministry or directorate, a regional government department, or a local government department or unit. Based on the guidance below this case, it is relatively easy to designate which government level is *de facto* responsible for service provision.

In some cases, frontline service provision is done by entities that are not general government units, such as an public corporations, or some other dependent public sector entities (abbreviated here as PCEBs). For instance, the provision of clean drinking water may be the responsibility of a public water company; higher education may be provided by universities that are parastatal

organizations; tertiary health services may be provided by hospitals that are parastatal public sector entities; construction and maintenance of major roads may be the responsibility of a Road Funds Authority; while urban development may be the responsibility of an urban development authority.

Even though these entities may have some degree of autonomy—e.g., their own corporate governance structure (e.g., Board); their own accounts and revenue sources (collection of user fees); and their functions may even have been enshrined in legislation—these public sector entities are owned and/or ultimately accountable to one or more general government units. For dependent PCEBIs, the “parent” general government is typically determined as the entity that appoints its Board and/or appoints its chief executive. The parent government is also typically (but not always) the government entity that provides the majority of (supplemental or total) funding of the dependent PCEBI.

For the purposes of determining the functional assignment as part of the Intergovernmental Context, public universities; hospitals and other public health facilities; water utilities or providers; and other dependent public corporations of frontline service providers should be considered as part of their parent government (i.e., the government level or entity that own, controls and/or operates them). After all, although the provider (or “producer”) has a degree of administrative responsibility, the parent government is the government entity that has governance responsibility for the performance of the dependent service delivery entity.

Similarly, when public service provision is contracted out to a private provider (e.g., solid waste collection), the responsibility for service delivery should be understood to be with the government level that ensures provision (and not with the contractor). Likewise, when the public sector opts to regulate a public sector functions (i.e., a local government regulating private solid waste management services and responsibilities, rather than the local government itself providing the service directly or indirectly), the relevant subnational government level / tier / type should still be considered to be responsible for ensuring provision of the relevant public service (as the parent government is still the government entity that has governance responsibility for the performance of the service).

Primary (and secondary) *de facto* responsibility for functions and services (R1). The first worksheet of the functional assignment segment of the LoGICA Intergovernmental Context (*4a Functions*) is descriptive in nature, and asks: which government level, tier, or type is *de facto* responsible for the recurrent provision and capital/development aspects of different public services? For each function listed, the assessor or assessment team should select the government level or administrative level that has primary responsibility for providing the inputs that together constitute each function or public service.

Generally, the government level/tier/type that is *de facto* responsible for recurrent provision of services is the government level/tier/type that employs the frontline service delivery staff that delivers the services, since the provision of human resources tends to form the main input into the ongoing provision or production of public services. For instance, if primary school teachers are employed by the local government, then the local government is *de facto* primarily

responsible for the recurrent provision of human resources in primary education (70912). Alternatively, if primary school teachers are employed by the central government (e.g., Ministry of Education), then the central government is *de facto* primarily responsible for the recurrent provision of human resources (HR) in primary education.

Next, the full version of the LoGICA functional profile asks the assessor to identify the general government level / tier / type that is *de facto* responsible for operation and maintenance; supplies; capital development; and service delivery management.^{53,54} Primary responsibility for each these economic inputs is typically best identified on the basis of which government level / tier / type typically pays for the input. For instance, if a local government pays for the custodial staff of a school and/or funds the maintenance and minor repairs of primary school facilities, the local government should be understood to be responsible for the operation and maintenance for primary education. If the central government directly supplies textbooks and other learning materials in kind (whether funded from its own sources or from donor funds), then the central government is *de facto* responsible for supplies. By contrast, if the local government procures books and learning materials (even if these purchases is funded by higher-level government funds), then the local government should be understood to be responsible for this aspect of service provision.

Likewise, if most primary schools buildings or classrooms are constructed by a national program implemented by the Ministry of Education (without the funds being passed down to local governments for local governments to engage contractors to construct the building), then the central government has primary *de facto* responsibility for capital development in primary education. Similarly, if water pipes are laid by “local” water utility companies that are controlled by the national Ministry of Water (or a national authority that reports to the Ministry), then water supply is *de facto* a central government function.

Finally, management of frontline services refers to the managerial oversight of frontline service provision, which is typically done by one or more field officials that are placed immediately above frontline service facilities in the administrative hierarchy, such as local education officers, district health officers, Director of Public Works, or similar titles.

The assessment team completing the LoGICA Profile should assign the primary responsibility for the different recurrent and capital inputs for each of the 25 functions listed in the functional assignment segment (R1.1-R1.27) by selecting either “C” (central government) or “S1” through “S8” as identified in the Organizational Structure worksheet.⁵⁵ In principle, all services have an HR aspect and capital aspect (i.e., “functionaries” and “facilities”); ideally these columns should be completed for each of the 25 services listed. Assessment teams should skip entries that are not

⁵³ Since the IGP version only includes up to four subnational governance levels / tiers / types (S1-S4), the IGP Excel template also permits assessors to select ‘OR’ (‘Other Regional’) or ‘OL’ (‘Other Local’).

⁵⁴ The IGP version of the functional profile focuses only on HR and capital infrastructure inputs.

⁵⁵ The original Local Public Sector Handbook (2012) included 27 functional categories. The revised framework consolidated several economic activities, resulting in responsibilities R1.6 and R1.10 being eliminated.

relevant to a particular service (e.g., only a handful of public services require “supplies”).⁵⁶ In relatively devolved countries, it is not unusual for all aspects (inputs) of a devolved service to be the responsibility of local or regional governments.

To the extent that there is more than one government levels/tiers/types substantially involved in the provision of public services (either on the recurrent and/or capital development side), the assessment team may need to indicate which government level/ tier/type is responsible for different inputs involved in frontline service provision. In other cases, the assessment team may need to designate secondary responsibility for the recurrent and/or development aspects of functional responsibilities in the appropriate columns (for instance, when the majority of school construction is done by a centrally-managed government program, while local governments also engage in the construction of new schools or classrooms as well). Secondary responsibility only needs to be indicated for functions or services where multiple government levels are substantively involved in the same aspect of service delivery. Further clarifications and explanations may be provided in the comment section and/or in the LoGICA Report.

In addition to indicating the primary (and where relevant, the secondary) responsibility for the provision of each government function or public service, the assessment team should identify whether Extrabudgetary Institutions, Public Corporations, extrabudgetary institutions and/or other service delivery providers (PCEBIs) are involved in the provision or production of public sector functions or services. If the public service is fully provided and produced directly by the government level/tier/type indicated in the earlier column, then the appropriate response is ‘No’. If a public service is provided or produced in part or in full by a dependent public sector entity that is institutionally not identical to the general government level/tier/type indicated in the earlier columns (e.g., a public corporation, parastatal company, community-based organization supported by the government level/tier/type or another dependent public sector entity), then the appropriate response would be ‘Partial’ or ‘Yes’. In that case, further clarifications and explanations may be provided in the comment section and/or in the LoGICA Report.

Subnational authority to regulate; subnational authority to plan physical space (R2). In addition to the power and authority to deliver certain public services, subnational bodies are often also given a certain degree of administrative power to initiate local laws and regulations on issues affecting their jurisdiction. An assessment of subnational institutions’ authority to regulate—and to plan physical space—are included in the LoGICA assessment as part of table R2.⁵⁷

In theory it is argued that the local governments are more effective regulators and can improve allocative efficiency because they are better able to ascertain and aggregate their constituents’ preferences than regional or central governments. In administratively decentralized systems, regulatory discretion of the subnational government often extends to areas including local economic development, land use planning and management, zoning, as well as some aspects of

⁵⁶ Note that “supplies” are narrowly defined here as inputs that are provided directly to clients as part of the service delivery process.

⁵⁷ This table is not separately included in the shorter IGP assessment. Instead, a limited assessment of subnational regulator powers is integrated in a single table.

public safety, public health, social protection, education, and environmental protection (World Bank, 2008). In addition to the *de facto* ability to regulate, subnational governments would also need the *de facto* authority to sanction non-compliance to ensure enforcement of these regulations, for example through administrative penalty.

For these regulatory responsibilities, the assessor or assessment team should again select either “C” (central government) or “S1” through “S8” as identified in the Organizational Structure worksheet.

- R2.1 Land use planning and zoning
- R2.2 Land assignment, acquisition and transfer
- R2.3 Land conservancy; environmental protection
- R2.4 Building and construction regulation; building permits
- R2.5 Traffic and parking
- R2.6 Local tourism promotion
- R2.7 Billboards and the display of advertisements in public places
- R2.8 Cemeteries, funeral parlors and crematoria
- R2.9 Regulation of local markets and street vendors
- R2.10 Regulation of local businesses (barbers, salons, retail, and food consumption)

Assessment of the responsibility for provision of frontline public services (4b)

The full LoGICA assessment framework contains a second part of the functional assignment profile (worksheet *4b Functions*), which seeks to provide additional information about the nature of functional assignments in a way that is somewhat more normative in nature.⁵⁸

In addition to clarifying whether higher-level governments are involved in (i) policy and standard-setting for each public service or (ii) providing intergovernmental financial support for provision of frontline services, worksheet 4b asks the assessment team to make judgments about the nature of functional assignments, including an assessment whether the *de jure* and *de facto* functional assignments match; whether the assignment of powers and functions is in line with the subsidiarity principle; and whether there is balance between functional responsibilities and powers.

Are higher-level governments involved in policy, standard-setting and financing? While worksheet 4a considers the assignment of responsibility for the provision of public services, this is only one aspect of functional assignments. In fact, the assignments of functions can be unbundled into the responsibility for (i) *policy formulation, standard-setting and regulation*; (ii) *financing*; (iii) *provision*; and (iv) *production*.

The first two columns of *4b Functions* interrogates whether higher-level governments or higher-level officials are involved with policy formulation, standard-setting and regulation of each

⁵⁸ This second worksheet on functional assignments is not included in the shorter LoGICA Intergovernmental Profile.

service, and whether higher-level governments are involved in funding the service (for instance, through conditional grants). Appropriate responses include 'Yes', 'No' and 'Partial'. As usual, the specific context of such policy / standard-setting or financing by higher-level governments should be clarified in the comment section and/or in the Country Brief.

The third column of *4b Functions* considers whether higher-level governments or higher-level officials are involved with the human resource management decisions or service delivery functions of subnational governance institutions, beyond basic standard setting and wage-setting. In other words, do subnational institutions have authoritative decision-making power to manage the functions for which they are assigned the responsibility, or do higher-level governments continue to involve themselves in different aspects of subnational human resource management or service delivery (for instance, by seconding central government staff to subnational governments on a regular basis; by hiring and/or transferring local government staff; by requiring subnational governments seek higher-level approval for staff changes to be made; or through other interventions that require higher-level government officials to approve subnational decisions), and thereby limit the autonomy of subnational officials over subnational administration or frontline service delivery?

In deconcentrated systems, such higher-level involvement is almost certainly the case. In highly devolved systems, we would expect there to be a match between functional responsibilities and service delivery powers assigned to devolved subnational governance institutions with little or no involvement of higher-level officials in subnational human resource management decisions or in front-line service delivery. For instance, a local government that is responsible for water and sanitation services ought to be given the power to appoint the board of the municipally-owned water utility. In other cases, there may be an imbalance between the responsibilities and powers assigned to subnational governments. Such an imbalance might occur when a local government is assigned the functional responsibility to operate public primary schools in their jurisdiction (and may even be the formal employer of the public school teachers), but lacks the (*de facto*) authoritative power to hire or fire school teachers. In this case, there would be a gap or mismatch between the local government's *responsibility* for the service delivery function and the *powers* necessary to perform this function efficiently and effectively.

Does the *de jure* assignment match *de facto* assignment of functional responsibilities? In some countries, there is a difference between the legislated functional responsibilities of local (government) bodies and the actual or *de facto* assignment of functions. As noted, the main segment of the functional assignment segment of the LOGICA Profile should be completed in line with the actual or '*de facto*' assignment of functional responsibilities. The Profile should further indicate the extent to which the *de facto* situation matches the *de jure* situation, or whether there are inconsistencies between the legal and actual situation.

A gap between the legal assignment of functions and the actual situation may arise when a local government level (or a local administrative tier) is assigned the responsibility or mandate over a particular function or service, while the power, authority or discretion over the service delivery inputs are not actually transferred to that local government level. For instance, notwithstanding constitutional, legal or regulatory provisions that may *de jure* assign the responsibility for primary

education to the local government level, in practice, primary school teachers and other local education staff may continue to be employed and managed by the Ministry of Education or by decentralized line departments. In that case, the *de facto* responsibility for providing primary education human resources continues to rest with the center or with the relevant decentralized administrative tier.

Does the assignment of powers and functions adhere to the subsidiarity principle? As noted in Section 2 of the LoGICA Framework, the subsidiarity is an important guiding principle in decentralization and multilevel governance in many countries. This principle states a function should generally be performed by the lowest level of territorial administration or governance that can perform this function efficiently. Part of the assessment of functional assignments in Segment 4 of the LoGICA profile is to not only to determine whether the *de jure* assignment of functions matches the *de facto* assignment of functions, but whether the overall assignment of functions adheres to the subsidiarity principle across the full range of public service delivery functions.

In determining whether a subnational entity would be able to perform a certain function efficiently (i.e., in accordance with the subsidiarity principle), the framework should mainly focus on the expected minimum efficient scale for service provision for each function or service. Because subnational capacity development and operational efficiency are often an “chicken and egg” issue, it would generally not be appropriate to judge the potential ability to deliver services in an efficient manner based on current capacity constraints or institutional arrangements. For instance, one could argue that a regional or local government is “unable” to provide certain services efficiently based on the current level of administrative capacity, or because the existing political and social accountability mechanisms might fail to hold local leaders accountable for their service delivery performance. In reality, however, regional or local governments *would* often be able to deliver certain services in an efficient manner if subnational political incentives would be introduced and administrative capacity would be developed.

Although village- or commune-level governments in many countries may be too small to deliver local public services in an efficient manner (above the necessary minimum efficient scale), local and regional governments or administrations in most countries exceed the minimum efficient scale for delivering basic municipal and community services, such as local road construction and maintenance, solid waste management services, local drinking water systems, sanitation, and other subnational infrastructure and services. In addition, local jurisdictions in many countries are of a sufficient size and capacity to deliver basic social services within their jurisdictions, such as primary education, primary health services, and so on.⁵⁹

Please be reminded that the LoGICA assessment concerns itself with the entity that is responsible for the *provision* or *delivery* of a service (in other words, which entity is responsible for making sure the service gets delivered). The issue of subsidiarity should not be applied to whether a

⁵⁹ The minimum efficient scale for subnational public services and infrastructure is typically determined by a combination of the production function of the publicly provided good or service in question, along with a subnational governments’ population size, population density, and the level of economic development/activity in a country.

higher-level government sets *policy standards, regulates* the service, or *provides financing* for the service (through intergovernmental fiscal transfers). It should be noted that the responsibility for *provision* of a service does not necessarily imply that the local entity *produced* the service, as the production of the service may be contracted out to a private sector provider.⁶⁰

⁶⁰ The ability of regional and local governments to efficiently deliver a public service should be judged under optimal administrative arrangements and accountability mechanisms. The ability of local governments to *deliver* these services does not imply that local governments should be in a position to *finance* these services. Nor does the assignment of the service delivery (provision) responsibility to the local level imply that the central government does not retain the responsibility for policy formulation and standard setting.