

The Local Public Sector Initiative

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# LOCAL GOVERNANCE INSTITUTIONS COMPARATIVE ASSESSMENT FRAMEWORK



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*Pre-release version, April 7, 2015.*

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Cover photo: Portrait of village boys (Abhijit Photography /Getty Images).

# Local Governance Institutions Comparative Assessment Framework

## Preface

In countries around the world, local governments and other local public sector bodies 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, clean streets, sanitation for the urban poor, and so on. Although these public services align with national priorities and global development objectives, the delivery of these public services is fundamentally local in nature.

Global consultations on the localization of the post-2015 agenda recognized that territorial administrative bodies and local governments are key actors for accelerating poverty reduction and delivering pro-poor public services, and that effective local governance systems are indispensable to the localization of public services and to the achievement of sustainable development goals. On October 15, 2014, the *Turin Communique on Localizing the Post-2015 Development Agenda* concluded that “[t]he implementation of the Post-2015 Agenda will greatly depend on local action and leadership, in coordination with all other levels of governance. Any new development agenda will only have an impact on people’s lives if it is successfully implemented at the local level.”

The Local Governance Institutions Comparative Assessment (LoGICA) Framework analyzes the local and intergovernmental systems, processes and institutions that contribute to effective local governance and localized service delivery performance. Drawing on an extensive and growing body of literature on decentralization, localization and public service delivery, the LoGICA Score Card provides an assessment of the local governance institutions and practices that are relied on to localize public services and in achieving an effective, inclusive and responsive local public sector.

In addition, the LoGICA survey collects comparative information about a country’s organizational governance structure, selected functional assignments, as well as on the extent to which disaggregated local data are available. Spatially disaggregated data are necessary to ensure that public sector is able to target its local service delivery and development efforts across its national territory.

This Assessment Framework—issued in April 2015—has been developed by the Local Public Sector Initiative as a contribution to the collective efforts of many stakeholders to assess and develop effective local governance institutions around the world, by providing a common pool of information for measurement and monitoring the performance of local governance institutions, and by providing a common platform for dialogue.

## 1. Introduction and background

The notion that all human development takes place at the local level is gaining increasing acceptance in the global development community. However, the state of knowledge on the role of local governance institutions in achieving an inclusive and responsive public sector that is able to efficiently deliver localized public services is relatively limited. In contrast to other aspects of public sector management, little comparative research has been done on local governance systems. To the extent that empirical studies have looked at the effectiveness or performance of local governance systems, these studies have almost exclusively focused on measuring the activities and expenditures of elected local governments.

In contrast to existing measures of decentralization, the concept of the local public sector—and the broader focus on the local governance system as a whole—includes all public sector activities and expenditures at the local level. This fits with the global dialogue on the localization of public sector outcomes, which suggests that “the key underlying question is not whether to ‘decentralize or not’ or even opt for a specific decentralisation model, but to look at ways to improve capacity and co-ordination among public stakeholders at different levels of government to increase efficiency, equity and sustainability of public spending” (Charbit, 2011).

The analysis of local governance systems is complicated by the fact that there is no “one-size-fits-all” solution to organizing the local public sector. Different countries have opted for widely different intergovernmental and subnational arrangements to facilitate the interaction between the central public sector and the people. In order to achieve a complete understanding of the role of the local public sector in a country, there is a need to prepare a detailed analysis of four key aspects of the local public sector, including (i) the organizational-governance structure of the local public sector; (ii) the assignment of functions and responsibilities; (iii) local public sector finances; and (iv) the political, administrative and fiscal dimensions or institutions of the local public sector (Boex, 2012).

Because of the complexity and nuanced nature of local government systems, it is impossible to capture all details and aspects of a local governance system into a single measure. However, there is considerable guidance—both from the academic literature, as well as from international practice—about the different institutional components and elements that contribute to an effective, inclusive and responsive local governance system.

Accordingly, the Local Governance Institutions Comparative Assessment (LoGICA) Framework provides a comparative assessment framework to compare local governance systems in different countries based on five specific institutional dimensions: (i) the assignment of functional responsibilities; (ii) the existence of local political space and effective local political systems; (iii) the degree of local control over the administration of local services; (iv) local fiscal autonomy and local financial management; and (v) participatory and responsive local service delivery mechanisms. A more effective local governance system is achieved when each of these five institutional dimensions are effective, well-structured, and fit together well.

The Assessment Framework includes three components. First, the **LoGICA Survey** captures basic information about a country’s organizational governance structure, key functional assignments, as well as about the extent to which it collects disaggregated local-level data. Second, the **LoGICA Score Card** is a set of assessment indicators which quantify the systems, processes and institutions that contribute to

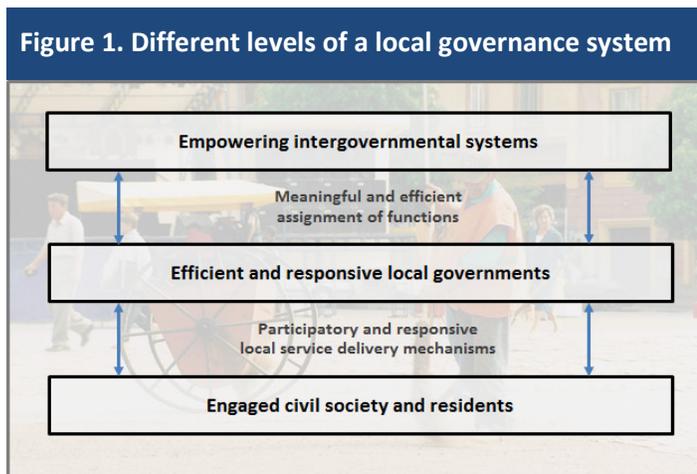


an effective local governance system. Third, the **LoGICA (Assessment) Report** provides a framework to report on the effectiveness of local governance institutions as measured by the indicators.

## 2. Scope and coverage of the framework

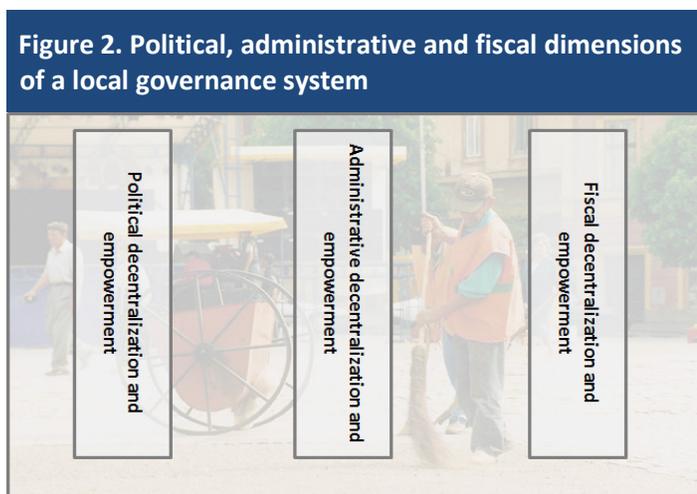
It is increasingly recognized that a well-performing local governance system requires more than just effective local leadership and effective local administration. As such, a first important focus of our analytic framework of local governance systems is the acknowledgement that different levels are involved in shaping an effective local governance system (Figure 1). After all, high-performing local bodies need a sound and supportive intergovernmental framework that empowers local bodies and gives them the foundation for success. This includes the requirement that local governments are assigned meaningful functions which they are able to perform efficiently.

Furthermore, successful local governments need an engaged civil society, residents, and local business community, who participate in local affairs and hold local leaders and officials accountable for their performance. Ensuring community involvement in local affairs requires that mechanisms are in place for participatory and responsive local service delivery.



In addition, our analysis of local governance systems needs to further recognize that local governance systems are traditionally separated into three important institutional dimensions, namely a political, an administrative and a fiscal dimension (Figure 2).

When the political, administrative and fiscal systems are considered at the three different levels of a local governance system (i.e., central, local and community), an assessment framework emerges that recognizes five main institutional dimensions that impact the ability of a public sector to transform national policy goals into development and improved local services on the ground :



### A. Effective assignment of functions to the local level – Are local governments assigned the effective responsibility and authority to manage local affairs?

Does the nature of decentralized local governance align with good governance principles? This first question cuts across the three institutional dimensions of the local governance system identified above.



**B. Local political space and dynamic and responsive local political systems and leadership** – Are local political and electoral systems effective and is the local political leadership given the necessary political space and incentives to identify and respond to the needs of its residents and the local business community?

**C. Local control over the administration of local services** –Is the local political leadership given the necessary control over the administration of local public services in order to respond to the service delivery needs of its residents and the local business community? For instance, can local leaders hire, promote or fire local-level staff, and procure the inputs needed to perform their functions and deliver services?

**D. Local fiscal autonomy and local financial management** – Are local governments assigned the appropriate mix of own source revenues and intergovernmental fiscal transfers; do they have adequate autonomy over their own source revenue instruments; and do they effectively administer their local finances?

**E. Participatory and responsive local service delivery mechanisms** – Are appropriate participation and accountability mechanisms in place in order to ensure that local leaders and local officials are responsive to the need of local residents and businesses? In principle, this final set of questions again cuts across the political, administrative and fiscal aspects of the local governance system.

The implicit hypothesis that forms the foundation for this analytical framework is that ***a more effective local governance system is achieved when each of these five institutional dimensions are effective, well-structured, and fit together well*** (Figure 3).

However, if one of the five dimensions of the local governance system is weaker than the other dimensions, this may have ramifications for the system as a whole. For instance, even if all other dimensions of the local governance system function well, if the local political and electoral systems fail to give local political leaders the necessary political space and incentives to identify and respond to the needs of its residents and the local business community, the local governance system as a whole may become less effective as platform for either deepening local democracy or as a mechanism for the improved delivery of localized services.

**Figure 3. Five key institutional dimensions of an effective local government system**



Therefore, a comprehensive, comparative analysis of a country’s local governance system will have to consider each of these five dimensions, measure the effectiveness of each dimension, and compare the effectiveness of each dimension of the local governance system with each other and with experiences from other countries.

***What is the purpose of the Local Governance Institutions Comparative Assessment (LoGICA)?*** The main purpose of the LoGICA framework is for stakeholders—whether within a country, or within a global context—to evaluate the status of local governance institutions within one or more countries, and to assess the institutional factors contributing to the effectiveness of the local public sector. To this end, the assessment framework provides a set of normative indicators of the effectiveness of local governance institutions within the local public sector.

As a working definition, the local public sector can be defined as that part of the public sector that ***regularly and directly*** interacts with residents, civil society, and the private sector within a ***localized*** setting; it is where residents and businesses receive most services from the public sector and where residents interact with government officials. The local public sector broadly incorporates four different types of decentralized or localized interactions, including devolution, deconcentration, delegation and direct central government involvement in localized services. The distinguishing feature of being part of the “local public sector” is not the legal or organizational status of a public entity that interacts with the community, but rather, whether the primary objective of the public entity, institutional unit or activity is to interact with the public within a localized setting, in terms of providing (or supporting) localized public services, regulation, public information, and so on.

***What is the scope of the Assessment Framework?*** The LoGICA framework is designed to be applied the local governance system in a single country or territory. Rather than analyzing a single local (government) entity or a single local (government) level, the assessment framework considers the functioning of the local governance system as a whole. As practices and experiences can differ across different local government jurisdictions within the same country, the assessment generally seeks to evaluate the experience of a “typical” local government jurisdiction. To the extent that practices or experiences differ across the national territory of a country (for instance, across urban and rural jurisdictions), additional information and analysis may be provided in the LoGICA Assessment Report.

To the extent that the delivery of localized services involves more than one subnational governance level, the assessment framework may simultaneously capture practices and experiences at different levels or tiers of the local public sector. Likewise, to the extent that the delivery of localized services involves several local-level entities, the intent of the assessment framework is to evaluate the system as a whole.

Because the main focus of the assessment framework is the local public sector, the assessment framework only applies to formalized, public methods of service delivery and does not take into account private and/or informal service provision.

***Which local services does the framework assess?*** The specific functions assigned to local government differ between countries, and sometimes, even between different local governments within a country.



This assessment framework should only be applied to services for which the delivery is considered a “local affair”. This assumes that—in accordance with the subsidiarity principle—local (government) entities are able to deliver the relevant services in an efficient manner. The subsidiarity principle states a function should be performed by the lowest (or most local) level of organization that can perform this function efficiently. In order to ensure a certain degree of consistency in the application of the assessment framework, the LoGICA framework focuses on three important (groups of) localized services: local education services, local health services, and “municipal and community services”. Annex 1 and Annex 2 provide further details.

***Does the framework assess the legal (de jure) situation or the actual (de facto) situation?*** Unless otherwise indicated, the assessment should be based on the actual or *de facto* situation in a country, rather than merely describing the legal (or *de jure*) situation. However, if applicable, it is imperative to note the differences between the *de jure* and *de facto* as the existence of a gap between the two can weaken local governance and contribute to inefficient localized services.

***Is the framework an assessment of the performance of local public sector entities or an assessment of the local governance system?*** The Assessment Framework is intended to assess the functioning of the local governance system as a whole. While the weak performance of the local public sector may be caused by poor local government leadership or weak local administrative capacity, many of the indicators in the assessment framework are geared towards determining whether the right intergovernmental systems are in place and whether the appropriate mechanisms for local participation and accountability are in place for the local governance system to function in an efficient, inclusive and responsive manner. Low scores on the assessment indicators should not necessarily be seen as reflecting poor performance of local (government) jurisdictions, but rather, should be seen as indicators of possible weaknesses in the local governance system as a whole.

### **3. The Local Governance Institutions Comparative Assessment (LoGICA) Survey**

Before preparing the LoGICA Score Card and the supporting LoGICA Report, it is useful to capture specific information about the local public sector in different countries. This background information is helpful to contextualize the local governance situation in each country, and is useful in guiding the global development community in its own progress with regard to the localization of the post-2015 sustainable development agenda.

The **LoGICA Survey** captures information about the country’s organizational governance structure, about functional assignment, and about local data availability. First, the survey provides details about the number of levels or tiers of governance or administration in a country, which helps in the assessment whether jurisdictions at each level or tier are sufficiently large to perform public sector functions efficiently. Second, the LoGICA Survey captures information about the assignment of responsibility and authority for key public services. Finally, the LoGICA Survey captures information about the extent to which the country collects disaggregated local-level data for key local service delivery and development indicators. Disaggregated local-level data are needed to ensure that the public sector effectively targets its local service delivery and development efforts across its national territory where they are needed the most.

Annex 1 provides additional information and guidance on the preparation of the basic LoGICA Survey.



#### 4. The Local Governance Institutions Comparative Assessment (LoGICA) Score Card

The five main institutional dimensions of a country's local governance system are captured by the LoGICA Framework on the basis of 40 individual indicators of effective local governance institutions. Together, these 40 assessment indicators form the **LoGICA Score Card**.

Each assessment indicator seeks to assess the functioning of an element of a country's local governance system based on an ordinal indicator ranging from zero points to one point. In some cases, the maximum score for an indicator is two points. For some indicators, fractions of points can be awarded.

The set of assessment indicators is focused on assessing the basic performance of the local governance system based on conceptual norms of effective localization and good local governance as well as existing good international practices. For each of the indicators, guidance has been developed on what conditions would have to be met to warrant a certain score. The highest score (typically one) is warranted for an individual indicator if the criterion is met in a complete manner, whereas the lowest score (zero) indicates that the local governance system has failed to meet the relevant criterion.

Aggregate assessment indicators are computed for each of the five institutional dimensions by aggregating the scores for the individual performance indicators in each category (with a maximum score of ten points for each dimension). The aggregate score for a country on the LoGICA Score Card is referred to as its **LoGICA Index**. The LoGICA Index ranges from zero points to a maximum of 50 points.

Care should be taken in interpreting scores on the LoGICA Score Card. The ability of a local governance system to effectively localize the interaction between the public sector and the people is largely driven by a country's territorial-administrative structure, its level of economic development, and its administrative and governance traditions. As a result, different countries approach the localization of the public sector differently. Different institutional scores may thus reflect deliberate policy choices made by national political leaders based on the country's social, economic and governance context.

Whereas lower scores on the different institutional dimensions generally reflect institutional arrangements that rely less on local-level discretion and less on local-level accountability, the effective localization of public services may be achieved differently in different countries. While the assessment indicators included in the LoGICA framework are general indicators or "pointers" of more effective local governance institutions and practices, the impact of specific institutions or practices on the effectiveness of the local governance system as a whole can vary from country to country. As a result, it is impossible to determine a unique weighting scheme for different assessment indicators. In addition, higher scores do not necessarily point to a more effective local governance system. Interpreting the results of the LoGICA Score Card and the LoGICA Index thus should recognize that local governance systems defy "one-size-fits-all" prescriptions and that no assessment framework is able to capture every relevant detail or nuance of each country's local governance processes and institutions.

Annex 2 provides further information as well as detailed guidance on the scoring for each of the 40 assessment indicators.



## 5. The Local Governance Institutions Comparative Assessment (LoGICA) Report

The objective of the Local Governance Institutions Comparative Assessment Report (LoGICA Report) is to provide a narrative assessment of the local governance system in a country based on the indicator-led analysis in a concise and standardized manner. Information provided by the LoGICA Report would feed into the dialogue between local governance stakeholders within a country, as well as into the dialogue central government and donor partners.

The LoGICA Report is a concise document, which has the following structure and content:

- A *summary assessment* (to be placed at the beginning of the report) uses the indicator-led analysis to provide an integrated assessment of the country's local governance institutions. The summary assessment also discusses the likely impact of the observed weaknesses in local governance institutions on the effectiveness of the (local) public sector.
- An *introductory section* presents the context and the process of preparing the report.
- A section presents *country-related information* that is necessary to understand the indicator-led and overall assessment of the local governance system. It includes a brief review of the country's subnational governance systems; the country's geographic, demographic and economic conditions; and the organizational-governance structure of the public sector.
- The *main body* of the report assesses the effectiveness of the country's local governance systems, processes and institutions, based on the indicators.
- A section on *reform processes* briefly summarizes recent and ongoing reform measures being implemented with respect to local governance institutions and assesses the institutional factors that are likely to impact local governance and localized service delivery planning and implementation in the future.

The LoGICA Report provides an assessment of the current local governance system and does not include recommendations for reforms or action plans. In case the report is jointly prepared by different stakeholders (for instance, by central and local government officials, or by governmental officials and NGOs) and different views are held by different stakeholders with regard to the findings of the report, dissenting or supplementary opinions could be reflected in an annex of the report.

Annex 3 provides additional information and guidance on the preparation of the LoGICA Report.



## **Selected Background Readings**

Boex, J.. 2012. *Measuring the Local Public Sector: A Conceptual and Methodological Framework*. Washington: The Urban Institute.

Charbit, Claire. 2011. "Governance of Public Policies in Decentralised Contexts: The Multi-level Approach", OECD Regional Development Working Papers, 2011/04, OECD Publishing.

PEFA Secretariat. 2011. *Public Financial Management Performance Measurement Framework (Revised January 2011)*. Washington: PEFA Secretariat.

Yilmaz, Serdar, Yakup Beris, and Rodrigo Serrano-Berthet. 2008. "Local Government Discretion and Accountability: A Local Governance Framework." Social Development Working Paper No. 113. Washington, DC: The World Bank.



# **Annex 1**

## **The Local Governance Institutions Comparative Assessment (LoGICA) Survey**



## Annex 1: The Local Governance Institutions Comparative Assessment (LoGICA) Survey

This annex provides guidance regarding the preparation of the Local Governance Institutions Comparative Assessment Survey (LoGICA Survey).

Drawing on the Local Public Sector methodology, the **LoGICA Survey** captures basic information about three aspects of a country's local public sector (Boex, 2012). First, the LoGICA Survey captures information about the country's organizational governance structure, providing details about the number of levels or tiers of governance or administration in a country, and the number of jurisdictions at each level or tier. In addition, the organizational governance profile captures the main institutional features of local entities. This information helps to determine whether jurisdictions at each level or tier are devolved local governments, deconcentrated local administrative units, or any other type of local body. This information also informs the assessment whether local jurisdictions are sufficiently large to perform specific public sector functions efficiently. Second, the LoGICA Survey captures basic information about the assignment of responsibility and authority for key service delivery functions (including health, education, and municipal / community services). Third, the extended LoGICA Survey captures information about the extent to which the country collects disaggregated local-level data for key local service delivery and development indicators. Disaggregated local-level data are needed to ensure that the public sector effectively targets its local service delivery and development efforts across its national territory where they are needed the most.

Since the LoGICA Survey builds on the more extensive Local Public Sector Country Profile methodology, whenever relevant, references are provided to the original methodology to ensure consistency (Boex, 2012). (For instance, the country name is captured in question C1.1 in the underlying methodology).

### General Country Background Information

The General Country Information Section provides basic country information for the LoGICA Survey, 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.

Total national population is to be entered in persons (i.e., not in thousands or millions). Among others, the population figure can be used to determine the average size of local jurisdictions. Country-specific demographic estimates can vary considerably. In order to maintain a degree of uniformity, when recent census counts or reliable census estimates are unavailable, the preferred data source for population is World Population Prospects, or other related UN data sets.

The second 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 '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 Is the structure of the LPS uniform across urban and rural areas?* Appropriate responses include 'Yes' and 'No'. 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 General Country Profile. Whenever necessary, please clarify the response in the LoGICA Report.

*C3.3 Are there (other) asymmetries in the structure of the LPS?* Beyond any possible asymmetries between urban local government and rural local governments, are there any (other) asymmetries in the structure of the LPS? Appropriate responses include 'Yes' and 'No'. If there are asymmetries in the territorial-administrative structure of the local public, this issue may or may not be raised as part of the Organizational Governance Profile. Whenever necessary, please clarify the response in the LoGICA Report.

*C3.9 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 survey. Appropriate responses to this question are 'Yes', 'No', and 'Mixed/Other'. Only answer 'yes' if a major decentralization reform is actually being implemented that is resulting in a major change in the structure, functioning or financing of the (local) 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 Survey 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.

### **Local Public Sector Organizational Governance Profile**

The Local Public Sector Organizational Governance Profile accommodates up to four main sub-central territorial-administrative levels, which could either be subnational administrative tiers or subnational government levels. The profile records the existence of each government level or administrative tier, and the number of jurisdictions that are present at each level. Care should be taken that the Organizational Profile portrays the administrative-governance situation, rather than reflecting geographical (rather than administrative) territorial divisions. The details of the Organizational Governance Profile should further portray the *de facto* situation, rather than reflecting the legislated system.

*Name and number of alternate jurisdictions.* As already noted, many countries have different subnational governance structures in urban areas and in rural areas. In some countries, these



jurisdictions are essentially equivalent in how they operate (despite the different label). In other countries there are only relatively minor differences in functions and operation of urban and rural local governments, whereas in yet other countries, urban and rural structures are completely different and unrelated. After careful consideration of country systems, the researcher should use his or her discretion to determine whether the main and alternate structures are sufficiently different in nature to warrant assigning separate status in the organizational structure profile. For instance, urban and rural (district) local authorities may be empowered by two different laws, but for all intents and purposes, have the same functions and governance structures.

In completing the organizational profile it should further be noted that in some countries, there may be parallel systems that are not necessarily hierarchical, or that do not necessarily follow the hierarchical structure of the main territorial-administrative system. For instance, in Mozambique, municipalities operate alongside the hierarchical state administration system. In such cases, it may be practical to list the parallel structures below the hierarchical structures, or to clarify the relationship (or lack of relationship) between different territorial-administrative levels in the LoGICA Report.

Question G1.1a –G1.12 ask elementary questions about the organizational nature, legal status and basic governance of the (up to) four main levels/tiers/types of local entities. Appropriate responses to these questions include ‘Yes’, ‘No’ and ‘Mixed/Other’.

Rather than simply classifying local entities as either devolved local governments, deconcentrated local administration bodies or some other type of local entity, the first batch of questions seeks to capture the main organizational, legal and governance characteristics of local bodies. As such, the methodology does not impose a single specific definition of what constitutes a local (government) body. This approach recognizes the reality that not all countries have ‘pure’ local governments or ‘pure’ deconcentrated administrative entities. Instead, in many countries, local entities combine features of semi-autonomous elected local governments and deconcentrated local administrative units.

*G1.1a Are local jurisdictions at this level/type organized as integrated institutional units?* The first thing we want to know about local jurisdictions is whether they are organized as integrated institutional units. For the purpose of this question, an institutional unit is either an administrative entity or a governance entity that has a single administrative structure and has a single budget. For instance, elected local governments –as defined in Annex 2- are legally formed as corporate bodies with their own budgets, and therefore function as institutional units. In addition, in some deconcentrated countries, deconcentrated local bodies are also organized and funded in a territorial manner as integrated institutional (administrative and budgetary) units. In these cases, the answer to Question 1.1a should be ‘Yes’.

In other deconcentrated countries, however, local administrative line departments may be organized and/or funded vertically as part of their respective line ministries. In these cases, the possibility for coordination at the subnational level is much more limited, and therefore, we cannot speak of integrated institutional units of the local level. In these cases, the answer to Question 1.1a should be ‘No’.

*G1.2 Are local entities at this level/type (semi-autonomous) corporate bodies?* Is the local entity a separate legal entity, which is not fully controlled by the central (or higher-level) government? Typically, corporate bodies can own and transact property in their own name, open and manage their own bank accounts, and can sue and be sued in their own name?



*G1.3 Do local entities at this level/type engage in governance functions?* Does the jurisdiction have binding decision-making authority over certain affairs within its jurisdiction territory? Does it provide public services or infrastructure, regulate the use of public 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 governance functions, it should not be considered a public sector entity that should be considered as part of the Local Public Sector’s Organizational Governance structure.

*G1.4 Do local entities at this level/type have their own political leadership?* Political leadership is considered to exist if there is degree of autonomy vested in local leaders over deciding the affairs of the local jurisdiction. When a local jurisdiction or entity has its own political leadership, it is often (but not always) the case that part or all of the local political leadership is elected. It should be noted that the presence of an (elected) advisory council which does not hold executive or legislative authority at the local level should not be considered to be part of local political leadership.

*G1.5 Do local entities at this level/type prepare/adopt/manage their own budgets?* Answer ‘Yes’ if the local entity prepares, approves and manages its own (operating and/or capital/development) budget. For the purpose of this question, do not consider “deconcentrated budgets” as “own budgets” if the budget for an entity is prepared and/or approved by a higher government level, and then contained (as an organization or sub-organization) in the budget of the higher level.

*G1.6 Are local entities entitled to own assets and raise funds in their own name?* When local entities raise funds through local revenues, are they allowed to deposit these funds in their own accounts and decide over the use of these funds? Furthermore, at the end of the financial year, are local entities permitted to carry forward their financial resources from one financial year to the next?

*G1.7 Are local entities able to incur liabilities by borrowing on their own account?* Are local entities able to incur liabilities by borrowing on their own account? For the purpose of this question, it is irrelevant whether such borrowing requires approval by a higher-government level. Borrowing issues are further explored as part of LoGICA Score Card (under dimension D: Local fiscal discretion and local public financial management).

*G1.8 Are local entities able to appoint their own officers?* Local officers include the senior executive or administrative staff of the local entity, including the chief executive, the chief administrative officer and/or the chief finance officer of the local body, as well as the heads of the main local departments. Answer ‘Yes’ if the local political or administrative leadership of the local body is able to select and appoint its own officers to these positions. Answer ‘No’ if the people in these positions are typically hired or appointed by central government or someone other than the local political or administrative leadership. Answer ‘Mixed / Other’ if only part of the local executive team is locally appointed.

*G1.9 Are local entities able to employ, hire/fire/promote their own staff?* Answer ‘Yes’ if local entities are able to determine their own organizational structure and staff contingent, and are generally able to employ, hire, fire, promote and manage their own staff, without direct involvement of (or requiring approval from) higher-level government officials. Local human resource management issues are explored in greater details as part of LoGICA Score Card (under dimension C: Local control over the administration of local services).



*G1.10 If (G1.5) is ‘No’, are local entities budgetary units or sub-units of the higher-level government? One of the main distinguishing features of local government entities is that they prepare, adopt and manage their own budgets. As such, the budgets of local governments are typically not part in the budget of the higher-level government. In this case (if G1.5 is answered positively), questions G1.10-G1.12 do not apply and may be left unanswered.*

In contrast, the budgets of deconcentrated administrative units consistently form part of the higher-level government budget. In fact, in some deconcentrated countries, local entities are formally recognized in the national Chart of Accounts as budgetary units or budgetary sub-units of the higher-level government. Answer ‘Yes’ if local entities are recognized as budgetary units within the higher-level government budget, or when local line departments are recognized as budgetary sub-units of their respective higher-level government ministries or agencies.

*G1.11 If (G1.10) is answered ‘Yes’, are local departments organized sectorally or territorially? When a deconcentrated line department is a budgetary sub-unit of its respective line ministry (and therefore, when the line department’s budget is part of its central ministry budget), then this is known as sectoral (or vertical) deconcentration. When subnational jurisdictions are primary budget entities and the budgets of local line departments are contained in the budget of these territorial administrative jurisdictions, then this is known as territorial (or horizontal) deconcentration.*

*G1.12 If (G1.10) is answered ‘No’, are local entities non-budgetary sub-units of the higher level? Deconcentrated local entities are not always recognized in the national Chart of Accounts as budgetary units, or as budgetary sub-units of the higher-level government. In fact, local entities in some deconcentrated countries are merely organizational (but not budgetary) sub-units of their parent organization at the central level. Of course, in the absence of their own budget space, such non-budgetary (organizational) sub-units have little or no opportunity for discretionary decision-making. Answer ‘Yes’ if local entities at the level/tier under review are merely organizational (non-budgetary) sub-units of the higher level.*

### **The assignment of responsibility and authority for key service delivery functions**

The functional assignment section of the LoGICA Survey 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, and municipal and community services.<sup>1</sup> While the first dimension of the LoGICA Score Card (discussed in Annex 2) assesses the effectiveness of functional assignments, the overview of functional assignments that is prepared as part of the LoGICA Survey is purely descriptive in nature. The LoGICA Survey considers both the legal (*de jure*) and actual (*de facto*) functional assignments in a country. In addition, the LoGICA survey breaks down functional responsibilities into five specific components (human resources, operation and maintenance; supplies; capital infrastructure / development; and community engagement).

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

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<sup>1</sup> This section draws in part on Boex (2012).



government programs in those areas and permits examination of trends in government expenditures on particular functions over time. COFOG is the most commonly used classification of government functions. COFOG contains ten main 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 note, the overview of functional responsibilities captured in the LoGICA Survey generally follows COFOG functional classifications.

Note that the LoGICA survey 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.

Unbundling the delivery of public services. In identifying which local governance level is responsible for the provision of a function or a public service, it 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 some countries, different government levels of different public entities are responsible for providing different inputs into the service delivery process. In obtaining a complete picture of functional assignments, 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.** Which local governance body (or bodies) has responsibility for local functionaries or local service delivery staff? Who is the statutory employer of local staff? Who is responsible for the hiring and promoting local staff, such as local health workers, teachers, local administrators, and other local officials? Who is responsible for local human resource management and paying their salaries and benefits? To whom do they report, and who has the authority to discipline and fire local staff?
- **Operation and maintenance.** In addition to local human resources and wage expenditures, the provision of a function typically requires a series of other (non-wage) recurrent expenditures. Which entity (or entities) has the responsibility for (and authority over) service delivery operation, maintenance and related expenditures?
- **Supplies.** Who is responsible for (and has the authority to) procure and provide the supplies (e.g., the medical supplies, school books, learning materials, and other inputs) that are provided directly to clients as part of the service delivery process?
- **Capital / development expenditures (facilities).** Which local 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?

- **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?

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.

The *de jure* assignment of functional responsibilities. A country’s constitution or the legislative framework establishing local governments normally gives an important indication what the functional responsibilities of local 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 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., functionalities, operation and maintenance, supplies and community engagement), but leaves unresolved whether local governments are also responsible for the construction of additional health facilities. 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.

Legal (*de jure*) functional assignments to deconcentrated entities are often made in a less explicit manner when compared to the *de jure* assignment of functional responsibilities to devolved entities.

In the LoGICA Survey, segment F0 of the functional assignment section should be completed in line with the constitutional or legislative assignment of functional responsibilities. The Survey template allows the user to assign functional responsibilities—for each of the five main elements of a public service delivery function—either to the central government or to one of the four subnational government levels or administrative tiers which are identified in the Local Public Sector Organizational Governance Profile. The Survey should reflect the primary government level (or administrative tier) that is legally responsible for a function or public service. For instance, if local governments are legally responsible for “establishing, operating and managing health centers”, then it is reasonable to assume that the primary responsibility for public health and outpatient services is assigned to the local government level. Note that the LoGICA Survey seeks to determine who is *primarily* responsible for a government function or



public service; it is not necessary for a single government level or administrative tier to be exclusively responsible in order to select a single governance level.

If no single government level can be identified to have primary responsibility, the response ‘Mixed/Other’ may be selected. This may be the case when multiple government levels are equally responsible for different parts of a function. For instance, if the legal framework assigns legal responsibility for hospital services to the local government level (e.g., district hospitals) as well as to the central government level (e.g., referral and national hospitals), then the function could be assigned as ‘mixed/other’. As needed, the respondent may also use “Unclear” to indicate that the legislative framework is unclear (or contradictory) with regard to certain functional assignments.

The *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. Segment F1 in the functional assignment section of the LoGICA Survey should be completed in line with the actual or ‘*de facto*’ assignment of functional responsibilities.

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 deconcentrated 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 deconcentrated administrative tier.

The degree of *de facto* responsibility that a level or tier has over a function corresponds closely (although 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 Survey.

### **Public availability of regular, authoritative, disaggregated data for jurisdictions at different levels**

Sustainable, inclusive development is achieved when global and national development objectives are transformed into improved livelihood conditions and better local public services for the people at the grassroots level. In order to monitor that development objectives are achieved across a country’s national territory, it is critical that the public sector not only collects key development indicators, service delivery indicators and expenditure indicators at the national level, but that government agencies collect and disseminate data that is disaggregated at different local (subnational) administrative-territorial levels. The greater degree the disaggregation of such data, the better the public sector will be able to



target its public service delivery efforts and to ensure sustainable and inclusive human development at the local level.

While there is an ambition to ‘localize’ the post-2015 agenda by more rigorously monitoring disaggregated sustainable development indicators, this presumes that domestic reporting mechanisms are in place to collect and report on such data. Little is currently known, however, about the public availability of regular, authoritative, disaggregated data for jurisdictions at different levels in countries around the world. While some countries has open budget systems and open data systems that provide highly detailed local government data, many other countries do not provide such disaggregated, local-level data. It should be noted that in order to be truly disaggregated and meaningful for (local) public sector decision-making, data should not just be reported for “urban areas” and “rural areas” in aggregate within a country, but rather, data should be reported for all urban and rural jurisdictions at a specific territorial-administrative level.

In order to shed greater light of the availability of disaggregated local public sector data in countries around the world, the extended LOGICA Survey includes an assessment on the public availability of regular, authoritative, disaggregated data for jurisdictions at different levels (the *Data* worksheet).

The assessment of the availability of disaggregated public sector data is based on four criteria: the nature of the data set; its coverage; its availability; and the methodology used. Three responses are possible about data availability: Yes, Mixed/Other, or No. In order for the response “Yes” or “Mixed/Other” to be given, the availability of data must meet all the criteria listed in the table below.

	<b>Yes</b>	<b>Mixed/Other</b>	<b>No</b>
<b>Nature of data set</b>	Authoritative Publicly available	Authoritative Publicly available	Either not authoritative or not public
<b>Coverage</b>	Comprehensive	Comprehensive	Not comprehensive
<b>Availability</b>	Regularly produced Timely availability	Regularly produced Timely availability	Not produced regularly or released timely
<b>Methodology</b>	Data reported are actual amounts based on reported, validated local administrative data (with a formal data collection process), and/or data reported are estimates, based on a formal and statistically sound survey processes	Data reported are counts or estimates which are based on reported (but not necessarily validated) local administrative data and/or based on informal local surveys, although statistical consistency has been attempted	Data reported are counts or estimates, which are based on self-reported and/or un-validated local data (which are reporting lacking a formal data collection process)

#### Definitions and assessment guidance:

- **Authoritative:** The data set is authoritative in nature. It is prepared by a government agency. Data sets prepared NGOs, donor agencies, research organizations, and so on are not considered authoritative, unless they are prepared on behalf of a relevant government agency, validated as accurate by the relevant government agency, and/or disseminated by (or on behalf of) the relevant



government agency. Although preferable, it is not necessary for the local-level data to be collated or released by a central government agency in order for the data to be considered authoritative. The data may also be deemed authoritative if the data are produced and made publicly available by local government authorities, as long as all local governments make available the same data, in a consistent format, in line with centrally-provided definitions and guidelines.

- **Public / publicly available:** The data set should be readily available and accessible to the general public. This typically means that the data set is available for free on the internet (e.g., from a government website), or that the data set is readily available for purchase for a small publication charge from the Statistics Bureau or another relevant government agency.
- **Comprehensive coverage:** The data set comprehensively covers all (or nearly all) jurisdictions at the relevant territorial-administrative level of the public sector. At the most, missing observations are confined to a handful of local jurisdictions.
- **Regularly produced:** The data set is produced on a regular basis. What constitutes a regular basis may vary based on the variable concerned. Population statistics are commonly collected based on a decennial basis (every ten years), possibly with inter-census estimates for intermittent years. Administrative data (e.g., enrolment figures, and so on) as well as budget data should in principle produced on an annual basis. Survey-based data sets for key indicators should be produced no less than every 3-5 years in order to be considered regular.
- **Timely availability:** The data should be available on a timely basis. What constitutes a timely basis may vary based on the variable concerned. As a rule, data may be considered released in a timely manner when the data are fully publically available no more than 6 months after the relevant reporting period has ended.
- **Methodology:** Different data collections processes and methodologies result in different levels or robustness with regard to the reported data.

In addition to providing an assessment response for each variable listed, the extended LoGICA Survey has a “Comment/Source” section for each variable. To the extent possible, please note the name of the document or publication (including table reference, if needed) which contains the disaggregated data (and/or the internet reference, if possible). If a disaggregated data source is available that fails to meet all the conditions specified above, please note in brief why the available data falls short from receiving a ‘Yes’.



# **Annex 2**

## **The Local Governance Institutions Comparative Assessment Score Card**



## Annex 2: The Local Governance Institutions Comparative Assessment (LoGICA) Score Card

The table below provides an overview of the Local Governance Institutions Comparative Assessment (LoGICA) Score Card. Details for each of the 40 assessment indicators are provided in this Annex.

	Assessment Indicator	Max
<b>A</b>	<b>Effective assignment of functions to the local level</b>	
A1	Do local governments / local executive bodies meet the key definitional criteria of a local government organization?	2
A2	According to the legal framework, do LGs/LBs have clear responsibility for providing education and health services (in accordance with the subsidiarity principle)?	1
A3	In practice, are LGs/LBs responsible for the recurrent provision of education and health services (in accordance with the subsidiarity principle)?	1
A4	In practice, are LGs/LBs responsible for the capital infrastructure required for providing these services (in accordance with the subsidiarity principle)?	1
A5	According to the legal framework, do LGs/LBs have the clear responsibility for providing municipal/community services (in accordance with the subsidiarity principle)?	1
A6	In practice, are LGs/LBs responsible for the recurrent provision of municipal /community services (in accordance with the subsidiarity principle)?	1
A7	In practice, are LGs/LBs responsible for the capital infrastructure required for providing these services (in accordance with the subsidiarity principle)?	1
A8	Does the <i>de facto</i> assignment of functional authority match <i>de jure</i> responsibility (with regard to the services at hand)?	2
<b>B</b>	<b>Local political space and dynamic local political leadership</b>	
B1	Does the local political leadership include elected Local Councils?	2
B2	Is the Local (political) Executive directly elected?	1
B3	Are the local election system and local elections competitive?	2
B4	Have local elections been regularly held over the past 20 years?	1
B5	Does the LG/LB's political leadership recruit, appoint and hold human resource authority over the core local administration team?	1
B6	Does the LG/LB's political leadership recruit, appoint and hold human resource authority over the heads of local service delivery departments (including education and health)?	1
B7	Do the main stakeholders within the LG/LB have a constructive and cooperative relationship?	1
B8	Is the LG/LB effective in achieving results in the service delivery areas that constituents care about?	1
<b>C</b>	<b>Local control over the administration of local services</b>	
C1	Does the LG/LB's political leadership appoint its own core executive team, including core local administrators and the heads of the local service delivery departments?	2
C2	Does the LG/LB's political leadership approve its own budget (including the budgets of the local service delivery departments)?	2
C3	Does the LG/LB determine its own (core) organizational structure and staff establishment?	1
C4	Does the LG/LB determine the organizational structure and staff establishment of the local service delivery departments (including education and health)?	1
C5	Does the LG/LB have control over its (core) human resource decisions?	1
C6	Does the LG/LB have control over the human resource decisions of the local service delivery departments (including education and health)?	1
C7	Does the LG/LB plan and manage the procurement of capital infrastructure and development activities required for core local functions, including local administration and municipal/community services?	1
C8	Does the LG/LB plan and manage the procurement of capital infrastructure and development activities required for local education and health services?	1



	Assessment Indicator (continued)	Max
<b>D</b>	<b>Local fiscal autonomy and local financial management</b>	
D1	Do LGs/LBs have an orderly annual budget process?	2
D2	Are LGs'/LBs' expenditure out-turns consistent with the original approved budget?	1
D3	What is the quality and timeliness of annual financial statements?	1
D4	Are LGs/LBs free to define their own local revenue instruments (e.g., specify user fees, adopt new revenue instruments, or modify existing local revenue instruments)?	1
D5	Do LGs/LBs have the right to set the tax base or tax rate for all local revenue instruments?	1
D6	Do LGs/LBs effectively and equitably collect property tax revenues?	1
D7	Do LGs/LBs have access to credit from public or private financial institutions (or bonds) to fund local capital infrastructure expenses?	1
D8	Do LGs/LBs receive (conditional or unconditional) grants/transfers from a higher level government to support local administration and to provide general local public services?	1
D9	Do LGs/LBs receive formula-based grants/transfers from the higher level government in a complete and timely manner, without unnecessary administrative impediments?	1
<b>E</b>	<b>Participatory and responsive local service delivery</b>	
E1	Do affordable national (or "minimum") service delivery standards exist (including in education and health) to guide local service delivery?	2
E2	Are local performance frameworks in place and being applied for local services? (E.g., Citizen Service Charter?)	1
E3	Are local budgets and finances managed in a participatory and transparent manner?	2
E4	Do local services / local service delivery facilities (in education, health and solid waste) have their own effective participatory planning / social accountability / oversight mechanisms?	1
E5	Do LG/ local councils monitor the performance of local service delivery departments?	1
E6	Do LGs/LBs (separate from the SDDs) have an effective mechanism in place to receive and resolve complaints about local services?	1
E7	Do service delivery facilities (in education and health) have a degree of administrative or managerial discretion?	2

The LoGICA Score Card provides a comparative assessment of the five main dimensions of a local governance system, including an analysis of the effectiveness of (a) the assignment of functional responsibilities to the local level; (b) local political space and dynamic and responsive local political systems and leadership; (c) local control over the administration of local services; (d) local fiscal autonomy and local financial management and (e) participatory and responsive local service delivery.

For every institutional dimension (A-E) included in the Score Card, between seven and nine detailed assessment indicators (AIs) are provided. Each detailed AI should be assigned a score ranging from zero to one. For some indicators, the maximum score is two points. Guidance is provided below on how to score each assessment indicator. In some cases, half points and quarter points may be awarded.

An aggregate score for each of the five main institutional dimensions is then computed—on a ten-point scale—as the sum of the score on the detailed assessment indicators in each dimension. An assessment score of zero indicates weak local governance institutions (little or no authority, autonomy, discretion and accountability at the local level), while a score of 10 indicates highly responsive and effective local governance institutions. To the degree that the assessment indicators do not adequately capture underlying issues with the local governance system, these issues can be addressed and discussed further in the LOGICA-AR.



The aggregate score for a country on the LoGICA Score Card is referred to as its Local Governance Index or the LoGICA Index. The LoGICA Index ranges from zero points to a maximum of 50 points.

## General Guidance on Scoring and Scoring Methodology

**What is a local government or local (government) body?** The focus of the LoGICA Framework and the Score Card is the local governance system of a country. The local governance system is composed of local governments and other local governance bodies at different territorial-administrative levels or tiers of the local public sector.

Unless noted otherwise, the terms “local government”, “local (governance) body”, “local administration body” or “local (governance) entity” apply broadly to the sub-national (government) bodies in a country, at both the regional or local level.

A state, province, or region is defined by the IMF (2001: p.14) as “the largest geographical area into which the country as a whole may be divided for political or administrative purposes. These areas may be described by other terms, such as provinces, cantons, republics, prefectures, or administrative regions”. The legislative, judicial, and executive authority of local government units is defined as “being restricted to the smallest geographic areas distinguished for administrative and political purposes”. According to the IMF’s GFS manual, “statistics for local government may cover a wide variety of governmental units, such as counties, municipalities, cities, towns, townships, boroughs, school districts, and water or sanitation districts”.

In the context of this assessment framework, local government entities (or local government organization) can be considered as all government entities below the central government level which: (1) are corporate bodies; (2) perform public governance functions within an local territorial jurisdiction;<sup>2</sup> (3) have their own (often elected) political leadership; and (4) prepare, approve and implement their own budgets. Only entities that meet each of these four definitional conditions can be considered “real” local government organizations.

Not all local governance bodies are “true” local governments. In a multi-level governance context, localized public services may be delivered by local bodies which do not meet definitional conditions of a local government. For instance, in many countries, localized services are managed or delivered by local administrative offices of central line ministries or by sub-national entities that are territorial administrative jurisdictions of the central government (i.e., deconcentration). Alternatively, localized public services may be delivered on behalf of the public sector by semi-autonomous public authorities or corporations (such as parastatal organizations or local development authorities), or non-governmental or voluntary organizations. These local entities are captured here by the term “local administrative bodies”.

In line with the definition of deconcentration as “the transfer of decision-making authority and responsibility to lower territorial levels of the central government”, a deconcentrated local body must (both in legal terms, as well as in a *de facto* manner) be able to make authoritative administrative

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<sup>2</sup> Examples of public (governance) functions include the delivery of public services and infrastructure; the collection of taxes and other compulsory revenues; and the adoption and enforcement of binding decisions and regulations intended for the common good of the community.



decisions with some degree of autonomy. This means that a deconcentrated local body must be recognized as a secondary budget unit in the national budget structure (chart of accounts) and/or be assigned specific statutory administrative powers (e.g., meaningful authority over human resource administration).

The general terms “local bodies”, “local governance bodies (LGBs)” and “local (government) bodies” refer broadly to all local government and administrative entities, including elected local governments as well as deconcentrated administrative entities.

***The local governance system versus local governance bodies.*** The Local Governance Institutions Comparative Assessment (LoGICA) Framework considers the functioning of local governance and localized service delivery systems within the entire territorial area of a country. Although local governments and other local bodies are often central actors in the delivery of localized services and other local decision-making processes, the assessment is not limited to evaluating the performance or effectiveness of local (government) bodies themselves. Instead, the framework assesses the contribution of all the systems, processes and institutions that underlie the effectiveness of the local governance system as a whole, including the interactions between local (government) bodies and the intergovernmental framework within which local (government) bodies operate.

The local public sector in most countries is often comprised of different levels of local government institutions (e.g., provincial governments or administrations) and different types of local government institutions (e.g., rural versus urban local governments). Furthermore, local governance practices may vary across jurisdictions: some local governments may be managed in a responsive and effective manner by locally elected leaders and local administrators, whereas other local jurisdictions may not be managed in an effective manner. To the extent that multiple local governments are present and/or contribute to local governance and the delivery of localized services, the Score Card will by necessity form a composite of the system as a whole. In general, the assessment indicators will have to be applied to the local government level or jurisdiction that is the most important or relevant platform for local governance and service delivery.

***Local government functions and localized services.*** There is no agreed-upon list of public services that are globally considered to be “local services”. Similarly, the assignment of functional responsibilities to local governments differs from country to country, and the size and structure of urban local governments themselves may vary from country to country. This makes it difficult to provide uniform and detailed guidance about the structure and nature of localized service delivery.

This Assessment Framework should only be applied to services for which the delivery is considered a “local affair”. This assumes that—in accordance with the subsidiarity principle—LGs are able to deliver the relevant services in an efficient manner.<sup>3</sup>

In determining whether a local (government) body would be able to perform a certain function efficiently (in accordance with the subsidiarity principle), the framework should mainly focus on the minimum efficient scale for service provision, and discount institutional considerations that are the result of (central or local) policy choices. For instance, one could argue that a local government is

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<sup>3</sup> The subsidiarity principle states that functions should be performed by the lowest (or most local) level of organization that can perform this function efficiently. In accordance with the subsidiarity principle, it would therefore not be prudent to assign the responsibility for national defense to the local government level.



“unable” to provide local services efficiently when the existing political and social mechanisms fail to hold local leaders accountable for their performance. In reality, however, this local government *would* be able to deliver these services in an efficient manner if appropriate and effective local governance mechanisms would be introduced.<sup>4</sup>

LGs in most countries exceed the minimum efficient scale for delivering basic municipal and community services, such as solid waste management, local water systems, sanitation, and local physical infrastructure.<sup>5</sup> In addition, LGs in most countries are of a sufficient size and capacity to deliver basic social services within their jurisdictions (basic education, primary health services, and so on).<sup>6</sup>

Please be reminded that the assessment generally 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?). 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 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.

**How does the role of LGs/LBs vary across different localized services?** Most important pro-poor public services are delivered in a localized manner. The LoGICA Score Card seeks to broadly assess the role of LGs/LBs (and the local governance system) across a wide range of localized services. In some countries, LGs/LBs are responsible for a wide range of localized services. In other countries, the functions assigned to LGs/LBs are much more limited. Furthermore, the extent and manner in which local governments support the delivery of different local services may be different for different types of local services.

In order to ensure a certain degree of consistent in the application of the assessment framework, the LoGICA Score Card focuses on three important (groups of) localized services: local education services, local health services, and “municipal and community services”.

The provision of local education services should be understood to include the responsibility and authority for constructing, operating and/or maintaining primary and secondary schools. In order to ensure that assessment indicators are applied in a consistent manner across different countries, a public primary school should be considered as the “typical” service delivery facility in the education sector. Local health services should be understood to include the responsibility and authority for constructing, operating and maintaining primary health facilities at the local level, which may include health posts, dispensaries, health centers, and local hospitals. In order to ensure that assessment indicators are applied in a consistent manner across different countries, a local health clinic should be considered as the “typical” service delivery facility in the health sector.

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<sup>4</sup> In this view, efficient public service delivery will only be achieved (i) when front-line public servants within the local public sector are given the necessary resources, discretion, and incentives to do their jobs well and (ii) when they are held accountable for their performance.

<sup>5</sup> The minimum efficient scale for such services is determined by a combination of a local government’s population size, population density, and the level of economic development/activity.

<sup>6</sup> The ability of LGs 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.



The term “municipal and community services” refers to public services that are typically exclusive local in nature. This group of functions includes the responsibility for “municipal” functions such as solid waste management, public sanitation, street lighting, road maintenance, and so on, as well as community services such as the maintenance of public parks and green spaces, the operation of local markets, community development activities (support of sports activities), and so on.

In some countries, it can be difficult to assess which entity has the actual responsibility and authority to deliver a certain service (Annex 1). When the financial resources for localized services come from (or flow through) the budget of an elected local government body, it is often reasonable to assume that the local government is *de facto* responsible for local service delivery, even when its actual discretion over the delivery of local services may be constrained by earmarked grants or other top-down instruction. In many other cases, this question can be answered by analyzing which local body or official has a meaningful degree of authority over the budgetary resources necessary to deliver a localized service.

It should further be noted that in many countries, stakeholders at different levels contribute to the delivery of localized services, with different actors being responsible for different aspects of recurrent service delivery and/or different aspects of the development of capital infrastructure.

***What is a Service Delivery Department (SDD)?*** A local service delivery department (SDD) or a local service delivery unit is the organizational department or unit that is responsible for delivering or providing a service. In many cases, the SDD is an integral part of the LG/LB structure itself. For instance, in many local governments, a municipal Solid Waste Department is responsible for ensuring the collection of solid waste within the local government’s jurisdiction while a municipal Health Department may be responsible for operating municipal health centers.

In other instances, the SDD has a different organizational or legal status. Rather than being part of elected local governments, local service delivery departments—such as a Local Education Department or a Local Health Department—may form deconcentrated administrative departments within their respective line ministries.

Public services (including urban services) may be provided by semi-autonomous municipal corporations, which are fully (or majority) owned by the LG (for instance, a municipal electricity corporation or a municipal water corporation). In this case, the SDD’s budget may not be contained within the LG’s budget itself, but nonetheless, the management and oversight of the SDD should (directly or indirectly) fall under the authority of the LG’s political leadership.<sup>7</sup> The SDD may also be an organization that is jointly managed by a number of LGs; for instance, this is the case for many Metropolitan Transit Corporations. Similarly, the SDD may be jointly owned by the LG and higher-level government agencies.

In other instances, a local SDD may be a delegated governance entity that is fully-owned and/or overseen by higher-level authorities. For instance, many urban water authorities are chartered, managed and overseen not by the LG, but rather, by the central Ministry of Water. In selected cases, the SDD may be a central parastatal agency, or in fact, a (deconcentrated or non-deconcentrated) line department within a central government ministry.

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<sup>7</sup> In other (rarer) cases, the SDD may be a special-purpose local government entity, which is elected and operated completely separately from the general-purpose LG.



**Assessing institutional *de jure* versus *de facto* conditions.** In some countries, there is a gap between the legal framework and actual practice with regard to urban governance and urban services. The intent of this assessment is to capture the actual or *de facto* situation in the jurisdiction of an urban local government, rather than necessarily capturing the legal (*de jure*) situation. As such, even if certain conditions exist “on paper”, the assessment should generally only award points when these conditions exist in reality. Any gaps between the legal and actual situation could be clarified in the LOGICA-AR.

**Local governments in federal versus unitary countries.** This assessment framework is equally applicable to LGs in unitary countries and federal countries. Note that the terms ‘higher-level government’ or ‘central government’ refer to the national-level government in unitary countries, while these same terms may refer to any higher-level government (either national-level government or intermediate / provincial /state government) in federal countries.

**Local government discretion versus local government capacity.** The Assessment Framework seeks to capture the basic dimensions of the institutional framework within which urban services are delivered. This means that the assessment indicator set needs to gauge the amount of (political, administrative and fiscal) space that LGs are given to operate within, in addition to quantifying the effectiveness with which LGs operate within the institutional space available to them.

A majority of the assessment indicators within each of the five institutional dimensions focus on the effectiveness of the intergovernmental framework. This choice was primarily driven by the fact that an empowering intergovernmental environment is a universal precondition for local government effectiveness. It also appears that the absence of an empowering intergovernmental framework is a binding constraint to localized service delivery performance in many countries.

In many countries, prior to careful analysis, weak performance of local governments is often attributed to the weak capacity of local governments. However, more careful observation may reveal that the weak performance of local governments is not necessary due to weak local capacity *per se*, but rather, due to the weak political incentives provided for dynamic local leadership; the limited local administrative control over local administration and local services; weaknesses in the accountability mechanisms imposed on the local level; or due to the inadequacy of local financial resources or inadequate local fiscal discretion.<sup>8</sup> As such, this Assessment Framework will be able to provide guidance on whether intergovernmental constraints are important determinants of weak local governance systems, or whether weak local governance and weak localized service delivery performance is predominantly caused by local decisions and factors within the control of local authorities themselves.

**Limitations of the LoGICA Score Card.** The LoGICA Score Card aims to provide objective measures for a wide range of institutional characteristics related to local governance systems. However, the ability of assessment indicators to capture all aspects of local governance systems in an objective and quantifiable

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<sup>8</sup> For instance, in many countries, the inability of LGs to attract qualified professional staff is limited by the fact that local salary levels are determined by central authorities. This can result in many well-qualified job candidates preferring employment in the private sector or with the central government, rather than with the local government. Even when LGs have control over their own HR management (including compensation schemes), LGs may be limited in attracting sufficient qualified staff due to the inadequate assignment of local revenue sources and intergovernmental fiscal transfers (which are decisions within the purview of higher-level authorities). As such, the “capacity” of a local government to provide for effective and responsive local administration and service delivery is determined almost completely by the intergovernmental framework.



way is limited. In some cases, it is noted that an Assessment Indicator (AI) may be more difficult to score based on pre-defined set of objective criteria. Nonetheless, guidance is given to arrive at a scoring that is as objective as possible. Further clarifications can be provided (as needed) in the Local Governance Institutions Comparative Assessment Report (LoGICA Report).



## A. Effective assignment of functions to the local level

***In an effective local governance system, local governance bodies are assigned the responsibility and authority to manage local affairs.***

### **Discussion and clarifications: Effective assignment of functions to the local level**

- There is widespread consensus that the subsidiarity principle should be adhered to in order to achieve an effective and responsive assignment of functions and expenditure responsibilities in the long run. The subsidiarity principle states that functions or tasks should be assigned to the lowest level of governance or administration that is capable of performing that function efficiently.
- The assignment of decision-making power to elected local governments is an essential component of democratization, good governance and citizen engagement (UN HABITAT, 2007). The most effective long-term assignment of functional responsibilities (in accordance with the subsidiarity principle) is expected to occur when functional responsibilities in the provision of education, health and other localized public services are assigned to elected (devolved) local government units. However, decentralization by devolution may not be an appropriate policy reform in the short run for some countries (for instance, when adequate local accountability mechanisms are not in place).
- As per the general guidance provided above, local governments (as opposed to other types of local bodies) are defined as (1) corporate (or statutory) bodies; that (2) have their own (often elected) political leadership; (3) perform public / governance functions within their local territorial jurisdictions; and (4) prepare, approve, and implement their own budgets.
- In fully centralized countries that do not rely on elected local governments or non-elected local bodies, the effectiveness of functional assignments can often be improved by shifting from complete centralization to an increased reliance on deconcentration or delegation. In order to make authoritative administrative decisions with some degree of autonomy, deconcentrated and delegated local bodies must be a budget entity in their own right (e.g., recognized in the chart of accounts as a secondary budget unit) and/or must be assigned specific statutory administrative powers.
- As discussed in Annex 1, in many countries, public services are not fully the responsibility (either *de jure* or *de facto*) of local governments. For instance, local governments may be assigned the legal responsibility to collect local waste, but a central government entity may be legally responsible for operating the local landfill. As another example local governments may be responsible for providing and maintaining the infrastructure required for a public service (e.g., constructing school buildings), while the central government retains the (*de jure* and/or *de facto*) responsibility for staffing and operating the service delivery facilities (e.g., hiring and posting headmasters and teachers to operate the schools and deliver primary or secondary education) possibly through deconcentrated systems.
- Rather than assessing the overall assignment of functional responsibilities in a country, the assessment indicators in the LoGICA framework focus on three local service delivery functions: local education services, local health services, and municipal and community services. “Municipal and community services” includes local services that are typically exclusive local in nature. As noted in Annex 1, this group of functions includes the responsibility for solid waste management, public sanitation, public parks, local markets, and so on.



AI	Assessment Indicator
<b>A1</b>	<b>Do local governments / local executive bodies meet the key definitional criteria of a local government organization?</b>
Scale	<p>0 – Local bodies are a hierarchical part of the central government; they lack their own budgetary authority and administrative decision-making power</p> <p>1 – Local bodies are a hierarchical part of the central government, but have a degree of budgetary authority and/or administrative decision-making power</p> <p>2 – Local governments are semi-autonomous corporate bodies that meet the four key definitional criteria of a local government organization</p>
Details	<p>The focus of this assessment indicator is the <i>de facto</i> nature of the local (executive) bodies that actually deliver key localized services. In most cases, these local (executive) bodies employ and manage the service delivery staff that are responsible for delivering localized services (such as primary school teachers, local health workers, and local trash collectors).</p> <p>If a local council (e.g., a local advisory council) has a separate legal status from the local executive body, this question should strictly focus on the local executive body (see Dimension B for further discussion). See general guidance (above) regarding the four key definitional criteria of a local government organization, as well as the definitions of deconcentrated local bodies and delegated local bodies.</p> <p>The score for this question deals exclusively with the organizational / legal status of the local (government) bodies; the scoring of this question should not depend on the degree of functional control that the local entity has over service delivery functions.</p> <p>If multiple types of local executive bodies are responsible for delivering localized services, it is appropriate to provide a combined weighted score. For instance, this may be the case when (a) different functions are assigned to different types of local bodies, or (b) different arrangements prevail in different parts of the national territory (e.g., differences across urban versus rural jurisdictions or differences across federal states).</p>



AI	Assessment Indicator
<b>A2</b>	<b>According to the legal framework, do LGs/LBs have clear responsibility for providing education and health services (in accordance with the subsidiarity principle)?</b>
Scale	<p>0 - The legislative framework is unclear about the legal assignment of education and health functions</p> <p>0 – The legal assignment is inconsistent with the subsidiarity principle. For instance, the responsibility for service provision is assigned to the center (central ministry / central parastatal / local entity directed by central ministry)</p> <p>0.5 - The responsibility for service delivery is legally shared by LGs and higher-level authorities</p> <p>0.5 - The responsibility for service delivery is legally assigned to deconcentrated local bodies (or service delivery is legally delegated to local entity not under LGs)</p> <p>1 – Yes, LGs (or SDDs under LGs) are fully legally responsible for delivering the services in accordance with the subsidiarity principle</p>
Details	<p>This assessment indicator focuses on the legal or <i>de jure</i> assignment of functional responsibilities for local education and local health services. The legal framework encompasses any relevant constitutional provisions, all relevant legislation as well as relevant implementing regulations.</p> <p>In judging the clarity of the legal assignment of functional responsibilities, please take into account not only local government legislation, but also relevant sectoral legislation.</p> <p>If LGs/LBs are only legally responsible for part of the service delivery function (e.g., if the LG/LB is assigned the responsibility for the recurrent aspects of service provision but not for capital investments), please assign only half the points.</p> <p>If the legal assignment of health functions is clear and in accordance with the subsidiarity principle, but this is not the case for education (or vice versa), please assign only half the points.</p> <p>Note, the indicator considers which level or tier is responsible for the <i>provision</i> or <i>delivery</i> of the service. The question does not pertain to whether higher levels set policy standards, regulate, or help finance the service (e.g., through grants). The question also does not pertain to whether the service is produced by the LG/LB itself (for instance, the production of the service may be contracted out to a private sector provider).</p>

AI	Assessment Indicator
<b>A3</b>	<b>In practice, are LGs/LBs responsible for the recurrent provision of education and health services (in accordance with the subsidiarity principle)?</b>
Scale	<p>0 - No, in practice, these responsibilities are performed by a higher-level entity (e.g., central ministry / central parastatal / local entity not under LGs)</p> <p>0.5 - The responsibility for recurrent provision is <i>de facto</i> shared by the center and LGs</p> <p>0.5 - In practice, these services are delivered by decentralized local bodies (or delegated to local entities not under LGs)</p> <p>1 – Yes, in practice the recurrent provision of these service is done by LGs (or SDDs under LGs)</p>
Details	<p>This assessment indicator focuses on the actual or <i>de facto</i> assignment of functional responsibilities. Furthermore, the indicator focuses exclusively on the recurrent provision of local education and health services.</p> <p>Recurrent provision of services generally includes the provision of human resources, as well as the operation and maintenance tasks required to deliver local services. <i>De facto</i> responsibility for recurrent service delivery is often held by the entity that manages the salaries and wages of local teachers and health workers and local O&amp;M expenditures.</p> <p>Please note that LGs/LBs are deemed to be assigned a (recurrent) function even if their control over the administration of the function is limited. (Limited local control over local administration and local service delivery functions is captured in Dimension C).</p> <p>If the local government level in reality provides only part of the recurrent service delivery function (e.g., human resources but not O&amp;M, or vice versa), please assign half the points indicated.</p> <p>If the local government level provides only recurrent education services, but not recurrent health services—or vice versa—please assign half the points indicated.</p> <p>Again, the indicator does not pertain to whether the service is produced by the LG/LB itself (for instance, the production of the service may be funded/managed by a LG/LB but contracted out to a private sector provider).</p>



AI	Assessment Indicator
<b>A4</b>	<b>In practice, are LGs/LBs responsible for the capital infrastructure required for providing these services (in accordance with the subsidiarity principle)?</b>
Scale	<p>0 – No, in practice, this responsibility is performed by a higher-level entity (e.g., central ministry / central parastatal / local entity not under LGs)</p> <p>0.5 - The responsibility for infrastructure provision for these services is <i>de facto</i> shared by the center and LGs</p> <p>0.5 - The responsibility for infrastructure provision for these services is <i>de facto</i> performed by deconcentrated local bodies (or delegated to local entities not under LGs)</p> <p>1 – Yes, in practice, capital infrastructure provision for these services is done by LGs (or SDDs under LGs)</p>
Details	<p>This assessment indicator focuses on the actual or <i>de facto</i> assignment of functional responsibilities. The indicator focuses exclusively on the non-recurrent aspects of local education and health services (i.e., capital infrastructure and/or development activities).</p> <p>The <i>de facto</i> situation is generally revealed by the extent to which the capital infrastructure for the relevant local functions or services is funded from the budget of LGs/LBs.</p> <p>Please note that LGs/LBs are deemed to be assigned a (capital/development) function even if their control over the planning and procurement of the relevant infrastructure is limited. (Limited local control over local administration and local service delivery functions is captured in Dimension C – see Assessment Indicators C7 and C8).</p>

AI	Assessment Indicator
<b>A5</b>	<b>According to the legal framework, do LGs/LBs have clear responsibility for providing municipal/community services (in accordance with the subsidiarity principle)?</b>
Scale	<p>0 - The legislative framework is unclear about the legal assignment of municipal/community functions</p> <p>0 – The legal assignment is inconsistent with the subsidiarity principle. For instance, the responsibility for service provision is assigned to the center (central ministry / central parastatal / local entity directed by central ministry)</p> <p>0.5 - The responsibility for service delivery is legally shared by LGs and higher-level authorities</p> <p>0.5 - The responsibility for service delivery is legally assigned to deconcentrated local bodies (or service delivery is delegated to local entities not under LGs)</p> <p>1 – Yes, LGs (or SDDs under LGs) are fully legally responsible for delivering the services in accordance with the subsidiarity principle</p>
Details	<p>This assessment indicator focuses on the legal or <i>de jure</i> assignment of functional responsibilities for municipal and community services.</p> <p>“Municipal and community services” refers to public services that are typically exclusive local in nature. This group of functions includes the responsibility for “municipal” functions such as solid waste management, public sanitation, street lighting, road maintenance, and so on, as well as community service such as the maintenance of public parks and green spaces, the operation of local markets, community development activities (support of sports activities), and so on.</p> <p>For further details, see Details for Assessment Indicator A2.</p>

AI	Assessment Indicator
<b>A6</b>	<b>In practice, are LGs/LBs responsible for the recurrent provision of municipal /community services (in accordance with the subsidiarity principle)?</b>
Scale	<p>0 - No, in practice, these responsibilities are performed by a higher-level entity (e.g., central ministry / central parastatal)</p> <p>0.5 - The responsibility for recurrent provision is <i>de facto</i> shared by the center and LGs</p> <p>0.5 – In practice, these services are delivered by deconcentrated local bodies (or delegated to local entities not under LGs)</p> <p>1 – Yes, in practice the recurrent provision of this service is done by LGs (or SDDs under LGs)</p>
Details	<p>This assessment indicator focuses on the actual or <i>de facto</i> assignment of functional responsibilities. Furthermore, the indicator focuses exclusively on the recurrent provision of municipal and community services.</p> <p>For further details, see Details for Assessment Indicator A3.</p>



AI	Assessment Indicator
<b>A7</b>	<b>In practice, are LGs/LBs responsible for the capital infrastructure required for providing these services (in accordance with the subsidiarity principle)?</b>
Scale	<p>0 – No, in practice, this responsibility is performed by a higher-level entity (e.g., central ministry / central parastatal / local entity not under LGs)</p> <p>0.5 - The responsibility for infrastructure provision for these services is <i>de facto</i> shared by the center and LGs</p> <p>0.5 - The responsibility for infrastructure provision for these services is <i>de facto</i> performed by deconcentrated local bodies (or delegated to local entities not under LGs)</p> <p>1 – Yes, in practice, capital infrastructure provision for these services is done by LGs (or SDDs under LGs)</p>
Details	<p>This assessment indicator focuses on the actual or <i>de facto</i> assignment of functional responsibilities. The indicator focuses exclusively on the non-recurrent aspects of municipal and community services (i.e., capital infrastructure and/or development activities).</p> <p>For further details, see Details for Assessment Indicator A4.</p>

AI	Assessment Indicator
<b>A8</b>	<b>Does the <i>de facto</i> assignment of functional authority match <i>de jure</i> responsibility (with regard to the services at hand)?</b>
Scale	<p>0 - The legal framework is unclear, inconsistent with the subsidiarity principle, or generally not adhered to in practice</p> <p>1 - The legal framework is clear and consistent, functions are deconcentrated to LBs fully in line with the subsidiarity principle, and fully adhered to in practice</p> <p>1 – The legal framework is mostly clear and consistent, functions are largely devolved to LGs in line with the subsidiarity principle, and largely adhered to in practice</p> <p>2 – Yes, the legal framework is clear and consistent, fully consistent with the subsidiarity principle, and fully adhered to in practice</p>
Details	<p>As noted under Assessment Indicator A2, the legal framework encompasses any relevant constitutional provisions, all relevant legislation as well as relevant implementing regulations.</p> <p>Receiving full points requires a clear and consistent legal framework (e.g., no contradictions with sector legislation), assignment of functions to devolved local government entities AND perfect correspondence between the legal framework and actual practice (both for recurrent and capital functions).</p> <p>Partial points (half points or quarter points) may be assigned as appropriate.</p>

## B. Local political space and dynamic local political leadership

***In an effective local governance system, the local political leadership is given the necessary political space to manage local affairs and is effective in identifying and responding to the needs of its local constituents (residents and the local business community).***

### **Discussion and clarifications: Local political space and dynamic local political leadership**

- Some countries rely on elected local governments for the delivery of local services, whereas other countries rely on deconcentrated local bodies for local service delivery. It is possible for devolved LGs and deconcentrated LBs to exist side-by-side in a county. The focus of the assessment indicators in this dimension should be on the local bodies that are *de facto* responsible for local service delivery (see Indicator A1).
- Political decentralization is the primary mechanism through which citizen preferences are represented in local decision making, and is therefore essential to an effective local governance system. Devolved local governments generally offer more local political space compared to non-devolved local bodies, as local governments have their own local political leadership. The local political leadership of local governments is often separated into a Local Political Executive (such as a Mayor, Governor or District Chairman) and a Local Council.
- Countries with devolved local governments have adopted different institutional approaches to the division of authority and responsibilities between the elected Local Council and the Local Political Executive. These approaches include a strong local executive (or “presidential” system), a strong council (or “parliamentary” system), a council-manager approach, and a commissioner system.
- The term “Local Council” refers to the deliberative and decision-making body of a local government. The power to approve or reject the local budget indicates whether a Local Council has authoritative decision-making powers. A Local Council is distinct and different from a “local executive council” (which—like a local cabinet—typically includes the local political executive together with various local department heads or other senior local officials holding executive authority).
- A Local Council is also distinctly different from a “local advisory council”, which is an (elected) local council which is *not* the decision-making body of a local government, but rather, an organ which is assigned the *de facto* responsibility to advise and supervise a non-elected local executive body (but does not have authoritative decision-making power over the local budget and other local decisions).
- The assessment indicators included in this local governance dimension focus considerably on identifying whether the local political leadership is elected in a way that given local political leaders the necessary political space to make local decisions. This is viewed as a critical precondition for effective local political leadership (Indicators B1-B4). After all, local political leaders will only respond to the service delivery needs of their residents and the local business community when they have the political autonomy (discretion) and the political (electoral) incentives to do so.
- In addition, in order to be effective, the local political leadership needs to have authority and control over the LG’s senior management team, including core administrators as well as local department heads (Indicators B5-B6).
- This institutional dimension further tries to gauge whether the LG Executive is effective in working together with the LG legislative council and the LG’s administrative apparatus/staff (Indicator B7). In addition, in order for a LG to have effective and responsive local political leadership, the LG should focus its efforts on identifying and responding to the service delivery areas that constituents (residents and the local business community) care about (Indicator B8). It is noted that, in many



cases, it is difficult to objectively measure the degree of responsiveness and effectiveness of elected local leaders.

- It should be noted that this assessment dimension focuses on the preconditions for dynamic local political leadership and on whether dynamic local political leadership is supplied, and not necessarily on the demand side for effective local political leadership.
- In some countries, the responsiveness of the local political leadership is constrained by strong top-down political incentives for local politicians to secure political support from the central political leadership. While under such circumstances local politicians can only be successful by aligning themselves with central political forces, such an upward political orientation may place local leaders at odds with the priorities expressed by their local constituents. In other cases, the effectiveness of local leaders is constrained by the absence of control over local administrative or fiscal mechanisms. Beyond the assessment scores identified in the LoGICA Score Card, the LOGICA-AR provides the opportunity to present a more nuanced discussion and assessment of these issues.



AI	Assessment Indicator
<b>B1</b>	<b>Does the local political leadership of LBs include elected Local Councils?</b>
Scale	<p>0 – Local bodies do not meet the key definitional criteria of a local government (see Indicator A1)</p> <p>0 – The local political leadership of LBs does not include an elected Local Council</p> <p>0.5 – An elected local advisory (or supervisory) council exists, but this council does not have authoritative decision-making powers</p> <p>1 – The local political leadership includes a Local Council that is indirectly elected</p> <p>1.5 – Yes, the local political leadership of LBs includes a Local Council elected through party-list elections (proportional representation)</p> <p>2 – Yes, the local political leadership of LBs includes an elected Local Council with directly elected members (e.g., first-past-the-post)</p>
Details	<p>Political decentralization is the primary mechanism through which citizen preferences are represented in local decision making, and is therefore essential to an effective local governance system. The presence of a Local Council is an important indicator of the degree of local political discretion and local political space.</p> <p>This assessment indicator should assess the local (executive) bodies that actually deliver key localized services. If multiple types of local executive bodies are responsible for delivering localized services, it is appropriate to provide a combined weighted score (see Indicator A1).</p> <p>As noted in the guidance above, the term “Local Council” refers to a local deliberative and decision-making body (as different from a “local executive council” or a “local advisory council”). The power to approve or reject the local budget indicates whether a Local Council has authoritative decision-making powers.</p>

AI	Assessment Indicator
<b>B2</b>	<b>Is the Local (Political) Executive directly elected?</b>
Scale	<p>0 – LBs do not have a Local Political Executive</p> <p>0 - The Local (Political) Executive is not recruited through elections (e.g., appointed by center)</p> <p>0.5 - The Local (Political) Executive is elected or appointed by the Local Council</p> <p>1 - The Local (Political) Executive is elected in direct elections by the voting population</p>
Details	<p>Political decentralization is the primary mechanism through which citizen preferences are represented in local decision making, and is therefore essential to an effective local governance system. The presence of an elected Local Political Executive is an important indicator of the degree of local political discretion and local political space.</p> <p>Devolved LGs typically have a Local Political Executive. Non-devolved (e.g., deconcentrated) LBs may or may not have an official that acts in a capacity similar to Local (Political) Executive.</p> <p>It is possible for countries—including those that are predominantly deconcentrated—to have politically appointed “commissioners” or similar officials which do not hold executive responsibility, but which represent the political interest of the President or the central government. Such officials should not be considered Local (Political) Executives.</p> <p>Direct election is a term describing a system of choosing political officeholders in which the voters directly cast ballots for the person, persons, or political party that they desire to see elected.</p>



AI	Assessment Indicator
<b>B3</b>	<b>Are the local election system and local elections competitive?</b>
Scale	<p>Add the points below if the following statements are correct:</p> <p>0.5 – There is no central party dominance over the selection of local political candidates</p> <p>0.5 – There is no ruling party dominance across LGs</p> <p>0.5 – Between 35-60% of the total registered voting population participated in the last LG elections</p> <p>1 - At least 60% of the total registered voting population participated in the last LG elections</p>
Details	<p>In order for local political leaders to be responsive to their constituents, it is important that local politicians are not captured by the interests of their (central) political parties, and that local elections are competitive.</p> <p>Central party dominance over the selection of local political candidates exists when the central political party is able to select the party’s candidates for local office. No such dominance exists if local chapters of the political party select local candidates without central party involvement, or if candidates are selected through open registration and an open primary election process.</p> <p>A national ruling party has a dominant position at the local level if it is able to leverage its political strength in order to ensure that more than 75 percent of localities or locally elected positions are consistently won by ruling party candidates.</p> <p>Voter participation rates for local elections are not readily available for all countries. In this case, it may be necessary to estimate the average or “typical” voter participation rates for local elections based on national voter participation data and/or other sources.</p> <p>Only half of the points should be awarded if local elections are for a local advisory (or supervisory) council.</p>

AI	Assessment Indicator
<b>B4</b>	<b>Have local elections been regularly held over the past 20 years?</b>
Scale	<p>0 – Local elections have never been held, or local elections were held more than seven years ago</p> <p>0.25 - 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)</p> <p>0.5 - Local elections have been held regularly over the past 15-20 years</p> <p>1 - Local elections been regularly held over the past 20 years</p>
Details	<p>Local political institutions are believed to grow stronger as these institutions mature.</p> <p>In order for elections to be judged “regular”, intervals between local elections must be less than 7 years.</p> <p>Only half of the points should be awarded if local elections are for a local advisory (or supervisory) council</p>



AI	Assessment Indicator
<b>B5</b>	<b>Does the LG/LB’s political leadership recruit, appoint and hold authority over the core local administration team?</b>
Scale	<p>0 – No, LGs/LBs do not hold the power to recruit, appoint nor do they hold management authority over the core local admin team</p> <p>0 – Most or all key local administrators are appointed or seconded by a higher level government, with limited managerial control and without binding LG/LB authority to reject/terminate candidates/staff</p> <p>0.25 – Most or all key local administrators are appointed or seconded by a higher level government; although LGs/LBs are able to manage the daily functions of staff, LGs/LBs do not have binding authority to reject/terminate candidates/staff</p> <p>0.5 – A higher-level authority (such as a Local Service Board) recruits, posts or exercises HR authority over core LG staff, but LGs/LBs manage daily functions of staff, supervise staff performance and can sanction/reject/terminate candidates/staff “at-will”</p> <p>0.75- LGs/LBs have the power to recruit or exercise HR authority, but only with oversight/approval from a higher-level authority</p> <p>1 – The LG/LB Executive can recruit/appoint/hold authority over the core admin team, subject to confirmation by Local Council</p> <p>1 – LG/LB Executives hold the power to recruit and exercise full HR authority over core local administrators</p>
Details	<p>In order to be effective, the local political leadership needs to have authority and control over the LG’s/LB’s senior management team, including core administrators as well as local department heads. (Note: local department heads are dealt with by Indicator B6).</p> <p>The core local administrative team includes the senior managerial staff such as the chief administrative officer, chief financial officer, chief human resource officers, chief procurement officer, and similar staff.</p> <p>In some countries, LGs/LBs do not have the ability to terminate core local administrators; instead, they have to petition a higher-level authority for the sanction or removal of key local staff. In other countries, LGs/LBs can sanction/reject/terminate candidates/staff “at-will” (within established processes and procedures).</p> <p>If different members of the core local administrative team are appointed through different modalities, a combined/averaged score may be awarded.</p>



AI	Assessment Indicator
<b>B6</b>	<b>Does the LG/LB’s political leadership recruit, appoint and hold human resource authority over the heads of local service delivery departments (including education and health)?</b>
Scale	<p>0 – No, LGs/LBs do not hold the power to recruit, appoint nor do they hold management authority over the heads of local service delivery departments</p> <p>0 – Most or all local department heads are appointed or seconded by higher level government, with limited managerial control and without binding LG/LB authority to reject/terminate candidates/staff</p> <p>0.25 – Most or all local department heads are appointed or seconded by a higher level government; although LGs/LBs are able to manage the daily functions of staff, LGs/LBs do not have binding authority to reject/terminate candidates/staff</p> <p>0.5 – A higher-level authority (such as a Local Service Board) recruits, posts or exercises HR authority over local department heads, but LGs/LBs manage daily functions of staff, supervise staff performance and can sanction/reject/terminate candidates/staff “at-will”</p> <p>0.75- LGs have the power to recruit or exercise HR authority, but only with oversight/approval from a higher-level authority</p> <p>1 – The LG Executive can recruit/appoint/hold authority over local department heads, subject to confirmation by local council</p> <p>1 – LG Executives hold the power to recruit and exercise full HR authority over local department heads</p>
Details	<p>See the Details for Indicator B5.</p> <p>Local department heads include officials such as the district education director, the district health officer, or the municipal water engineer,</p>



AI	Assessment Indicator
<b>B7</b>	<b>Do the main stakeholders within the LG/LB have a constructive and cooperative relationship?</b>
Scale	<p>0 – No; a constructive/cooperative relationship does not exist between the Local Executive and the Local Council and/or local administrators/staff (or an oppositional relationship exists)</p> <p>0.5 – The Local Executive, Local Council and local administrators/staff play their roles without prejudice to stance of the executive (e.g., local council supports executive when it agrees; withholds support when it disagrees)</p> <p>1 – A constructive/cooperative relationship exist between the Local Executive and the Local Council and/or local administrators/staff</p>
Details	<p>Different stakeholders within LGs/LBs –including the LG (Political) Executive, the Local Council and the local administrative apparatus—do not always have the same objectives or priorities. In a mature and effective local government system, these stakeholders negotiate and collaborate in a constructive manner to identify and pursue areas of common interest and agreement.</p> <p>In order for a constructive and cooperative relationship to exist between stakeholders within a LG/LB, it is not necessary for all stakeholders to agree at all times. For instance, in some countries, even when the Local Executive and the Local Council represent different political parties, it may be possible for them to identify areas of agreement and collaboration. In other countries, a constructive and cooperative relationship fails to emerge when the narrow interests of the individual local stakeholders trump their common interests.</p> <p>It is noted that this AI is more subjective than other AIs and may be more difficult to score based on pre-defined set of objective criteria. The baseline for scoring this question should be 0.5; scores up or down (by quarter points) should be justified based on concrete examples of support or lack thereof. Only half of the points indicated should be awarded if generally a constructive/collaborative relationship exists between the Local Executive and the Local Council but not with the local administrative apparatus (or vice versa).</p>



AI	Assessment Indicator
<b>B8</b>	<b>Is the LG/LB focused on achieving results in the service delivery areas that constituents care about?</b>
Scale	<p>0 – No, the internal processes of LGs/LBs do not result in clear and coherent priorities and actions</p> <p>0 – No, LG/LB priorities and actions generally do not reflect the priorities of local constituents (residents and the local business community)</p> <p>0.5 – The LG’s/LB’s priorities and actions partially reflect the priorities of local constituents (residents and the local business community)</p> <p>1 – Yes, within its constraints, the LG/LB makes focused efforts to identify and address the service delivery priorities of its constituents (residents and the local business community)</p>
Details	<p>This AI deals with whether the efforts of LGs/LBs are focused on service delivery issues that are priorities for their constituents. Local responsiveness to constituent priorities is an indicator of effective local political processes. This requires that LGs/LBs not only engage in (formal or informal) consultations with their constituents, but also that the local political leadership is able to establish clear and coherent priorities in line with constituent priorities, and that LGs/LBs seek to act on these service delivery priorities in a coherent manner.</p> <p>Like Indicator B7, it may be difficult to objectively score this AI based on a pre-defined set of criteria, especially since local political leaders in many countries are severely constrained in achieving effective results by various (administrative and fiscal) factors beyond their control.</p> <p>Partial scores (quarter points) can be awarded as appropriate.</p>



### C. Local control over the administration of local services

*In an effective local governance system, the local executive has an appropriate degree of control over the administration of local public services in order to respond to the service delivery needs of its constituents (residents and the local business community).*

#### **Discussion and clarifications: Local control over the administration of local services**

- The current institutional dimension focuses on identifying whether the LG/LB has control over local administrative systems and mechanisms for delivering the local services under consideration. When a service delivery responsibility is assigned to the local level, local control over the relevant administrative and service delivery mechanisms should be viewed as a critical precondition for effective local service delivery. Effective local control over the administration of local services requires the local appointment of the LG's/LB's core administrative team and the heads of local SDDs (Indicator C1); control over the local allocation and management of the SDD's financial resources (Indicator C2); management control over the human resources that deliver local services (Indicators C3-C6); and control over local planning and procurement (Indicators C7-C8).
- The assessment of this institutional dimension focuses less on the manner in which local officials execute their administrative responsibilities in favor of gauging the local administrative space available to local officials.
- Providing local officials with considerable control over local administrative mechanisms is a necessary, but not a sufficient, condition for effective and inclusive local service delivery in the long run. In the short run, providing local officials with considerable control over local administrative mechanisms may result in weakening—rather than strengthening—of accountability and local service delivery outcomes.
- In addition to local administrative control, local officials need to be given incentives to perform well; they need the financial resources, skills and tools to effectively deliver the services which they are tasked to provide; they need strong local political oversight (e.g., council monitoring of service delivery efforts); top-down monitoring of local government performance, as well as strong bottom-up accountability mechanisms in order for local officials to be held accountable for their performance. Some of these aspects are measured by other performance indicators contained in the assessment framework.
- Effective local control over local administration and service delivery requires local government not only to serve as a reactive administrator of local services, but rather, to act as a pro-active manner of urban local services. For instance, in some countries, infrastructure plans for local services are developed centrally (either by central government agencies themselves, or by technical experts contracted by central authorities) and “parachuted in” at the local level. In these cases, the actual involvement of the LG/LB may be limited to the signature of the LG/LB executive or SDD head on the final plan and/or on the procurement document. When LGs/LBs lack local ownership over local planning processes, they are not likely to achieve the same service delivery outcomes as when LGs/LBs have more robust ownership over local service delivery / infrastructure planning.



AI	Assessment Indicator
C1	<b>Does the LG's/LB's political leadership appoint its own core executive team, including core local administrators and the heads of the local service delivery departments?</b>
Scale	Sum the scores for Indicator B5 plus Indicator B6 (0-2)
Details	Effective local control over the administration of local services requires control over the appointment of the LG'/LB's core administrative team and the heads of local SDDs.  See Assessment Indicators B5 and B6.



AI	Assessment Indicator
<b>C2</b>	<b>Does the LG's/LB's political leadership approve and manage its own budget (including the budgets of the local service delivery departments)?</b>
Scale	<p>0 – No, a higher-level authority (e.g., central ministry / deconcentrated official) approves and/or manages the LG's/LB's budget.</p> <p>1 – The LG's/LB's budget is approved by the local political leadership, but the local budget is managed/executed through a centralized treasury system</p> <p>1 – The LG's/LB's budget is approved by the local political leadership, but then the local budget is reviewed and approved by a higher-level official (and/or included in the national budget)</p> <p>1 – The LG's/LB's budget is approved by the local political leadership and managed by LG/LB officials, but the LG/LB budget excludes a substantial portion of the funding for localized services</p> <p>2 – Yes, the LG approves and manages the budget of the SDDs (and the LG budget includes the vast majority of the funding for localized services)</p>
Details	<p>Effective local control over the administration of local services requires a degree of authority over the local allocation and management of the financial resources required to deliver local services. This indicator focuses on the funding for local education, health and municipal/community services and considers (a) whether the funding for these services flows through the local budget, and if so, (b) whether the local political leadership (typically the Local Council) has final authoritative decision-making power over budget formulation/implementation.</p> <p>If the budget expenditures of a LB are approved on by parliament (as is the case in deconcentrated budget systems), then the LB's leadership lacks the authority to approve and manage its own budget. In a truly devolved system, the national budget (voted on by parliament) only includes transfers to LGs, but does not directly include local expenditure items themselves.</p> <p>In most countries that have devolved local governments, LGs receive considerable funding from intergovernmental transfers, which may include funding from earmarked and non-earmarked grants. For the purpose of this Indicator, the receipt of earmarked or conditional grants (even if substantial) should not be construed to imply that the LG's leadership lacks the authority to approve and manage its own budget.</p> <p>In some countries, a LG budget is approved by the local political leadership, but then the local budget is required to be reviewed and approved by a higher-level official. The scoring should take into account the <i>de facto</i> nature of this higher-level review, based on whether higher-level approval is merely pro-forma safeguard (and local budgets are typically not modified), or whether changes in the budget are common after the local council's approval.</p> <p>This indicator considers the funding for local education, health and municipal/community services. If the financial resources for some—but not all—of these functions are included in the LG budget (but instead, are determined and/or managed centrally), please reduce the score accordingly. Partial scores (half or quarter points) can be awarded as appropriate.</p>



AI	Assessment Indicator
<b>C3</b>	<b>Does the LG/LB determine its own (core) organizational structure and staff establishment?</b>
Scale	<p>0 - No: a higher-level authority (e.g., central ministry, public service board or local entity not under LG/LB) controls the LG's/LB's core organizational structure and local staff establishments</p> <p>0.5 - The LG/LB (or SDD under LG/LB) has partial control over the organizational structure and local staff establishments (or requires central approval)</p> <p>1 - Yes: The LG/LB (or SDD under LG/LB) has full control over organization structure and local staff establishment</p>
Details	<p>Effective local control over the administration of local services requires a degree of local control over the LG's/LB's organizational structure and a degree of local management of the human resources that deliver local services. This includes the ability/authority of the LG/LB to structure local departments in accordance with local conditions (without obtaining higher-level permission), as well as the ability/authority to determine how the number of staff establishments/positions in each local department (without higher-level approval).</p> <p>This question focuses on the LG's/LB's core structure and staffing, including the departments that provide the LG's/LB's local administration functions, as well as the departments that deliver municipal/community services. (Sectoral services—including education and health—are dealt with in Indicator C4).</p> <p>For instance, is a LG/LB able to form a separate solid waste department (as a separate department), as opposed to being part of the local Public Health department or as part of the Local Works Department)? Similarly, is the LG/LB able to determine the number of establishments/positions for local revenue officers / revenue collectors in its organization without higher-level approval?</p> <p>Partial credit may be awarded if a LG/LB falls between categories, or when it has a higher degree of control over some (but not all) of the organizational/staffing structure for the services at hand.</p>

AI	Assessment Indicator
<b>C4</b>	<b>Does the LG/LB determine the organizational structure and staff establishment of the local service delivery departments (including education and health)?</b>
Scale	<p>0 - No: a higher-level authority (e.g., central ministry, public service board or local entity not under LG/LB) controls the LG's/LB's core organizational structure and local staff establishments</p> <p>0.5 - The LG/LB (or SDD under LG/LB) has partial control over the organizational structure and local staff establishments (or requires central approval)</p> <p>1 - Yes: The LG/LB (or SDD under LG/LB) has full control over organization structure and local staff establishment</p>
Details	<p>This indicator poses the same question as Indicator C3, but focuses on the organizational structures/staff establishments for education and health.</p> <p>See Details for Assessment Indicator C3</p>



AI	Assessment Indicator
<b>C5</b>	<b>Does the LG/LB have control over its (core) human resource decisions?</b>
Scale	<p>0 - No: a higher-level authority (e.g., central ministry / central public service board) has control over the local human resources (for the services at hand)</p> <p>0.25 – Authoritative HR decisions over localized staff are made by centrally-controlled local officials (through deconcentration or delegation)</p> <p>0.5 - The LG/LB (or SDD under LG/LB) has only partial control over its human resources (or requires central approval)</p> <p>1 - Yes: The LG/LB (or SDD under LG/LB) has full control over the human resource decisions of core local staff</p>
Details	<p>Full control over HR decisions requires LG/LB to be able to set its own wage levels, and implies the power to hire/ fire/ promote all local staff (such as local administrative staff and local workers, such as garbage collectors, and so on); all without central government approval.</p> <p>The focus of this indicator includes the core local (administrative) staff as well as LG/LB staff working on “exclusive local” (municipal and community) services. (Sectoral services—including education and health—are dealt with in Indicator C6). This indicator does not consider the LG’s/LB’s senior management team and department heads (which were addressed in Indicator C1),</p> <p>Partial credit may be awarded if a LG/LB falls between categories, or when it has a higher degree of control over some (but not all) of its own staff for the services at hand.</p>

AI	Assessment Indicator
<b>C6</b>	<b>Does the LG/LB have control over the human resource decisions of the local service delivery departments (including education and health)?</b>
Scale	<p>0 - No: a higher-level authority (e.g., central ministry / central public service board) has control over the local human resources (for the service at hand)</p> <p>0.25 – Authoritative HR decisions over localized staff are made by centrally-controlled local officials (through deconcentration or delegation)</p> <p>0.5 - The LG/LB (or SDD under LG/LB) has only partial control over its human resources (or requires central approval)</p> <p>1 - Yes: The LG/LB (or SDD under LG/LB) has full control over the human resource decisions of core local staff</p>
Details	<p>This indicator poses the same question as Indicator C5, but focuses on the human resource management decisions for education and health. This indicator applies to sectoral local service delivery staff, including staff such as headmasters, teachers, doctors and health workers.</p> <p>See Details for Assessment Indicator C5.</p>



AI	Assessment Indicator
<b>C7</b>	<b>Does the LG/LB plan and manage the procurement of capital infrastructure / development activities required for core local functions, including local administration and municipal/community services?</b>
Scale	<p>0 - No: the funding of capital infrastructure / development activities required for these services is done directly by a higher-level entity</p> <p>0 - No: a higher-level authority plans and manages the procurement of capital investments/infrastructure required for these services</p> <p>0.25 – Local infrastructure planning and procurement is done by a centrally-controlled local body (through deconcentration or delegation)</p> <p>0.5 - The LG (or SDD under LG) has partial control over infrastructure planning and procurement</p> <p>1 - The LG (or SDD under LG) has full control over infrastructure planning and procurement for these services</p>
Details	<p>This Assessment Indicator considers the extent of LG/LB control over the planning and procurement over local functions. (Indicators A4 and A7 deal with the assignment of <i>de facto</i> functional responsibility over capital infrastructure/development activities). In order for full credit to be awarded, the LG must both plan and procure its capital investments for the relevant service.</p> <p>If infrastructure procurement is managed by the LG/LB through local accounts, but the LG/LB does not have meaningful control over the planning process, please assign half of the points indicated.</p> <p>Partial credit may be awarded if a LG/LB is felt to fall between categories, or when it has a degree of control over some planning and procurement (but not all) capital/development activities.</p>

AI	Assessment Indicator
<b>C8</b>	<b>Does the LG/LB plan and manage the procurement of capital infrastructure / development activities required for local education and health services?</b>
Scale	<p>0 - No: the funding of capital infrastructure / development activities required for these services is done directly by a higher-level entity</p> <p>0 - No: a higher-level authority plans and manages the procurement of capital investments/infrastructure required for these services</p> <p>0.25 – Local infrastructure planning and procurement is done by a centrally-controlled local body (through deconcentration or delegation)</p> <p>0.5 - The LG (or SDD under LG) has partial control over infrastructure planning and procurement</p> <p>1 - The LG (or SDD under LG) has full control over infrastructure planning and procurement for these services</p>
Details	<p>See Details for Assessment Indicator C7. If LGs/LBs only provide capital infrastructure for education services but not health infrastructure—or vice versa—please assign half the points indicated.</p>



## D. Local fiscal autonomy and local financial management

***In an effective local governance system, local bodies effectively manage their local finances.*** In effectively devolved local government systems, local governments are assigned the appropriate mix of own source revenues and intergovernmental fiscal transfers and have adequate autonomy over their own source revenue instruments.

### **Discussion and clarifications: Local fiscal autonomy and local financial management**

- Given the importance of local fiscal autonomy and sound local financial management in achieving effective urban services, this assessment dimension contains nine individual assessment indicators, most of which can be awarded a maximum score of one point. The assessment indicators cover a wide range of intergovernmental financial arrangements and local public financial management practices, including local planning, budgeting and expenditure processes (Indicators D1-D3); revenue assignments and local revenue collections (Indicators D4-D6); local government borrowing (Indicator D7); and intergovernmental fiscal transfers (Indicators D8-D9).
- Some of the assessment indicators within the current dimension focus on the existence of local fiscal discretion and the preconditions for effective local revenue administration. Several other assessment indicators focus on the degree to which local (governance) bodies adhere to good PFM practices and effectively use their local fiscal space.
- Although it is common to attribute a local government's failure to fully use its fiscal space (e.g., its failure to fully exploit its local property tax) to a lack of capacity, it is not unusual for local governments to face (central or local) political incentives that discourage them from adhering to good PFM practices at the local level. For instance, although greater reliance on own source revenues is typically a sign of greater local fiscal autonomy and effective local revenue administration, it is not necessarily the case that limited own source revenue collections are indicative of weak local revenue administration. Instead, limited local revenue collections are often the result of weak revenue assignments to the local level (potentially caused by central capture of public revenues) as well as potential difficulties faced by local political leaders in collecting local revenues from local constituents. In addition, local leaders may even face explicit or implicit political pressure from higher-level authorities not to maximize local revenue collections or not to pursue other good PFM practices.
- In order for the LG to devote all of its own source revenues to local public services (which establishes a strong link between the benefits of local services and the cost to local taxpayers), it is appropriate for the higher-level government to provide grant funding to support the general cost of local administration. Likewise, in some countries, local governments are expected to cross-subsidize the provision of public services to poor residents by imposing higher taxes or fees on wealthier residents in order to provide free or reduced-cost services to the urban poor. There is a strong consensus with the literature on local public finance that the role of local governments in such *de facto* income redistribution should be limited, and that the central government is in the best position to finance such redistributive programs through (equalizing or pro-poor) intergovernmental fiscal transfers.
- As needed, the LOGICA-AR provides the opportunity to present a more nuanced discussion and assessment of issues related to local fiscal discretion and local public financial management.
- For a more comprehensive assessment of local public finances, consider conducting an assessment using the PEFA Public Financial Management Performance Measurement Framework.



AI	Assessment Indicator
<b>D1</b>	<b>Do LGs/LBs have an orderly annual budget process?</b>
Scale	<p>Add the points below if the following statements are correct:</p> <p>1 – An orderly local budget process exists and LGs/LBs adhere to a fixed budget calendar</p> <p>1 – There is comprehensive local (political) involvement in the preparation of local budgets, resulting in timely budget approval</p>
Details	<p>An orderly local budget process requires the existence of—and adherence to—a fixed budget calendar, by both central and local authorities. This guidance may come in the form of legislative guidance (e.g., from the Local Government Act), but additional details may need to be provided in the form of budget regulations and/or circulars. For instance, in order for a LG/LB to prepare its budget, it needs to be informed in a timely manner of the projected budget ceiling (in the case of a deconcentrated budget entity) or the expected level of intergovernmental fiscal transfers (in the case of a devolved local government).</p> <p>Please assign 0.5 points under the first part of Assessment Indicator D1 if (a) there is a fixed budget calendar that guides the preparation of the local government budgets and (b) this local budget calendar is generally adhered to by central as well as local authorities.</p> <p>An additional 0.5 points should be awarded if both the Local Executive as well as the Local Council are comprehensively involved in the preparation of the local budget, and local budgets are generally approved by local councils in a timely manner. (Npn-devolved local bodies can at most received 0.25 points under the second part of this Assessment Indicator).</p> <p>The response for this indicator should be based on information for the most recently completed financial year. Partial credit may be awarded as appropriate,</p>

AI	Assessment Indicator
<b>D2</b>	<b>Are LGs'/LBs' expenditure out-turns consistent with the original approved budget?</b>
Scale	<p>0 – No; The LGs'/LBs' actual (realized) expenditures deviate more than 15% from the budgeted expenditure</p> <p>0.5 - The LGs'/LBs' actual (realized) expenditures deviated from budgeted expenditures by an amount equivalent to between 5% and 15% of budgeted expenditure</p> <p>1 - The LGs'/LBs' actual (realized) expenditures deviated from budgeted expenditures by an amount equivalent to no more than 5% of budgeted expenditure</p>
Details	<p>For the purpose evaluating this assessment indicator, consider either the total budget expenditures for a typical local government, or consider total (aggregate) local expenditures (across all LGs/LBs).</p> <p>This AI should be based on total (recurrent plus development), and should be based on the most recently completed financial year for which budget data are available. Partial credit may be awarded as appropriate (e.g., when the recurrent portion of the budget falls in one category, while development expenditures fall into another category),</p> <p>(Note: this Assessment Indicator is based on PEFA PI-1)</p>



AI	Assessment Indicator
<b>D3</b>	<b>What is the quality and timeliness of annual financial statements?</b>
Scale	<p>Add the points below if the following statements are correct:</p> <p>0.5 – Annual financial statements are generally prepared in a complete manner; submitted within 6 months of the financial year; in accordance with national or international accounting standards (&gt;60% of LGs/LBs)</p> <p>0.5 – LGs/LBs generally receive a clean (unqualified) audit report (&gt;60% of LGs/LBs)</p>
Details	<p>This assessment indicator should be evaluated based on most recently financial year for which complete data are available.</p> <p>Partial credit (0.25) may be awarded for the first statement if between 30-60% of LGs submitted their financial statement to the central government or external audit entity in a timely manner.</p> <p>Partial credit (0.25) may be awarded for the first statement if between 30-60% of LGs received a clean (unqualified) audit report.</p> <p>The second part of the assessment indicator should only be evaluated if annual financial statements are generally prepared in accordance with national/international accounting standards. If this is not the case, no points should be awarded for the second statement.</p> <p>Note: this Assessment Indicator is based on PEFA PI-25.</p>

AI	Assessment Indicator
<b>D4</b>	<b>Are LGs/LBs free to define their own local revenue instruments (e.g., specify user fees, adopt new revenue instruments, or modify existing local revenue instruments)?</b>
Scale	<p>0 – No: LGs/LBs depend on the central/state government for revenue decisions (“closed list approach”)</p> <p>0.25 – Partial: LGs/LBs have some discretion to define or introduce new user fees, but not define or introduce new local tax instruments</p> <p>0.5 – Partial: LGs/LBs have some discretion in defining local tax instruments, but only with approval from the central/state government</p> <p>1 – Yes: LGs/LBs have considerable authority to define their own revenue instruments (within reasonable constitutional or legislative constraints)</p>
Details	<p>Discretion over local revenue instruments allows LGs/LBs to tailor their local revenue strategy to local economic conditions. At the same time, central authorities may want to prevent a proliferation of different local tax instruments (which could reduce local transparency and accountability, and which could increase the cost of doing business across multiple jurisdictions).</p> <p>Partial credit (quarter points) may be awarded as appropriate.</p>

AI	Assessment Indicator
<b>D5</b>	<b>Do LGs/LBs have the right to set the tax base or tax rate for all local revenue instruments?</b>
Scale	<p>0 – No, LGs/LBs generally do not have any control over local tax/fee rates (or tax bases)</p> <p>0 – LGs/LBs have meaningful control over non-tax instruments (fees and charges), but limited or no control over local tax rates (or bases)</p> <p>0.5 – In addition to discretion over non-tax instruments, LGs/LBs have meaningful (<i>de facto</i>) control over some local tax rates (or bases)</p> <p>1 – Yes, LGs/LBs have substantial discretion over the rates (or bases) for all local revenue instruments</p>
Details	<p>Discretion over local tax rates (or local tax bases) is required for LGs/LBs to tailor their local revenue strategy to fund the optimal combination of local taxes and local services (local spending) preferred by local constituents. However, unless local political leaders are responsive and accountable to their local constituents, central officials may be hesitant to allow local officials discretion over local tax rates.</p> <p>Note that discretion over user fees does not necessarily provide LGs/LBs with the ability to fund the priorities expressed by local constituents.</p>

AI	Assessment Indicator
<b>D6</b>	<b>Do LGs/LBs effectively and equitably collect property tax revenues?</b>
Scale	<p>0 – No. LGs/LBs do not collect property taxes (or any major general-purpose revenue source)</p> <p>0 – No. Adequate property taxes are typically collected for 50% or fewer of taxable properties</p> <p>0.5 – Adequate property taxes are typically collected for 50-90% of taxable properties</p> <p>1 – Yes, adequate property taxes are paid for 90% or more of taxable properties</p>
Details	<p>This AI deals with the collection of local property taxes (or the main general-purpose revenue source, if LGs/LBs do not collect a property tax).</p> <p>Subtract 0.25 points if collection rates exceed 50%, but consistent discrepancies exist between the amount of tax collected and the tax amount legally due</p> <p>Taxable properties include all properties that ought to be included in the tax base (not necessarily just those included on the cadaster/tax roll)</p>



AI	Assessment Indicator
<b>D7</b>	<b>Do LGs/LBs have access to credit from public or private financial institutions (or bonds) to fund local capital infrastructure expenses?</b>
Scale	<p>0- No – LGs/LBs are not allowed to access to credit from private sector banks or other lending institutions</p> <p>0 - LGs/LBs are allowed to borrow from public (or private) financial institutions, but in practice, few or no LGs/LBs do so</p> <p>0.5 –LGs/LBs can (and commonly do) borrow from a central lending institution</p> <p>0.5 – LGs/LBs can (and commonly do) borrow, but only with specific central government approval</p> <p>1 – Yes; LGs/LBs (by law and in practice) have access to borrowing without specific approval from the center</p>
Details	<p>Access to local borrowing allows LGs/LBs to fund long-term capital investments without the need to fund the investment up-front. While local borrowing could increase local capital investment and speed up local economic growth, there is also a risk associated with local borrowing when LGs/LBs select capital investments poorly and/or when they fail to repay their loans.</p> <p>Without loss of points, LGs/LBs may need to comply objective (norm-based) criteria established for borrowing</p>

AI	Assessment Indicator
<b>D8</b>	<b>Do LGs/LBs receive adequate (conditional or unconditional) grants/ transfers from a higher level government to support local administration and to provide general local public services?</b>
Scale	<p>0 – LGs/LBs receive no (or completely inadequate) transfer funding to support local administration or to provide general local public services</p> <p>0.5 - LGs/LBs receive some (but not adequate) transfer funding to support local administration and to provide general local public services</p> <p>1 - LGs/LBs receive meaningful transfer funding to support local administration and to provide general local public services</p>
Details	<p>In accordance with the guidance that “finance should follow function”, in many countries, the bulk of localized services is funded by intergovernmental fiscal transfers (in the case of devolved LGs) or by subnational budget allocations (in the case of non-devolved LBs). This assessment indicator assesses whether a meaningful level of grant funding (or budget allocations) is being provided to the local level.</p> <p>It is difficult to objectively define what constitutes an adequate “vertical” allocation of resources with respect to this AI. While general local public services (such as municipal and/or community services) are often largely funded from local own source revenues, it would be appropriate for central government to subsidize key social services, as well as localized services for poor residents. For the purpose of this assessment indicator, therefore, “meaningful funding” suggests that grant support covers 50% or more of local administration costs and the cost of delivering general local public services (municipal and/or community services).</p>



AI	Assessment Indicator
<b>D9</b>	<b>Do LGs/LBs receive formula-based grants/transfers from the higher level government in a complete and timely manner, without unnecessary administrative impediments?</b>
Scale	<p>Add the points below if the following statements are correct:</p> <p>0.5 – Formula-based grants (or allocations) are provided without administrative impediments</p> <p>0.5 – Grants (or allocations) are provided in a complete and timely manner.</p>
Details	<p>In addition to the amount of funding provided through intergovernmental fiscal transfers, the design of the transfer system is an important factor in ensuring an efficient and equitable local government grant system.</p> <p>In order to receive full score on the first statement, sta, LGs/LBs must receive their grants/transfers/allocations from the higher level in a formula-based (or norm-based) manner AND without unnecessary administrative impediments</p> <p>For the second statement to be true, LGs/LBs must generally receive their grants/transfers/allocations in a complete AND timely manner.</p> <p>This assessment indicator should take into account the main grant/funding flow (or flows) to the local level, including the main recurrent as well as capital/development grants/allocations.</p> <p>If no grants/allocations are provided to the local level, a score of zero should be assigned to this assessment indicator.</p> <p>The clause “without administrative impediment” means that grants/allocations are disbursed “on standing order.” In other words, grants are disbursed regularly without any further administrative action within the financial year: no administrative conditions have to be fulfilled during the budget year to trigger any subsequent disbursement. In order for grant disbursements to be complete, at least 95% of the budgeted grant amount was released. Timeliness of grant disbursements is relative to the higher-level authority’s disbursement plan. If grants are not released against a formal grant disbursement plan, the LG should receive at least 25% of its resources prior to the end of Q1; 50% prior to the end of Q2; and 75% prior to the end of Q3.</p> <p>Partial credit (quarter points) may be awarded as appropriate.</p>



## **E. Participatory and responsive local service delivery**

***In an effective local governance system, appropriate mechanisms for public participation and (public and social) accountability exist to ensure that local leaders and local officials are responsive to the service delivery needs of their constituents (local residents and businesses).***

### **Discussion and clarifications: Participatory and responsive local service delivery**

- In order for the potential benefits of decentralization to be realized, it is not sufficient to simply empower local governments or other local bodies. In addition, a range of participation and accountability mechanisms are needed in order to enable local residents to participate in local decision-making processes, to monitor local services, and to hold local officials accountable for their performance.
- Effective local participation and accountability requires that local governance bodies clearly state the service delivery standards that residents can expect (Indicators E1-E2); involve the community in the prioritization of expenditures and provide citizens and their elected representatives with opportunities to monitor budget execution and service provision (Indicators E3-E5); and that mechanisms are in place that allow residents to voice their concerns when problems arise (Indicator E6). Finally, under the right circumstances, responsive and accountable local service delivery is enhanced when service delivery facilities (in education and health) have a degree of administrative or managerial discretion (Indicator E7).
- Unless otherwise noted, the assessment of the AIs included in this final institutional dimension focuses on the localized service (and specific SDDs) mentioned previously: education and health services as well as municipal/community services.
- It should be noted again that the responses to the Score Card indicator set should reflect actual practice, rather than the legal requirement.



AI	Assessment Indicator
<b>E1</b>	<b>Do affordable national (“minimum”) service delivery standards exist (including in education and health) to guide local service delivery?</b>
Scale	<p>0 – No, such national standards do not exist</p> <p>0 – Such national standards exist, but are not publicly available, or generally not applied/adhered to</p> <p>0.5 – Such national standards exist and are applied, but are not affordable for a vast majority of local jurisdictions (adhered to by &lt;25% of LGs/LBs)</p> <p>1 – Such national standards are applied, but are not affordable for many local jurisdictions (adhered to by 25-50% of LGs/LBs)</p> <p>2 – Such national standards exist, and they are generally affordable for local jurisdictions</p>
Details	<p>National or “minimum” service delivery standards are service delivery standards and norms set by the central government that guide the delivery of localized services. National service delivery standards aim to ensure a minimum standard of local service provision across the national territory, and make it easier for residents to hold local officials accountable.</p> <p>National service delivery standards may guide the (maximum or average) distance between residents and facilities; the ratio between clients and providers (e.g., a minimum student-teacher ratio); minimum qualifications for providers; norms on the availability/provision of supplies (e.g., textbooks or medical supplies); guidance on user fees; standards of access for poor residents; and so on.</p> <p>In order for such standards to be meaningful, the standards should be set in a way that they are affordable/achievable by most—if not all—local governance bodies. Since these standards are mandated by the central government and national in nature, affordability should generally be judged by the availability of adequate intergovernmental fiscal transfers rather than by (the strength or weakness of) local own source revenue efforts.</p> <p>Partial points should be awarded as needed, for instance, if service delivery standards exists only for education or for health (but not both).</p>

AI	Assessment Indicator
E2	<b>Are local performance frameworks in place and being applied for local services? (E.g., Citizen Service Charter?)</b>
Scale	0 - No local performance frameworks are in place 0.25 – Local performance frameworks are in place but are produced (or require approval) by higher-level government 1 – Yes, local performance frameworks are in place, which are produced and approved by LGs/LBs
Details	<p>In contrast to national (or minimum) service delivery standards (which are set centrally), a local performance framework is a public agreement between citizens and their local governance body (or with the SDDs under the LG/LB) that clearly codifies expectations and standards with regard to local services. Such local performance frameworks typically set specific service delivery standards or targets, such as timetables, user fees for services, and options for grievance redress. A local Citizen Charter is the most common form of a local performance framework.</p> <p>This Assessment Indicator evaluates the presence and effectiveness of <u>local</u> performance frameworks; less credence is placed in performance standards or charters that are imposed on LGs/LBs by central government agencies without the full buy-in of local officials.</p> <p>Scoring should reflect the <i>de facto</i> situation: a positive response implies not just that a local performance framework is in place (i.e., a paper exercise), but that the local performance framework is actually being followed or applied (in other words, that meaningful efforts are made to apply or follow the local performance framework).</p> <p>Partial credit may be awarded if a statement is true for some—but not all—localized services under consideration.</p>



AI	Assessment Indicator
<b>E3</b>	<b>Are local budgets and finances managed in a participatory and transparent manner?</b>
Scale	<p>Add the points below if the following statements are correct:</p> <p>1 - Open planning/budget hearings are required and practiced</p> <p>1 - Local budget documents and financial statements are readily available to average citizens</p>
Details	<p>A transparent and accountable local budget process is an important element of an accountable local governance system. An open local government budget process ensures (1) Timely availability of budget information to the subnational public; (2) Clarity and relevance of the information contained in the main budget reports available to subnational citizens; (3) Effective mechanisms are used to disseminate budget information among citizens; (4) Effective channels are established for participation of citizenship in the review and monitoring of the budget documents.</p> <p>Even though many countries have open document laws or freedom of information legislation that are applicable to local governments, in practice, public access to local government budget information is often quite limited (International Budget Partnership, 2013).</p> <p>Accordingly, Assessment Indicator E6 should be awarded 1 point when the budget formulation process in the LG is open and participatory in nature. This requires that a regular, annual mechanism is used to identify the public's perspective on local budget priorities.</p> <p>An additional 1 point should be awarded to Assessment Indicator E6 if (and only if) the following four local budget documents are available to any member of the public, either online or on demand: (1) Executive Budget Proposal; (2) Enacted Budget; (3) Year End Report on budget execution; (4) Annual Audit Reports.</p> <p>Partial credit may be awarded if statements are largely (but not categorically) true.</p>



AI	Assessment Indicator
<b>E4</b>	<b>Do local services / local service delivery facilities (in education, health and solid waste) have their own effective participatory planning / social accountability / oversight mechanisms?</b>
Scale	<p>0 - No (or Yes, but ineffective)</p> <p>0.5 - Yes, participatory mechanisms exist but they are only partially effective</p> <p>1 – Yes, local service delivery facilities and SDDs have effective participatory planning / social accountability / oversight mechanisms</p>
Details	<p>Responsive local services arise not only from citizen participation at the level of the LG/LB itself. Instead, the opportunity for citizen engagement is greatest at the facility level (e.g., schools and health clinics). Many countries have School Management Committees, Health Facility User Committees, Water User Groups, and similar mechanisms to engage in participatory planning / social accountability / oversight.</p> <p>The scoring of this question requires the heads of local service delivery facilities (in the case of education and health) or senior SDD staff (in the case of solid waste management) (rather than the LG/council) to have frequent (at least quarterly), direct, meaningful interaction with community groups / service users / facility-level committees.</p> <p>The response for this indicator (as for all other indicators) should reflect the actual state of practice in a “typical” LG/LB, rather than reflect legal requirements or best practice.</p> <p>Partial credit may be awarded if statements are true for some—but not all—localized services.</p>



AI	Assessment Indicator
<b>E5</b>	<b>Do LGs / local councils monitor the performance of local service delivery departments?</b>
Scale	<p>0 - LGs / local councils are not meaningfully involved in the monitoring of SDDs</p> <p>0.5 –LGs / local councils formally monitor the performance of SDDs, but do not do so in a meaningful (transparent or participatory) manner</p> <p>1 - LGs / local councils effectively monitor the performance of SDDs (e.g., through standing committees of the local council)</p>
Details	<p>National service delivery standards, local performance frameworks and citizen engagement are relatively ineffective in themselves unless an elected LG or local council monitors the performance of local SDDs.</p> <p>Meaningful and effective monitoring of the performance of a SDD by an elected local government or by a local advisory/supervisory council requires more than the creation of Standing Committees as a paper exercise. It requires transparency (e.g., the release of information regarding the SDD’s performance against its performance framework) and the opportunity for residents and local stakeholders to participate in the assessment process (e.g., through a public hearing). These criteria should be met—in education, health and solid waste management—in order for there to be meaningful monitoring of local SDDs.</p> <p>Partial credit (quarter points) may be awarded if statements are true for some—but not all—localized services.</p> <p>Reduce the points by half (up to the closest quarter point) if the monitoring is done by (Standing Committees of) local councils / local advisory councils which do not hold authoritative decision-making power over the local executive body which is responsible for delivering the services at hand.</p>

AI	Assessment Indicator
<b>E6</b>	<b>Do LGs/LBs (separate from the SDDs) have effective mechanisms in place to receive and resolve complaints about local services?</b>
Scale	<p>0 - No (or Yes, but ineffective)</p> <p>0.5 - Yes, but only partially effective</p> <p>1 – Yes, LGs’/LBs’ complaint mechanisms are effective and responsive</p>
Details	<p>An effective complaint mechanism or grievance redressal process is an important aspect of a responsive and accountable local governance system.</p> <p>An effective complaint mechanism means that a LG/LB not only receives complaints, but also follows up with SDDs to ensure that the complaints are addressed/resolved. Full score should be awarded only when the LGs/LBs generally have complaint mechanisms in place that effectively address and resolve citizen complaints about local services (based on the service standards publicly set by the LG/LB itself).</p>



AI	Assessment Indicator
E7	<b>Do service delivery facilities (in education and health) have a degree of administrative or managerial discretion?</b>
Scale	<p>Add the points below if the following statements are correct:</p> <p>1 – Heads of service delivery facilities play a meaningful role in the selection, hiring and firing of front-line staff</p> <p>1 – Heads of service delivery facilities prepare and implement an authoritative annual facility plan within a fixed facility-level budget ceiling</p>
Details	<p>Under certain circumstance, local service delivery quality can be improved by increasing the role of front-line service providers and heads of local service delivery facilities in the “locus of operational decisions” that together determine the quality of local public services. For instance, involvement of headmasters or heads of health facilities in the selection of facility-level staff or in the preparation of facility level plans is likely to result in higher-quality and more responsive services.</p> <p>In order for any points to be awarded for the second statement, heads of service delivery facilities (school and health clinics) must have the authority to prepare and implement their own facility-level plan without substantive higher-level involvement/interference</p> <p>Partial points should be awarded is such discretion exists only for education or for health (but not both).</p>



# **Annex 3**

## **The Local Governance Institutions Comparative Assessment Report (The LoGICA Report)**



### **Annex 3: The Local Governance Institutions Comparative Assessment Report (LOGICA Report)**

This annex provides guidance regarding the preparation of the Local Governance Institutions Comparative Assessment Report (LoGICA Report). It provides a description of the information provided by the report and how this information is recorded. It is complementary to Annex 1 and Annex, which describe the Local Governance Institutions Comparative Assessment Survey and Score Card, respectively.

The LoGICA Report aims to provide a comprehensive and integrated assessment of local governance institutions in a country, based in particular on an indicator-led analysis of the key institutions underlying Local Governance Institutions performance. The structure of the report is the following:

<b>STRUCTURE OF THE LoGICA REPORT</b>	
<b>Summary assessment</b>	
<b>1. Introduction</b>	
<b>2. Country background information</b>	
2.1. Description of the country, including geographic, demographic and economic conditions	
2.2. Details of the country's subnational organizational-governance structure	
2.3. Description of the assignment of functional responsibilities for key local public services	
<b>3. Assessment of the local governance institutions</b>	
3.1. Effective assignment of functions to the local level	
3.2. Local political space and dynamic local political leadership	
3.3. Local control over administration and service delivery	
3.4. Local fiscal autonomy and local financial management	
3.5. Participatory and responsive local service delivery mechanisms	
3.6. Country/city specific issues and donor practices (if necessary)	
<b>4. Local Governance Institutions reform processes</b>	
4.1. Description of recent and on-going reforms	
4.2. Institutional factors supporting reform planning and implementation	
<b>Annex 1: Summary of LoGICA Score Card</b>	
<b>Annex 2: Sources of information</b>	

The rest of this annex gives indications on the information provided by the report and how it is reported in the document. It follows the structure of the LoGICA Report.

#### **Summary Assessment**

This section aims to provide an integrated and strategic picture of the effectiveness of the Local Governance Institutions in the country under review. The summary assessment (at the beginning of the report) uses the LoGICA Index score (defined as the aggregate score for the entire Score Card) as well as the aggregate score for each of the five institutional dimensions to provide an integrated assessment of the country's local governance system. The summary assessment also discusses the likely impact of the



observed weaknesses in the different institutional dimensions of the local governance system on the effectiveness of the local governance system as a whole. The indicative length of this section is three to four pages.

The summary assessment provides the following information:

*(i) Integrated assessment of the local governance system*

The indicator-led assessment is summarized along the five institutional dimensions of the local governance system identified in the Assessment Framework:

- A. **Effective assignment of functions to the local level** - Local governments are assigned the effective responsibility and authority to manage local affairs.
- B. **Local political space and dynamic local political leadership** - The local political leadership is given the necessary political space and is effective in identifying and responding to the needs of its residents and the local business community.
- C. **Local control over administration and service delivery** - The local political leadership is given the necessary control over the administration of local public services in order to respond to the service delivery needs of its residents and the local business community.
- D. **Local fiscal autonomy and local financial management** – Local governments are assigned the appropriate mix of own source revenues and intergovernmental fiscal transfers; have adequate autonomy over their own source revenue instruments; and effectively administer their local finances.
- E. **Participatory and responsive local service delivery mechanisms** – Appropriate participation and accountability local service delivery mechanisms are in place in order to ensure that local leaders and local officials are responsive to the need of local residents and businesses.

A brief summary table should reflect the total score obtained on the LoGICA Score Card (i.e., the Local Governance Index), as well as the scores awarded for each of the five institutional dimensions. In addition to a comparative table, a radar diagram should also be used visually present the assessment data. If local governance institutions are being assessed in more than one country at the same time, a comparative table could be prepared allowing for the comparison of the Local Governance Index score as well as the five institutional dimension scores in the different countries.

In synthesizing the effectiveness of the local governance system, the analysis aims at identifying the main strengths and weaknesses of local governance system and does not simply repeat the detailed list of weaknesses identified in section 3. The analysis captures in particular the interdependence between the different dimensions, i.e. the extent to which poor performance in one of the core dimensions is likely to influence the effectiveness of local governance institutions in relation to the other dimensions.

*(ii) Assessment of the impact of institutional weaknesses*

This part analyzes the extent to which the different dimensions and aspects of the local governance system appear to be supporting or affecting the overall performance of the multi-level public sector. In other words, it provides an understanding of why the weaknesses identified in the local governance system matter for the performance of the public sector as a whole. The assessment does not examine the extent to which local governance systems are effective *per se*, but rather uses information from the foregoing analysis of the aggregate assessment indicators and the situation analysis (as captured in the section 2 of the report) to assess the extent to which the LGI systems contribute (or fail to contribute) to an efficient, responsive, inclusive, legitimate and accountable public sector.



### *(iii) Prospects for reform planning and implementation*

This part assesses the extent to which institutional arrangements are in place to support the planning and implementation of institutional reforms to local governance systems. Is the Ministry of Local Government (or the Ministry of State Administration) a champion? Is there a Local Government (Finance) Commission, or a similar intergovernmental coordinating body? What is the role of the Local Government Association(s), if any? In addition, for aid-dependent countries, a statement is included on existing donor practices and on the extent to which donor interventions affect the local governance Institutions performance.

## **Section 1: Introduction**

The objective of the introductory section is to understand the context and the process by which the LoGICA Report was prepared and to outline the scope of the LGI assessment. The indicative length of this section is one page. The introduction includes the following:

- **Objective of the LoGICA Report**, including why it has been undertaken at this time and its contribution to on-going local governance reform activities.
- **Process of preparing the LoGICA Report**, including the organization(s) associated in the preparation of the report (with a description of their role and contribution) and an indication of the involvement of (central and local) government in the preparation of the report.
- **The methodology for the preparation of the report**, such as reliance on information sources, interviews, etc.
- **Clarifications on the scope of the assessment**, including identification of limitations on the coverage of the report. For instance, clarifications may be required if—due to the country’s local governance structure—different parts of the assessments were applied to different types of local government bodies or to local government units at different levels or tiers. Likewise, the scope of the assessment may be limited if part of the country or the local governance system was excluded from consideration due to asymmetric local governance arrangements.

## **Section 2: Country Background Information**

The objective of this section is to provide background information on the country whose local governance system is being assessed, to allow for a sufficient understanding of the wider country context. It includes a brief review of the country including the country’s geographic, demographic and economic conditions; and a description of the assignment of functional responsibilities for key local public services (basic education, basic health services, and municipal/community services).

The indicative length of this section is four to five pages. The section is structured along the following lines and provides the following information:

### **Sub-Section 2.1: Description of the Country and the Basic Structure of the Local Public Sector**

- Country context, including population, income level, percentage of population living below the poverty line, economic growth rate, economic structure and main challenges for development.
- Brief overview of the country’s subnational (or administrative-territorial) governance structure. Discuss the number of local government levels and/or the number of local administrative tiers.



- Brief description of the legal framework establishing local governments and the legislation guiding local government finances, administration and operations. This description may include the Local Government Act and/or the Local Government Finance Act, but also, as relevant, the Public Finance Act, the Public Service Act, the Procurement Act, or similar legislation.
- Brief overview of the general organizational structure of local government bodies (e.g., ULG Executive, ULG legislative council, and ULG service delivery departments).

The description should reflect the actual (*de facto*) situation. Any gaps between the legal framework and the *de facto* situation should be noted.

***Sub-Section 2.2: Details of the Country’s Subnational Organizational-Governance Structure***

This sub-section provides details on the country’s subnational (or administrative-territorial) governance structure. Discuss the number of local government levels and/or the number of local administrative tiers; the number of local government jurisdictions at each level/tier and the average population size (and population range) of local governments (by type, as appropriate).

In addition, for the main types or levels of local (government) bodies, discuss the legal/institutional nature of these local bodies. For instance, do they meet the key definitional criteria of a local government organization (see Annex 1 and Annex 2), or are these bodies are (deconcentrated) local administrative entities?

***Sub-Section 2.3: Description of the Assignment of Functional Responsibilities for Key Local Public Services***

This sub-section provides a description of the assignment of functional responsibilities for the delivery of key local public services. Although the overview should provide a description of the main (*de jure* and *de facto*) functional responsibilities of different local bodies, the overview should focus on the responsibility that local (government) bodies have for the delivery of local education services, local health services, as well as municipal and community services.

The provision of local education services should be understood to include the responsibility and authority for constructing, operating and maintaining primary and secondary schools. Local health services should be understood to include the responsibility and authority for constructing, operating and maintaining primary health facilities at the local level, which may include health posts, dispensaries, health centers, and local hospitals. Local education and health services are typically understood to be “concurrent functions” of central and local governments: whereas these services are often delivered by local (government) bodies, central governments tend to be involved in policy-setting, financing and other aspects of these services as education and health are often considered important national priority areas.

“Municipal and community services” refers to public services that are typically exclusive local in nature. This group of functions includes the responsibility for “municipal” functions such as solid waste management, public sanitation, street lighting, road maintenance, and so on, as well as community service such as the maintenance of public parks and green spaces, the operation of local markets, community development activities (support of sports activities), and so on.

For each of these localized services, the report describes the central and/or local entity or entities that are responsible for (and/or contribute to) *delivering* or *providing* the service. In addition, the report



describes the basic *financing arrangements* for each service (e.g., user fees, general local revenues, earmarked grants) as well as the degree of *higher-level involvement in priority-setting and regulation*.

Recent changes in the assignment of responsibilities can be mentioned, including trends in the intergovernmental context of service delivery (e.g., trends in the centralization or decentralization of expenditures and functional authorities).

The information in this sub-section is intended as descriptive. The description should reflect the actual (*de facto*) situation. Any gaps between the legal framework and the *de facto* situation should be noted. The description does not intend to make a statement on compliance with existing rules or the adherence to good practices. Such issues are captured in the detailed assessment of the local governance institutions (section 3).

### **Section 3: Assessment of Local Governance Institutions**

The main body of the report assesses the current performance of Local Governance Institutions systems, processes and institutions, as captured by the detailed performance indicators. As relevant, this section also reports on progress made in improving urban services and service delivery institutions over time. The structure of the section is the following:

- 3.1. Effective assignment of functions to the local level
- 3.2. Local political space and dynamic local political leadership
- 3.3. Local control over administration and service delivery
- 3.4. Local fiscal autonomy and local financial management
- 3.5. Local participation and accountability mechanisms
- 3.6. Country specific issues and donor practices (if necessary)

The indicative length of this section is about eighteen to twenty pages.

#### **Sub-Sections 3.1 To 3.5**

Each sub-section discusses the relevant assessment indicators contained in each institutional dimension. Reporting reflects the order of the indicators.

#### **Box: Reporting the indicator-led analysis**

Reporting on the indicator-led analysis is undertaken in the following manner :

- The text gives a clear understanding of the actual performance of each of the LGI dimensions captured by the indicators and the rationale for its scoring. Each dimension of the indicator is discussed in the text and addressed in a way that enables understanding of the specific score assigned for each indicator.
- The report indicates the factual evidence (including quantitative data), which has been used to substantiate the assessment. The information is specific wherever possible (e.g. in terms of quantities, dates and time spans).
- Any issues of timeliness or reliability of data or evidence is noted.
- If no information exists either for a whole indicator or one of its dimensions, the text explicitly mentions it. If it is felt that scoring is still possible despite a lack of information for one of the dimension, the rationale for the scoring is made explicit.



The discussion of each of the indicators focuses on the assessment of the present situation (the indicator-led analysis). To the extent that an identified weakness is already being addressed by specific interventions or reforms, a separate paragraph will describe these reform measures. The assessment based on the indicator and the reporting on progress are separated in two different paragraphs, in order to avoid confusion between what the situation is and what is happening in terms of reforms.

***Sub-Section 3.6: Country specific issues and donor practices (if necessary)***

The LoGICA Report provides information on country-specific issues that are essential for a comprehensive picture of the local governance system and that are not fully captured by the indicators. This may include a discussion of the impact of asymmetries in local governance institutions, or the impact of central government reforms or donor interventions on local governance institutions.

**Section 4: Local Governance Institutions reform processes**

The report's final section briefly summarizes recent and ongoing interventions and reform measures being pursued or implemented (either by central government or donor partners) to improve intergovernmental systems and/or local governance institutions. This section further assesses the institutional factors that are likely to impact local governance and localized service delivery planning and implementation in the future. These discussions are captured in two sub-sections: a description of recent and on-going reforms (sub-section 4.1) and a discussion of institutional factors supporting reform planning and implementation (sub-section 4.2).

It should be noted that the Local Governance Institutions Comparative Assessment Report is a statement of the overall effectiveness current local governance system and does not include recommendations for reforms or action plans.

In case the report is jointly prepared by different stakeholders (for instance, by central and local government officials, or by governmental officials and NGOs) and different views are held by different stakeholders with regard to the findings of the report, dissenting or supplementary opinions could be reflected in an annex of the report.

