EuropeAid

Supporting Decentralisation and Local Governance in Third Countries

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About this document:

This Reference document seeks to provide strategic and operational guidance on
1. how best to support processes of decentralisation and local governance in third countries, and
2. how to ensure that EC support to sector policies (eg in health, education, water & sanitation) take into account and reinforce ongoing decentralisation processes.

The reference document is intended for EC staff in Delegations and Headquarters, national partners and donor agencies working and supporting decentralisation processes and local governance.

Throughout this reference document, three kinds of text boxes are being used. These boxes contain useful tips & tricks, concrete examples from the field, and refer to relevant background information.

The boxes are indicated with the following icons:

Tips and Tricks
Tips and practical suggestions concerning support to decentralisation and local governance

General Information
Background information - these boxes refer to essential policy documents and guidelines, and provide suggestions for further reading.

Experiences
Examples of the experiences of the European Commission's Delegation in supporting decentralisation and local governance.

Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the following information

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and Local Governance
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More information on the European Union is available on the Internet (http://europa.eu).

Cataloguing data can be found at the end of this publication.

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Abbreviations

3Cs	Coordination, complementarity and coherence
ACP	Africa, Caribbean and Pacific
AIDCO	EuropeAid Cooperation Office
CARDS	Community Assistance for Reconstruction, Development and Stabilisation (for Western Balkan countries)
CBO	Community-based organisation
CM	Centralised management
CSP	Country Strategy Paper
DFID	Department for International Development, United Kingdom
DG	Directorate-General
DG DEV	Development Directorate-General
D-Group	Discussion group
DG RELEX	External Relations Directorate-General
DM	Decentralised management
EC	European Commission
ECDPM	European Centre for Development Policy Management
EcoFin Analysis	Economic and Financial Analysis
EDF	European Development Fund
FP	Financing proposal
GBS	General budget support
LG	Local government
LGA	Local government administration
MDGs	Millennium Development Goals
M&E	Monitoring and evaluation
NGO	Non-governmental organisation
NIP	National Indicative Programme
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PIF	Project Identification Fiche
PIU	Project Implementation Unit
PRSP	Poverty Reduction Strategy Paper
RIP	Regional Indicative Programme
RSP	Regional Strategy Paper
SBS	Sector budget support
SPSP	Sector Policy Support Programme
ToRs	Terms of reference

Executive Summary

EXECUTIVE SUMMARY

Why this Reference Document may be of interest to you…

1. The European Commission (EC), much like other donor agencies, is providing growing levels of funds to support decentralisation and local governance in many parts of the world. Yet this is still a relatively new area of work for the European Commission. Not surprisingly, staff involved in direct or indirect support to decentralisation and local governance, struggle with many thorny 'how to' questions.

2. To respond to this need, the European Commission took the initiative to produce a Reference Document that should serve as a practical tool to help EC staff to better understand the 'politics' of decentralisation and local governance processes; to support the formulation and implementation of nationally and locally owned decentralisation policies; and to improve the coherence between the sector support being provided by the European Commission (e.g. in health or education) and ongoing decentralisation processes.

3. Yet this Reference Document should not be seen as a cookbook with well-tested recipes to be applied universally. The field of decentralisation does not lend itself to 'one-size-fits-all' models. In many countries promising experiences are taking place, and the EC intends to develop a comprehensive policy framework to underpin its strategic support to decentralisation and local governance processes in a hugely varying set of country contexts. The Reference Document therefore reflects 'work in progress'.

4. In order to ensure its relevance for staff in the field, the Reference Document was elaborated in a highly participatory manner. Efforts were made to start the process from realities on the ground; the day-to-day concerns of staff in charge of managing programmes; as well as the emerging good practices. These 'frontline actors' were involved through a series of electronic Discussion-Group ('D-Group') consultations which fundamentally shaped the focus and content of the Paper. A brainstorming seminar was organised in Brussels (6-8 October 2006) with staff from eighteen EC Delegations from the various regions which helped to further refine the Reference Document and define future 'homework' for the EC in the area of decentralisation.

Chapter 1: Why invest in decentralisation?

5. Since the 1990s, decentralisation has gradually gained prominence. Whether by own choice or as a result of external pressures, the large majority of third countries are currently involved in some form of decentralisation, with varying degrees of commitment and success. A wide range of 'push factors' help to explain the popularity of decentralisation (>>> see page 6).

6. Decentralisation is not new. The term has been used since the early 1950s for a wide range of institutional reform programmes. However, most of the reforms never went beyond their initial stage, creating local authorities without democratic legitimacy or genuine powers for local decision-making and self-governance. The current wave of decentralisation is considered to be qualitatively different. The reform agenda has been broadened to ideally encompass : (i) devolution of power to elected local governments as a distinct set of state actors; (ii) local governance (based on principles of participation, transparency and accountability); (iii) a new paradigm of local economic development; (iv) a rediscovery of the importance of territorial (regional) planning; as well as (v) the overall modernisation of the state (>>> see page 6 and 7).

7. Decentralisation has quickly become a new development mantra. Some believe it is intrinsically a good thing to do in all circumstances. Alongside fervent supporters, there is no shortage of sceptics (>>> for an overview of arguments used by both sides see Table 1, page 8). A more prudent and promising approach is to adopt a pragmatic stance towards decentralisation. This means accepting the risks and opportunities of engaging in such a process (>>> see Figure 2, page 8 and Annex 3, page 95). It also invites reform-minded people to take on board some sobering lessons of experience with decentralisation (>>> see page 8).

8. Over the last decade, the European Commission has increasingly become involved in support to decentralisation and local governance processes across the various regions, mobilising substantial amount of funds (>>> for an overview of the programmes see Annex 1, page 82). This happened before a solid policy framework was in place to underpin interventions (>>> see Box 2, page 10) and through a variety of 'entry points' that evolve over time (>>> see page 10).

9. As the EC moves into the decentralisation arena, it is confronted with a wide range of strategic and operational challenges (>>> see Box 3, page 11). On most of these issues, there are many questions and few answers. Further experimentation, exchange of lessons learnt and policy development will be required in the next years to develop a solid body of knowledge, more specific EC policy positions and tested tools.

Chapter 2: Main concepts and the 'open-systems' approach

10. A myriad of notions surround decentralisation. They originate from a rich variety of public administration cultures, traditions and history. Some of the terminology – although sounding similar – can even have different meanings in different parts of the world. If not properly understood, one risks getting lost in a jungle of expressions and terms.

11. There is no universally agreed definition of 'decentralisation'. While some core elements are common in the definitions used by major donor agencies, there are also important variations (>>> see table 2, page 14).

12. As far as the European Commission is concerned, there is a preference to focus pragmatically on the functional dimensions of decentralisation. For this reason, this section first addresses three different types of decentralisation and their key ingredients :

 • Political decentralisation usually based on devolution (>>> page 15)
 • Administrative decentralisation and its three possible variants (de-concentration, delegation and divestment) (>>> page 16)
 • Fiscal decentralisation (>>> page 17).

13. In designing, implementing and evaluating decentralisation processes, it is vital to consider the linkages between these three core dimensions of decentralisation political, administrative, fiscal. In essence, there can be no effective decentralisation without addressing all three dimensions, as they are complementary and interdependent. They need one another, as the division of power across different levels of government and society needs to correspond with fiscal responsibilities; administrative systems and procedures need to be in line with the execution of political power and fiscal tasks; and fiscal arrangements need to prevent a clashing of political and administrative powers. Furthermore, it might be opportune to address certain dimensions of the decentralisation process at particular points in time, depending on local conditions.

14. This section then goes on to examining the meaning of related concepts such as:

 • local government (>>> page 19)
 • local governance (>>> page 21)
 • local development (>>> page 21)
 • territorial planning (>>> page 21)

15. Getting acquainted with these definitions is a necessary but not sufficient step to engage with decentralisation and local governance processes. It is critical to look beyond normative (technocratic) concepts to view the broader

2.4 Adopting an 'open-systems' perspective
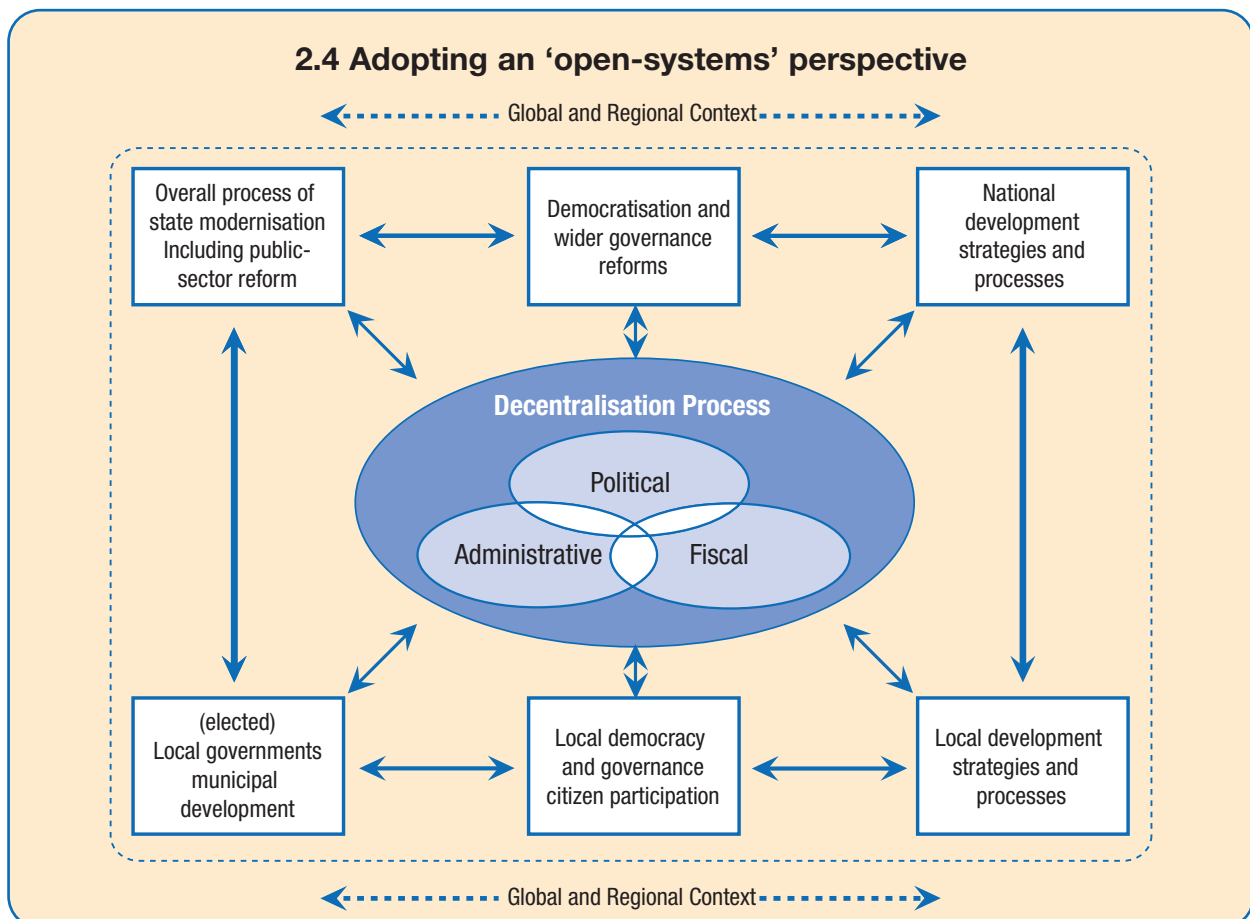
picture of decentralisation processes as they evolve on the ground. The way forward lies in adopting an 'open-systems' perspective on decentralisation and local governance processes. This enables those involved to see the global picture and understand that decentralisation processes consist of different interacting and interdependent elements embedded in a particular political and societal context and influenced by regional and international trends. The figure above outlines a framework in which to view decentralisation as an open system.

16. This open model shows

- the three main dimensions of decentralisation (inner circle),
- the different 'ingredients' of the decentralisation process (as a system), both upstream (at the national level) and downstream (at the local level),
- the linkages between the component elements of the system,
- the possible external influences on the system, arising from regional and global trends (outer circle), the task at hand for donor agencies: to enhance the effectiveness and impact of their support, they're well-advised to adopt a holistic approach, which enables them to see (and act upon) the linkages between the different parts of the system (>>>for practical applications see Box 9, page 25).

17. Finally, the question of whether decentralisation can be considered a sector is of huge strategic and operational relevance for EC Delegations, as it will largely determine the type of support to be provided, the approaches and the applicable financing modalities. There is no specific EC policy position on the matter, leaving scope for country-specific approaches (>>> page 25).

Chapter 3: Understanding the decentralisation arena

18. Supporting decentralisation and local governance is by definition a 'political job'. It is a jump into the unknown and a long trip on a bumpy road. The decentralisation arena is characterised by (i) a multitude of actors and stakeholders (with often competing interests); (ii) a frequent lack of commitment/capacity at central level to decentralise power and funds; (iii) a wide range of complex institutional and technical issues to be sorted out; (iv) confusion on new roles and responsibilities in a decentralised setting; (v) a strong (not always consistent) presence of development partners; (vi) an uncertain impact of reform attempts.

19. In such an arena, there is no shortage of potential sources of conflict. Local elections can be manipulated by ruling elites. The newly elected bodies must earn their place and legitimacy alongside established forms of authorities (e.g. traditional chiefs) or other service providers (e.g. civil society organisations). Local governments generally have to 'scratch power' from the centre by demonstrating their added-value. For decentralisation to work, an active citizenship - claiming rights and demanding accountability - is crucial. Many other tensions can complicate or derail the reform process (>>> see table 3, page 30).

20. Accountability lies at the heart of many of the potential benefits of decentralisation. The 'accountability chain' is due to change fundamentally when decentralisation takes place. Three 'lines of accountability' will have to be considered: (i) the downward accountability of local governments to citizens (which is the core of democratic decentralisation); (ii) the horizontal accountability within local government and administration; (iii) the upward accountability of local government towards central government (>>>for more details see figure 12, page 31).

21. Experience has shown the limits of horizontal and upward accountability mechanisms in countries with a fragile democratic culture. Donor agencies may therefore choose to help establishing credible and effective downward accountability mechanisms. Civil society has a most critical role to play in this regard (>>> see box 11, page 31). In various countries, new forms of participatory governance are gradually emerging. Yet progress is often hampered by the weakness of civil society and by inconsistent donor support modalities (e.g. the setting-up of parallel user's committees at local level, disconnected from local governments).

22. When engaging in complex, politically sensitive arenas like decentralisation, it is important for donor agencies to abide by a set of guiding principles. While some are obvious and generic (e.g. the need for country-specific approaches; ownership and partnership), others are less evident. This is the case for the principles of 'legality' and 'legitimacy'. It means that the support provided should be consistent with the 'legal' framework for decentralisation (to avoid parallel

structures) and seek to respect the 'legitimate' role division between central and local governments, civil society and the private sector (>>> for more details see page 33).

Chapter 4: Designing a coherent support strategy

23. This chapter deals with the three main phases of designing EC cooperation strategies : programming, identification and formulation. In this analysis, it is important to recognise the interrelationships between the various phases of the design process as well to make the link with the menu of possible EC approaches (i.e. the project approach, SPSP), financing modalities (sector budget support, pool funding, EC procurement and grant procedures), tools (SPSP, Project Management Cycle guidelines, etc.) and expected outputs (a project identification fiche, action fiche, financing proposal, etc.).

24. With regard to programming, four operational challenges are analysed:

   • Should the European Commission engage in decentralisation or not? (>>> page 37)
   • How should existing support best evolve? (>>> page 39)
   • How can different stakeholders be effectively involved in programming? (>>> page 40)
   • How can the European Commission move to 'joint' programming? (>>> page 40)

25. A wide range of issues, lessons learnt and practical examples are provided under these four headings. For instance, a strong plea is made to avoid too many 'pre-conditions' before supporting decentralisation (>>> see page 38 and Box 13) but to get engaged, if need be with pilot projects (to prepare the ground for decentralisation). Particular attention is also given to strategic choices with regard to 'scaling-up' support (from one programming cycle to another); choosing the 'right' EC approaches and financing modalities (possibly including sector budget support to decentralisation) as well as broadening the scope of actors involved.

26. With regard to the identification phase, the following operational challenges arise:

   • How to apply an 'open-systems' perspective when identifying support programmes? (>>> page 41)
   • How to assess the country-regional perspective? (>>> page 41)
   • How to map and understand the actors to be involved? (>>> page 43)
   • How to identify strategic options for supporting decentralisation? (>>> page 44)

27. This is a fairly practical section of the document. It provides (i) a set of glasses to frame EC support in an 'open-systems' perspective (>>> see Box 18, page 42); (ii) tools to look inside the 'black box' of the decentralisation process

in a given country (>>> see Box 21, page 42) as well as a number of typologies (>>>see page 41 and 43 and table 4); (iii) methodologies to carry out a stakeholder analysis and a mapping of the various actors and their roles (>>> see table 5, page 44); as well as a range of tips and tricks to deal with issues such as the focus of a support programme, the ideal entry points, the sequencing of the support as well as the capacity development strategies to be used.

28. For the formulation phase, several operational questions are addressed:

   • When and how to use budget support?
   • What are suitable performance indicators and how to agree upon them?
   • How to choose an appropriate institutional set-up for the programme?

29. Sector budget support is one of the three possible financing modalities (>>>see Annex 8, page 101) linked to the choice for an SPSP. For governance-related processes, the European Commission is promoting, whenever possible, the use of sector budget support. The main reason is the potential 'trigger effects' that budget support may have in terms of enhancing ownership, facilitating dialogue, improving public financial management (at both the central and local level) and increasing transparency and accountability.

30. Three EC Delegations are already using sector budget support (Mali, Jordan, Honduras). Several Delegations are exploring the possibilities of shifting from a project approach to supporting decentralisation to an SPSP and sector budget aid (Niger, Madagascar, Philippines), while the issue is also on the table in 'difficult partnerships'. However, there is also recognition that many thorny 'how to' questions remain to be answered, for example, related to focus, indicators and trigger clauses (>>> for initial guidelines see page 47).

31. Defining the 'right' set of indicators is a major challenge in the formulation process. There are obvious differences between indicators for project approaches and indicators in the framework of an SPSP. Emerging lessons of experience suggest the critical importance of making clear choices on (i) substance (e.g. mix of quantitative and qualitative indicators); (ii) the process for negotiating and agreeing upon indicators; (iii) the performance reviews and their consequences (>>>for details and the example of sector budget support to decentralisation in Jordan, see page 46 and Box 24, page 49).

32. The final section of this chapter is dedicated to sector support in a decentralised context ('indirect support'). The key task is to design and formulate sector programmes (e.g. health, education, water and sanitation) that do not counter ongoing decentralisation processes but where possible, even strengthen such reform processes and are mutually reinforcing.

33. Particular attention is given to the centralising tendencies involved with sector-wide approaches and related dangers for decentralisation and local governance. A set of key lessons are provided to counteract these risks (>>> see Box 27, page 50). Furthermore, practical examples are analysed whereby the European Commission is trying to properly articulate sector support with decentralisation (>>> see page 53 with the cases of Syria and the Philippines). To conclude, the section offers tools to check whether EC support is consistent and coherent (>>> see tables 6 on page 54).

Chapter 5: Implementing decentralisation support

34. Implementation of support programmes opens a huge agenda of interdependent functions to be performed internally by EC Delegation staff as well as with their various partners. Practice confirms the critical importance of a solid 'governance process' and institutional framework for managing the support programme (>>> see figure 19, page 56).

35. Dialogue is a first - and growingly important - function. Obviously, different forms of dialogue are required at various levels, involving all relevant actors and stakeholders (including associations of municipalities, mayors, civil society organisations, citizen groups, etc.). The dialogue with partners is key to work out multi-donor support packages while there is also a need for stronger internal dialogue and exchange at the level of the EC Delegations (e.g. between those directly supporting decentralisation and staff involved in the sectors). Some tips and tricks as well as EC experiences in the field can provide guidance (>>>see page 58).

36. A second function to be performed is 'monitoring' - the systematic assessment of progress achieved in the implementation of development interventions. Here again, there will be a need to ensure that the monitoring systems are closely aligned to the specificity of decentralisation (as a societal transformation process). This is not an evident thing to do. It requires an ongoing monitoring process, which makes use of both quantitative and qualitative data from various sources (including national databases that are gradually institutionalised).

37. Effective implementation is furthermore dependent on coordination and harmonisation. Many ingredients need to be considered to make this work in practice (>>> see page 60). The (donor) EC response strategy towards coordination and harmonisation will have to be adapted to the respective country context. For instance, in countries with a strong commitment to decentralisation, donor support should easily follow and feed into national agendas and procedures. At the other extreme, one finds countries which are in their infancy with regard to decentralisation (including fragile and post-conflict states). The task at hand there will be to join forces to help creating the conditions for decentralisation to emerge.

38. The next function relates to supporting the various implementing agencies involved in the process. These might include technical assistance personnel, project implementation units, NGOs as well as European municipal associations. For an SPSP, it normally involves particular departments of a ministry or specialised public agencies. A key lesson learnt is to ensure that supporting implementation is done with a capacity development perspective in mind –so as to leave behind sustainable endogenous capacity (>>>for practical implications, see figure 23, page 63).

39. Last but not least, effective implementation hinges on information, communication and reporting systems. The role of 'communication' is particularly important in such transformation processes. It invites the various actors to go beyond traditional (top-down) communication patterns and to invest in multi-stakeholder learning processes. This puts a premium on communication as an exercise in listening, building trust, debating and learning from each other. All this is vital for creating ownership and nurture a change of norms, values and practices.

Chapter 6: Assessing outcomes and impact

40. In light of the current enthusiasm about decentralisation as a strategy for pro-poor political transformation processes, one might expect pronounced interest in the matter. However, the discourse so far on the advantages and benefits of decentralisation is a rather normative one. The D-group consultations suggest that the outcomes and impact of EC support programmes have not yet been analysed in a comprehensive and systematic manner.

41. Admittedly, it is not easy to get solid evidence of progress achieved with the decentralisation process itself and with related support programmes. There is no shortage of thorny questions to be addressed including: (i) why carry out assessments? (ii) what to measure (project or systemic outcomes)? (iii) how to assess progress? (iv) how to factor in the pervasive influence of the national political environment on the success of support programmes?

42. Yet EC Delegation staff have to show results for the growing amount of funds in support of decentralisation processes and programmes. A first source of inspiration is provided by some initial lessons learnt with assessing outcomes and impact. Experience suggests (i) the importance of agreeing on terminology among the stakeholders involved; (ii) the relevance of applying an 'open-systems perspective' to assess the evolution of the decentralisation process in a given country (>>> for practical implications, see page 68); (iii) the need for proper incentives to reform; (iv) the danger of being over-optimistic on quick results; and related to this (v) the time perspective needed to assess outcomes and impact.

43. A second source of inspiration is to be found in an increasingly documented set of innovative practices, tested out in different places, often at the initiative of local institutions (>>> page 70). Quite some progress has been achieved in elaborating toolboxes that allow for qualitative approaches to assessing the state of affairs of decentralisation. The search for relevant performance indicators is also ongoing at the level of the EC (>>>see Annex 11, page 107) and policy fora such as the OECD Development Assistance Committee (>>> see page 72).

44. However, several major challenges remain to be addressed. These include (i) earmarking more funds to evaluations; (ii) adopting a flexible approach to working with performance indicators; (iii) combining performance-based assessments with fair treatment and predictable aid flows; (iv) sharing local governance evaluation practices and tools.

Chapter 7: Enabling the European Commission

45. According to EC policy documents, governance is all about supporting locally driven processes of societal change at various levels (political, institutional, social and economic). It touches on norms, values and rules for exercising power, on state-society relations, on vested interests and lines of accountability. Decentralisation is part of this transformation agenda. Donor agencies wanting to influence these governance processes have to be properly enabled to do so effectively. The D-group consultation reveals the need for strengthening of the European Commission.

46. A first capacity to be strengthened relates to the role as a 'change agent'. Donor agencies intervening in decentralisation processes are not neutral players, but 'actors' themselves, with the potential to perform as a positive 'change agent'. In several instances, the European Commission is already adopting this approach (>>> for examples see Box 39, page 76). In practice, the change agent role often boils down to 'walking a tightrope' and to 'promote reform without being pushy' (>>> for trips and tricks see Box 41, page 77).

47. Second, there is a need to strengthen the EC capacity to ensure coordination, complementarity and coherence. There are plenty of good reasons for donors to join forces (to address the various components of the decentralisation system; to ensure ownership; to exercise leverage, etc.). Yet in practice, decentralisation remains marginalised in the political dialogue while there is generally no shortage of fragmentation and inconsistencies in donor support. However, there are also indications that the Paris Declaration on Aid Effectiveness is giving a new impetus for multi-donor collaboration in supporting country-owned decentralisation processes (for examples see Box 40, page 78).

48. A third area of concern is the whole question of suitable management approaches, processes and procedures. Supporting decentralisation is a different type of business than constructing infrastructure. It implies engagement in a highly political, unpredictable reform process, with uncertain outcomes and impact. For the EC to intervene efficiently and effectively in decentralisation, it needs adequate management approaches, flexible procedures (allowing for quick response capacities or for ongoing adaptation of support provided) as well as the right 'incentives' to take risks. The D-group consultations confirm the existence of a number of institutional constraints to effective delivery of decentralisation support but also some promising attempts to go beyond traditional project approaches (>>> see page 78).

49. A fourth capacity to be strengthened relates to the European Commission as a 'learning organisation'. This is a must if the EC has the ambition to be a major player in support of complex, country-specific, multi-actor processes such as decentralisation. In practice, it means investing in (i) improved learning on the ground (with the various actors involved as the programmes move on); (ii) internal capacity development (to further complete and refine the EC policy frameworks, approaches and tools).

Introducing this Reference Document

EuropeAid

This Reference Document targets donor agencies and, more particularly, EC staff working at headquarters and in the Delegations.[1] It seeks to provide strategic and operational guidance on:

(1) how best to support processes of decentralisation and local governance in third countries,

(2) how to ensure that EC sector support strategies (e.g. in health and education) take into account and (indirectly) reinforce ongoing decentralisation processes.

[1] The analysis is therefore based on the development partner's point of view.

Introducing this Reference Document

Growing demand for guidance

The European Commission (EC), much like other donor agencies, is providing growing levels of funds to support decentralisation and local governance in many parts of the world.[2]

Yet this is still a relatively new area of work for the European Commission. Not surprisingly, staff involved in direct support to decentralisation and local governance, struggle with many thorny 'how to' questions. Their colleagues in charge of sector support are also confronted with the need to adapt their interventions to an increasingly decentralised environment.

To respond to these needs, the Governance, Security, Human Rights and Gender Unit and the Aid Delivery Methods and Training Programme of EuropeAid requested the elaboration of a Reference Document on the subject. The European Centre for Development Policy Management (ECDPM), an independent foundation specialised in EU/EC-ACP cooperation, carried out the assignment between April and December 2006 following a participatory methodology (see further).

What is the purpose of this Reference Document?

This Reference Document was conceived as a practical tool to help EC staff:

- to better understand complex decentralisation and local governance processes;

- to support the formulation and implementation of nationally and locally owned decentralisation policies (in close collaboration with other partners);

- to improve coherence between the sector support being provided by the European Commission and ongoing decentralisation processes;

- to strengthen the overall knowledge base and capacity of the European Commission to intervene in this area;

- to inform the work of the Aid Delivery Methods Training Programme, including through the development of a training programme on decentralisation and local governance (to be further tested and elaborated through interactions with EC staff in the various regions).

Work in progress

It is important to stress, right from the start, that this Reference Document represents a first structured attempt to better grasp ongoing EC efforts in support of decentralisation and local governance; to identify emerging lessons from experience; and to distil, on this basis, an initial set of operational guidelines to improve projects and programmes in support of decentralisation. As a result, this paper should be seen as a 'work in progress' (to be continued in close dialogue with EC Delegations, headquarters units, other donor agencies and the various local actors).

There are good reasons for such a prudent approach:

- Decentralisation and local governance are vast topics, cutting across disciplines, embracing different levels of intervention and covering a wide range of political, institutional, socioeconomic, cultural and technical dimensions. All of these aspects cannot possibly be covered in a single paper providing operational guidance to EC staff in the field.

- The diversity and dynamics of decentralisation processes across regions and countries do not allow for standard support strategies. What works in one country is not necessarily appropriate somewhere else. It therefore makes little sense to present a 'cookbook' with recipes based on one-size-fits-all models.

- There is not yet a comprehensive EC policy framework to underpin its support to decentralisation and local governance, nor is there a body of well-documented (good) practices and tested tools readily available. Much like other donor agencies, the Commission is experimenting with new approaches (e.g. using sector budget support for decentralisation) and learning on the job. More time will be required for this to lead to a solid and institutionalised body of knowledge and more specific EC policy positions.

These limitations informed the methodological choices made in producing this paper, including the following:

➤ Bottom-up participatory approach. For such a Reference Document to be relevant, it has to be conceived and elaborated through and with the 'frontline actors' in the EC Delegations. To this end, the EC Learning Network on Support to Decentralisation and Local Governance was set up. This ad hoc network managed to connect more than 100 Delegation staff in all regions as well as key experts from DG Relex, EuropeAid and DG DEV in a discussion group (or 'D-group') on the subject under consideration.[3] In this process, EC staff provided a remarkable stream of inputs. The concern for a participatory approach was also reflected in the

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[2] For a list of EC programmes and projects in support of decentralisation and local governance processes, see Annex 1.

[3] Dgroups is an initiative of Bellanet, DFID, Hivos, ICA, ICCO, IICD, OneWorld, UNAIDS, and the World Bank, which currently supports more than 1600 different groups. For more information, see: http://www.dgroups.org

Box 1: Workshop with EC Delegation staff (Brussels, 4-6 October 2006)

The workshop brought together EC officials and technical experts from 18 countries covering all regions as well as several EC units at the headquarters level. It had three major objectives: (i) to facilitate an open-ended exchange of experiences on how to promote decentralisation and local governance, often in 'hostile environments'; (ii) to serve as a 'test-case' for possible training courses the Commission may organise on the subject; and (iii) to gather comments and suggestions for improving an initial draft of this Reference Document.

execution of three field visits (Guatemala, Honduras and Kyrgyzstan) as well as in the the organisation of the Workshop on Decentralisation and Local Governance (Box 1).

➤ Selectivity. This paper does not address all of the burning questions readers may have. What it does provide is information about interesting research, useful links and specialised websites. Readers are also advised to take into account other major policy documents developed by EuropeAid, such as the Guidelines on EC Support to Sector Programmes, the Guide on Budget Support in Third Countries, the Draft Handbook on Good Governanceand, the Concept Paper on Institutional Assessment and Capacity Development: Why, What and How.

➤ Learning from a variety of sources. It makes little sense to produce a Reference Document purely from the EC perspective. For this paper, efforts were made to mobilise other sources of knowledge on decentralisation (e.g. from multilateral and bilateral donors, specialised agencies in third countries and academia). The recent establishment of an informal donor coordination working group on local governance and decentralisation (on the initiative of the European Commission and KfW Entwicklungsbank) was particularly helpful in this regard.

Navigating this Reference Document

In order to address both the conceptual and operational concerns, this paper is structured around seven major (inter-related) challenges that EC staff are likely to face when providing support to decentralisation and local governance in third countries or when trying to adjust sector support to an increasingly decentralised environment.

- Chapter 1 looks at the rationale for investing in decentralisation and local governance processes. The chapter examines why decentralisation is so popular nowadays, considers risks and opportunities, briefly analyses the initiatives that the Commission is currently supporting on the ground and presents some key challenges for future support.

- Chapter 2 seeks to clarify the conceptual confusion that often characterises the field of decentralisation and local governance. It introduces the different dimensions of a decentralisation process and stresses the need to adopt an 'open-systems' perspective in sorting out possible support strategies.

- Chapter 3 explores the complex and conflict-ridden decentralisation 'arena', particularly focusing on accountability, which lies at the heart of the decentralisation process, and on the role of civil society. It proposes a set of guiding principles for external partners to engage with decentralisation processes.

- Chapter 4 dives into the strategic and operational challenges of programming, identifying and formulating a proper EC response strategy for both direct support to decentralisation and local governance and indirect support provided via other sectors.

- Chapter 5 focuses on some of the key challenges of ensuring effective implementation of EC support programmes.

- Chapter 6 looks at the specific challenge of assessing outcomes and impact of support programmes to complex and volatile processes such as decentralisation and local governance, where results are likely to be evident only after an extended period of time.

- Chapter 7 discusses ways and means of enabling the European Commission to effectively act as a change agent in decentralisation processes.

Chapter 1   *Why invest in decentralisation?*

This Chapter:

- explains the main 'push factors' behind the rising interest in decentralisation,

- describes how current decentralisation processes differ from earlier waves,

- reviews the risks and opportunities of engaging with decentralisation,

- briefly analyses what type of support the European Commission is providing,

- presents the major strategic and operational challenges faced by EC Delegations.

1 Why invest in decentralisation?

1.1 Why is decentralisation high on the development agenda?

Since the 1990s, decentralisation has gradually gained prominence. Whether by own choice or as a result of external pressures, the large majority of third countries are currently involved in some form of decentralisation, with varying degrees of commitment and success. These processes are fundamentally altering the institutional landscape in third countries. They are adding a new sphere of government at the local level, with (elected) local authorities bound to operate close to citizens and mandated by law to provide a wide range of public goods and services.

A number of push factors have contributed to this evolution:

- the erosion of the highly centralised 'developmental state' in the late 1980s;

- the rediscovery of the 'local dimension' of development and related recognition of local governments' potential role and added-value in promoting local development and contributing to the achievement of the Millennium Development Goals (MDGs);

- the quest for improved efficiency in the delivery of basic social services (health, education, water and sanitation, etc.), especially in reaching out to poor people;

- the global imperative for democratisation and good governance, which has fuelled societal demands for local democracy and accountable local governments;

- the rise of participatory development approaches that allow a wide range of new actors to express their voice and have a stake in policy processes, with local governments, in particular, lobbying to be recognised as a dialogue partner (at all relevant levels) and as aid beneficiary;

- the need to cope with the dual challenge of managing the exponential urban growth in most developing countries while ensuring proper spatial development and regional planning, (including appropriate linkages between cities and rural areas with a view to enhancing local economic development);

- changes in EC aid modalities aimed at supporting national policies and strategies; the result being that the European Commission is increasingly seeking to respond positively to countries that define decentralisation as a political priority;

- a wide range of other push factors, such as Agenda 21 (on sustainable development) and the concern to protect local economies against globalisation.

The precise mix of factors pushing decentralisation processes tends to vary from region to region. In Latin America, where local governments have long existed but were poor, weak and often led by centrally appointed mayors, decentralisation has been a key component of a transition to democracy. In Eastern Europe and the former Soviet Union, it has been part of the political and economic transformation process from a socialist system to a market economy. In Africa, decentralisation has often been promoted to consolidate national unity (e.g. in Mali) or to ensure more effective delivery of services in the framework of poverty-reduction strategies.

1.2 What is different compared to previous attempts?

Decentralisation is not new. The term has been used since the early 1950s for a wide range of institutional reform programmes. In post-colonial Africa, for instance, decentralisation was attempted in a range of countries. However, many of these efforts failed to live up to their initial promise. In some countries, reforms were used by autocratic regimes as a means of tightening their grip over rural areas and became a tool of oppression. In other countries, the reforms never went beyond their initial stage, thus creating local authorities without democratic legitimacy or genuine powers for local decision-making and self-governance. However, the current wave of decentralisation is considered to be qualitatively different (Figure 1).

In essence, the shift boils down to the fact that decentralisation is no longer reduced to a public-sector phenomenon. The reform agenda has been considerably broadened:

➤ Conceived in a context of democratisation, the new decentralisation strategies claim to favour 'devolution' of power and resources to elected local governments as a distinct set of state actors, with an own identity, legitimacy and added-value in the development process. Thus, the new strategies seek to decentralise part of the management of public affairs to democratically elected entities that are accountable to citizens.

➤ The purpose is not only to put in place effective local governments, but to promote 'local governance'. This implies a different way of exercising local power, based on principles such as participation, transparency and

Figure 1: The new 'wave' of decentralisation

Earlier waves of decentralisation were generally restricted to re-organization and task division within the public sector (de-concentration)

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1990s: recent wave of decentralisation

Promotion of a new decentralisation model based on four building blocks:

| Local democracy: devolution of powers to elected local bodies enjoying relative autonomy | Local governance: based on civil society participation and downward accountability | Local (economic) development including pro-poor decentralised service delivery | State modernization and overall public sector reform |

accountability. It means going beyond the 'vertical' decentralisation of power, responsibility and resources from the central to the local level in order to promote a 'horizontal' process aimed at ensuring a participatory management of local affairs, with a key role for civil society. This entails the need to integrate principles of gender equality[4] to ensure that the potential benefits of decentralisation are equally shared by both women and men. It also calls for a wide range of institutional innovations (such as the introduction of participatory budget processes).

➤ The current wave of decentralisation is closely linked to the emergence of a new paradigm of local (economic) development. This new paradigm calls upon the different actors in a given territory to join forces in order to promote sustainable local development processes, with a strong focus on (re)activating the local economy. In these processes, a special role is reserved for local governments as 'catalysts' in fuelling collaboration between local actors and in defending local interests at higher levels of governance.

➤ The new decentralisation model reintroduces the notion of territorial (regional) planning (aménagement du territoire), which should help to place local development planning in a broader spatial perspective. This makes it possible to take into account potential social and economic synergies between urban and rural municipalities and to promote cooperation between different municipalities.

➤ Last but not least, the new decentralisation strategies are embedded in broader reforms of the state. The question is not simply 'who is best placed to provide what service'. In most developing countries, the decentralisation debate raises more fundamental questions on what type of state is needed in the 21st century, on ways and means to improve state-society relations and on the necessary adaptation of the central state to both regionalisation and decentralisation trends.[5]

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[4] Innovative thinking and action are taking place in this area, including on (i) gender equality in political representation; (ii) decentralisation as a tool to increasing women's access to services; (iii) and decentralisation as a means for effective women's participation in a more gender balanced allocation of local resources. For further guidance see the thematic note prepared by the Gender Help Desk, Gender in Public Administration Reform and Administration (see Annex 2). Other relevant sources are the INSTRAW website on gender and governance (http://www.un-instraw.org/en/index.php?option=content&task) as well as the work of UNIFEM (www.unifem.org) and other gender networks at various levels (global, regional, national).

[5] This broader perspective is crucial in the case of failed or fragile states, characterised by a lack or near lack of state structures (including de-concentrated services) as well as pervasive patrimonial management of authority. In these countries the task at hand is to enhance access to services while building state systems and capacities. This generally requires an overall rethinking of the state concept, its institutional foundations, underlying values and norms and modus operandi. For an interesting and fairly operational overview of key challenges see Berry, C, Ali Forder, Sonya Sultan and Magui Moreno-Torres, Approaches to Improving the Delivery of Social Services in Difficult Environments. PRDE Working Paper 3. October 2004. UK Department for International Development.

1.3 What are the opportunities and risks?

Decentralisation has quickly become a new development mantra. Some believe it is intrinsically a good thing to do in all circumstances. Alongside supporters, however, there is no shortage of sceptics. Table 1 presents both perspectives.

A more prudent and promising approach is to adopt a detached and pragmatic stance towards decentralisation (Figure 2). To this end, it is important:

- to properly assess risks and opportunities with decentralisation processes,

- to take into account lessons from experience.

Assess risks and opportunities

As Figure 2 shows, opportunities and risks tend to be two faces of the same coin; they mirror each other. In practice, the task for donor agencies is to make the most of the opportunities existing in a given environment while minimising potential risks. Annex 3 presents a more elaborate table of potential opportunities and risks associated with decentralisation and local governance.

Take into account lessons from experience and research findings

Decentralisation is often seen as a panacea for addressing a wide variety of development challenges: rebuilding the state, combating corruption, restoring trust in government, promoting more inclusive forms of governance and fighting poverty. In practice, things are not so straightforward. Sobering lessons from experiences with decentralisation must be kept in mind:

➤ **Lesson 1: Politics is central to the process.** Decentralisation and local governance are profoundly political processes. They touch upon the core foundations of a polity and a society, relate to the distribution of power and control of (scarce) development resources and are at the heart of the accountability system for delivering essential services to populations. Engaging with decentralisation then requires a fairly sophisticated capacity to deal with the politics of such a transformation process.

➤ **Lesson 2: Commitment for reform is a key question.** In some countries, a major gap is observed between stated policies on decentralisation reforms and commitment to their effective implementation. In some cases one can even speak of 'virtual' decentralisation processes.[6] This obviously limits the role and influence of donors in advancing reforms. Experience shows how difficult it is to influence the deep structures and norms in society, which are instrumental in perpetuating inequitable power relations.

Table 1: Two perspectives on decentralisation

Some reasons to support decentralisation	Some reasons to stay away from supporting decentralisation
• "elections are fair and free and a local competitive political system will emerge"	• "the governance conditions are such that we will only create another layer of state inefficiency"
• "resources will be made available from the central state or from local taxation"	• "decentralisation is too costly a process (including a risk of fiscal indiscipline), so most countries (especially small ones) cannot afford it"
• "decision-making on local plans and priorities will take place at local level, not at the centre"	• "decentralisation should not take place before the necessary capacity exists at central level "
• "the new democratic system at local level will be able to cope with alternative (traditional) sources of authority"	• "decentralisation will lead to a clash between different sources of power and legitimacies"
• "citizens will be able to exercise voice in the management of local affairs"	• "there is not enough social capital at local level to promote effective engagement in local affairs"
• "decentralising service delivery leads to better results that benefit poor people"	• "decentralisation has uncertain impact on poverty reduction"

[6] One good indicator of commitment is the amount of resources that flow to the local level (e.g. 1% of total revenues in Costa Rica, 3% in Jordan).

Figure 2: Assess risks and opportunities

Potential advantages and risks with decentralisation

Advantages

Risks

Better service delivery

Local democratisation and local governance

Improved equity

Improved development and poverty reduction

Mismatch mandates and delivery capacity

Elite capturing and 'bad local governance'

Inter-jurisdictional disparities

Local development not supported by central policies

➤**Lesson 3: There are no ready-made blueprints.** A wide range of variables determines the extent, pace and consequences of decentralisation, as well as the effectiveness of external support to these processes. The same degree of decentralisation is not uniformly desirable across, or even necessarily within, countries or sectors. This puts a premium on the elaboration of customised and well-sequenced intervention strategies.

➤**Lesson 4: The knowledge base is relatively thin.** There is a great deal that we do not know about decentralisation. Evidence of impact and benefits (in terms of improved efficiency, governance, equity, development and poverty reduction) is still fragmentary. The growing body of multidisciplinary research on various aspects of decentralisation (e.g. the link with poverty-reduction strategies) shows a mixed picture of the potentials and possible positive impacts of decentralisation processes (more details in Annex 4).

➤**Lesson 5: There are several universal requirements for effective decentralisation.** Despite cross-country differences, there are several universal requirements for progress towards decentralisation: (i) some broad vision of what the decentralised system should be and what it is expected to accomplish over time, (ii) an initial framework that defines – in an adequate and

enforceable way – key components of the system and the linkages among them and (iii) a pragmatic strategy for bringing the system into existence and for adjusting and supporting its evolution over time. That last requirement is often neglected, even though it is probably the most vital element of successful reform.[7]

1.4 What support is the European Commission providing?

Over the last decade, the European Commission has engaged in domestic processes of decentralisation and local governance in various parts of the world. A growing number of Country and Regional Strategy Papers include programmes directly or indirectly related to decentralisation and local governance. Moreover, EC-supported programmes are increasingly sophisticated and mobilise substantial funding.[8]

This heightened interest in decentralisation and local governance has developed independently from specific EC policy frameworks on this subject (Box 2).

What is the European Commission supporting on the ground? A number of features can be observed:

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[7] This insight comes from Smoke, P. 2003. "Decentralisation in Africa: Goals, Dimensions, Myths and Challenges." Public Administration and Development. 23, 7-16.

[8] 'ACP Local Government Platform. 2005'. Local Government Participation in ACP-EC cooperation. An initial assessment and prospective. The survey found that 42 out of the 77 countries that signed the Cotonou Agreement foresee some form of financial support to local authorities or to the overall decentralisation process under the 9th EDF.

➤ **A variety of policy objectives.** Most EC support programmes seek to achieve a multiplicity of (interlinked) objectives. However, in essence two major motivations stand central: (i) poverty reduction through improved social service delivery and (ii) governance reforms.

➤ **A relatively high variety of possible 'entry points'.** EC support is provided under different umbrellas or 'entry points'. Sometimes the support is provided under the label 'policy support to decentralisation' or under the broader concept of 'good governance'. In other cases, it is focused on 'decentralisation of services', integrated into 'rural development' or specified as 'urban management'[9]. In several countries, one finds a combination of entry points to the subject (e.g. 'local governance' and 'support to decentralisation in specific sectors'), targeting a diversity of actors (central government agencies and local governments, as well as their associations and civil society) (see Annex 5 for an overview).

➤ **Entry points evolve over time.** In several countries, EC approaches to supporting decentralisation and local governance have gradually become more sophisticated as decentralisation processes have advanced and the EC has learned from experience. In some countries support has evolved from pilot projects and micro-project programmes in local development (7th and 8th EDF) to programme support to decentralisation (8th and 9th EDF), while the ongoing programming process (10th EDF) considers the use of budget support modalities for decentralisation and local governance.

➤ **Alignment of EC support to national agendas can be tricky.** The European Commission quite consistently seeks to align its support to national (PRSP) agendas, including when it uses project/programme approaches. This works rather well in countries displaying a genuine commitment to decentralise. In most countries, however, alignment is not evident, either because a national decentralisation strategy is missing, emerging, blocked or not truly supported by the political and administrative elites.

➤ **Strategic versus piecemeal approaches.** Desk analysis of existing support programmes reveals that some EC strategies are well conceived and properly coordinated. In other countries, assistance is less comprehensive and appears somehow more fragmented.

➤ **Diversity of support modalities.** Some countries display a well-considered mix of modalities to feed strategically into partner country's development processes. In other cases, this mix is not evident or clear.

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Box 2: EC policy documents on decentralisation and local governance

Although there is no specific EC communication on Decentralisation yet, the EC's commitment to supporting decentralisation and local governance is backed by recent policy documents that incorporate elements and issues related to decentralisation processes and local authorities roles and responsibilities.

- The EC Communication on Governance and Development (COM 2003, 615 final) recognises the importance of "decentralised power sharing" as well as the need to involve "municipal and other decentralised authorities" in national dialogue processes on governance.
- The EC Draft Handbook on Governance (2004) considers decentralisation and local governments to be one of six 'governance clusters' and offers guidance on how to provide effective support.
- The EC Communication on the EU Strategy for Africa: Towards a Euro-African Pact to Accelerate Africa's Development (COM 2005, 489 final) puts governance at the centre of the partnership relation. It recognises the governance challenge at the local level and calls for a "systematic dialogue with national governments and local authorities […] on how best to support decentralisation processes".
- The EC Communication on Governance in the European Consensus on Development: Towards a Harmonised Approach within the European Union (COM 2006, 421 final) acknowledges the existence of "different levels of governance (local, national, international)" as well as "the key role that local authorities can play in achieving the MDGs".
- The recently elaborated governance profiles for ACP countries also include indicators related to decentralisation.

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[9] This diversity of entry points makes it difficult to produce precise figures on how much EC funding is allocated to decentralisation and local governance.

1.5 No shortage of strategic and operational questions

The D-group consultations made it clear that EC Delegations across the world face thorny strategic and operational questions when engaging in decentralisation and local governance processes. Box 3 provides an overview of some of the most recurrent issues.

Box 3: Top ten challenges for EC Delegations

The following questions reflect the 'top-ten' concerns of EC Delegation staff across regions:

- What conditions need to be considered before engaging in support to decentralisation and local governance processes?
- How to promote genuine ownership of decentralisation reforms?
- How to usefully combine democratic decentralisation with de-concentration?
- When and how can budget support be used to support (trigger) decentralisation?
- What are suitable performance indicators (especially in Sector Policy Support Programme (SPSP) approaches and budget support to decentralisation), and how should they be negotiated, monitored and evaluated?
- When and how should the Commission participate in funding schemes in support of decentralisation and local development?
- How to build sustainable local institutions and capacities?
- How to promote viable political processes at the local level (e.g. through civil society participation and adequate accountability mechanisms)?
- How can sector support programmes (indirectly) reinforce the decentralisation agenda?
- How can the overall EC capacity to deliver effective support to decentralisation and local governance be strengthened (in terms of policies, intervention strategies, approaches, instruments, capacities and procedures)?
- How to implement the Paris Declaration on Aid Effectiveness in supporting decentralisation and local governance?

Chapter 2

Main concepts and the 'open-systems' approach

This Chapter:

- briefly reviews the different types of decentralisation,

- considers related concepts such as 'local government', 'local governance', 'local (economic) development' and 'territorial planning',

- stresses the need to start from decentralisation realities as manifest on the ground,

- proposes the use of an 'open-systems' perspective on decentralisation and local governance processes,

- reviews the pros and cons of considering decentralisation a 'sector'.

2 Main concepts and the 'open-systems' approach

2.1 Unpacking the decentralisation process

A myriad of notions surround decentralisation. They originate from a rich variety of public administration cultures, traditions and history. Some of the terminology – although sounding similar – can even have different meanings in different parts of the world. If not properly understood, one risks getting lost in a jungle of expressions and terms.

Let us start with the overall concept of 'decentralisation'. Not surprisingly, there is no universally agreed definition of this broad notion across regions, agencies and actors. Table 2 reviews definitions used by some of the major donor agencies.

What is noticeable is that the core elements of these selected definitions may be quite consistent (e.g. the notion of a transfer of responsibilities to sub-national levels). Yet there are also important variations. The French approach clearly focuses on the political objectives of decentralisation as well as on 'territorial cohesion'. This suggests that decentralisation is both an end in itself and a means to an end in French development policy. The other two definitions seem more technocratic, emphasising the functional dimension of decentralisation (e.g. 'who is best placed to do what'), with UNDP choosing "subsidiarity' as

the linchpin of its approach. One could argue that these definitions see decentralisation as a means to an end rather than as an end in itself.[10]

As far as the European Commission is concerned, there is a preference to focus pragmatically on the functional dimensions of decentralisation. For this reason, this section first addresses three different types of decentralisation (political, administrative and fiscal) and related concepts (i.e. 'local government', 'local governance', 'local development' and 'territorial planning'). For each of these 'building blocks' of decentralisation processes it provides core definitions (as would be found in textbooks) and identifies key ingredients that should ideally be considered and addressed in EC support programmes.

Watch out!!!! The definitions presented in this section may help to clarify decentralisation from an analytical perspective. Yet readers should be aware that these definitions are not neutral, but reflect a normative approach to decentralisation and local governance. Taken together, these definitions imply a model of democracy, accountability and legitimacy largely premised on Western liberal traditions. In the reality of many developing countries, the process and practice of decentralisation can differ substantially from these definitions, given the historical and cultural context. In many developed and developing countries, the formulation and implementation of decentralisation and local governance processes are

Table 2: Definitions of decentralisation compared

Agencies	Core definition of 'decentralisation'
World Bank (website: publicsector/decentralisation/ what.htm)	Decentralisation is the transfer of authority and responsibility for public functions from the central government to intermediate and local governments or quasi-independent government organisations and/or the private sector. It is a complex multifaceted concept. Different types of decentralisation should be distinguished because they have different characteristics, policy implications and conditions for success. Types of decentralisation include political, administrative, fiscal and market decentralisation.
UNDP (2004) Decentralised Governance for Development: A Combined Practice Note on Decentralisation, Local Governance and Urban/Rural Development	Decentralisation refers to a restructuring of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity. Based on this principle, functions (or tasks) are transferred to the lowest institutional or social level that is capable (or potentially capable) of completing them. Decentralisation relates to the role of and the relationship between central and sub-national institutions, whether they are public, private or civic. There are four main types of decentralisation: political, fiscal, administrative and divestment.
French Cooperation French development policies on local governance	Decentralisation is part of democratic governance. It is intended to give local authorities their own resources and responsibilities separate from those of central government, to have their authorities elected by local communities and to ensure a better balance of power throughout the territory. Decentralisation brings the decision-making process closer to citizens, encouraging the emergence of local-level democracy. It aims to achieve socioeconomic development in sectors that often suffer from over-centralised decision-making. It encourages territorial cohesion and the anchoring of democracy. It also contributes to fighting poverty.

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[10] For the World Bank, for instance, decentralisation can be a means (i) to improve overall governance; (ii) to bring about pro-poor service delivery; (iii) to reduce poverty; (iv) to fight corruption.

Box 4: What is devolution?

Devolution is an arrangement or a process in public administration in which distinct bodies are created by law, separate from the central administration, and in which local representatives – either elected or appointed by the population – are (progressively) given powers to decide on a variable range of public matters and (progressively) gain access to resources which can be utilised at their discretion. The political base is the locality, and powers are devolved. The main objectives of devolution are political – reshaping the political landscape by redistributing power and in so doing deepening democratisation and local participation. It is a long-term institutional transformation process. But it also seeks to improve overall government performance in the delivery of key services and functions by bringing government closer to the people. Devolution exists if local entities have substantial authority to hire, fire, tax, contract, expend, invest, plan, set priorities and deliver services.

adopting a broad, 'open-systems' perspective on decentralisation and local governance.

The second part of this chapter explains what an open-systems approach entails.

2.2 Dimensions of decentralisation and related concepts

'Political', 'administrative' and 'fiscal' decentralisation are terms used to classify the different types or dimensions of decentralisation.

2.2.1 Political decentralisation

What does it mean?

Political (democratic) decentralisation normally refers to situations where political power and authority has been partially transferred to sub-national levels of government. The most obvious manifestations of this type of decentralisation are elected and empowered sub-national forms of government ranging from village councils to state-level bodies. Devolution is considered a form of political (democratic) decentralisation (Box 4). In contemporary discourse and practice, political decentralisation is often perceived as the only true mode of decentralising government, bringing with it such benefits as local democracy, participation in local affairs and accountability of local officeholders.

strongly affected by existing power relations between different levels of governance, as well as by changes in government. As a result, central ministries and centrally employed civil servants often retain a high degree of authority over local authorities. Moreover, local personnel need more training and resources in order to be able to adequately function in their new roles. Public participation and demands for accountability by local citizens can further drive the consolidation of local governance. Finally, a wide range of cultural specificities and conditions (which are not always well documented) complicate the local governance picture, such as traditional forms of governance, and forms of customary consultation and decision-making. For example, a plurality of parallel legal systems can exist, such as the use of customary law alongside Islamic and modern law.

For an informed decision-making process in a hugely varying set of country conditions, it is crucial to look beyond normative concepts and start from the decentralisation realities as manifest on the ground. This, in turn, means

Figure 3: Political decentralisation

- Existence of bodies separated by law from centre
- Adapting public institutions to decentralised context
- Free and fair elections
- Organisation of downward accountability
- Devolution of power to local governments
- Local autonomy to programme and spend (own) resources
- A well-developed and inclusive local political process (participation)
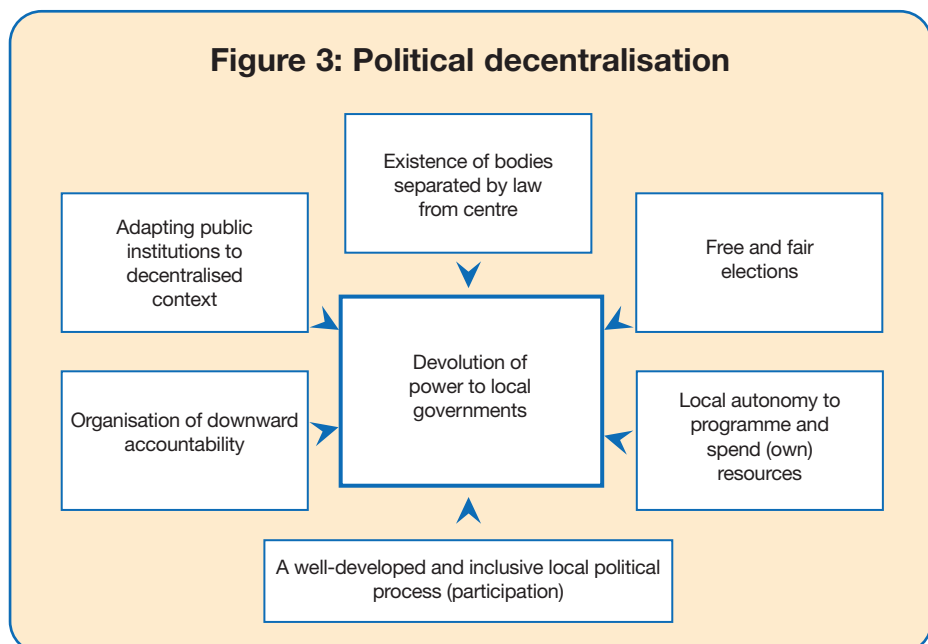
What are the key ingredients?

Political decentralisation is all about creating space for local governments to understand and act on the needs and preferences of local people. This, in turn, requires an interlocking set of reforms, as the 'ingredients' listed in Figure 3 illustrate.

Most of these reforms are pretty obvious. However, the required adaptation of public institutions to a decentralised context perhaps merits particular attention. When political decentralisation is promoted, the role of central sector ministries is expected to shift towards policy formulation, guidance, standard-setting, monitoring and budget supervision. The functioning of other public bodies (e.g. municipal investment agencies) must therefore also be adapted to a decentralising environment and the existence of local governments with their own prerogatives. In practice, this type of restructuring often constitutes a major bone of contention and obstacle.

2.2.2 Administrative decentralisation

What does it mean?

Administrative decentralisation aims at transferring decision-making authority, resources and responsibilities for the delivery of a select number of public services, or functions,[11] from the central government to other (non-elected) levels of government, agencies or field offices of central government line agencies. Administrative decentralisation is associated with three possible variants, each having different characteristics: (i) de-concentration, (ii) delegation and (iii) divestment, which relates to the privatisation of functions

and services, (see also Box 5). Administrative decentralisation is often part of civil service reform and is generally perceived as the narrowest form of decentralisation because local institutions to which tasks are transferred are not based on political representation controlled from below.

What are the key ingredients of administrative decentralisation?

Administrative decentralisation refers to the institutional architecture on which decentralisation is built. Advocates of de-concentration emphasise the 'institutional poverty' of local governments and their reliance on central skills and resources to function. They also stress the need to provide effective guidance for local administrators. The potential benefits of de-concentration are largely managerial but nonetheless potentially crucial for improved development impact.[12] Figure 4 sets out the main 'ingredients' of administrative decentralisation. Ideally, these should complement the reforms listed under political decentralisation.

Each of these ingredients entails major strategic and operational challenges. Particularly in the poorest countries, the physical existence of the basic infrastructure that municipalities need to function is the first major hurdle. The challenge of local-level capacity building is obvious, and a wide range of actors can contribute to this (including European municipalities involved in twinning programmes). Other elements are of a 'softer' nature yet no less challenging. The effective functioning of decentralisation processes depends to a large extent on the negotiation of and adherence to a clear set of rules regulating intergovernmental relations.

Figure 4: Administrative decentralisation

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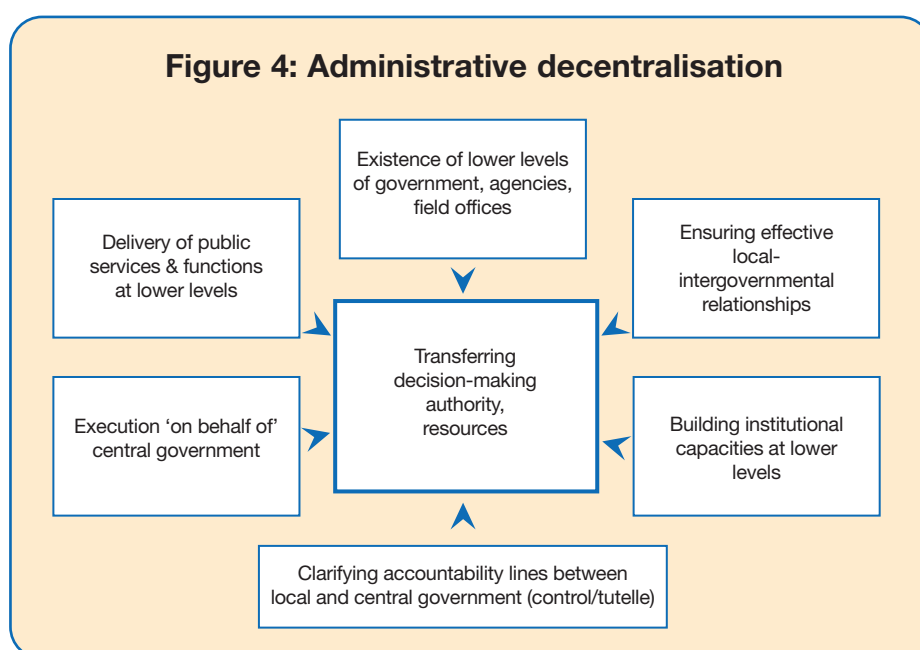
[11] One sometimes finds references to functional decentralisation in the literature in discussions of administrative decentralisation of state functions from central agencies to other intermediate or basic levels in a specific sector of public administration. Functional decentralisation is usually linked to administrative flexibility or to the distribution of state resources to lower levels of public administration.

[12] These benefits of de-concentration of responsibilities, resources and personnel can include (i) greater accessibility of officials, (ii) mobilisation of local resources, (iii) improved responses to local needs, (iv) motivation of field personnel (as they enjoy greater levels of autonomy), (v) interoffice coordination and (vi) central agencies focusing more on core tasks.

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Box 5: What is meant by de-concentration, delegation and divestment?

De-concentration is a process in public administration in which a field office, or official, or a central department or ministry acquires some degree of delegated authority to make decisions or otherwise regulate operations. The office or official is accountable to the central department or ministry for these decisions. The main objectives of de-concentration are (i) to improve administrative efficiency, (ii) to enhance service delivery and (iii) to ensure adequate central government representation and supervision at provincial and local levels. De-concentration occurs when local entities act largely as the local agents of central government, manage personnel, expend resources allocated to them by central government authorities and remain accountable to higher levels in the hierarchy.

Delegation is a more extensive form of administrative decentralisation. It redistributes authority and responsibility to local units of government or agencies that are not always necessarily branches or local offices of the delegating authority (e.g. service agencies, public enterprises, housing authorities and semi-autonomous school districts). While there is some transfer of accountability to the sub-national units to which power is being delegated, the bulk of accountability is still vertical and to the delegating central unit. In the francophone context, delegation is generally seen as an instrument of de-concentration whereby the minister delegates tasks, responsibilities and resources to regional directors, who can then delegate to provincial directors or lower levels falling within the authority of the ministry.

Divestment is a term originating from finance and business, but is also used in the context of public administration. Divestment occurs when planning and administrative responsibility or other public functions are transferred from government to voluntary, private or non-governmental institutions. This often involves contracting out partial service provision or administrative functions, deregulation or full privatisation. For example, the provision of technical support to lower levels of government in the water sector via private companies instead of a national water ministry would be a form of divestment.

!!! Watch out !!!

The notions of devolution and de-concentration are both relevant to decentralisation contexts around the globe, including those in anglophone, francophone, lusophone and Spanish-speaking regions. But there are however some differences in the way in which the terms are used. In anglophone countries, decentralisation embraces both de-concentration and devolution, whereas in the French literature there is no specific term for devolution or democratic decentralisation. In Hispanic American and lusophone countries the word municipalización (municipalização also used, which is basically a form of devolution by which powers and responsibilities are transferred to municipalities (urban and rural)). In Russian-speaking countries, the concept of devolution is not easy to communicate, as no direct translation of the term is available.

2.2.3 Fiscal decentralisation

What does it mean?

Fiscal decentralisation[13] is possibly the most traceable type of decentralisation, since it is directly linked to budgetary practices. Fiscal decentralisation refers to resource reallocation to sub-national levels of government, including the delegation of funds within sector ministries to the de-concentrated levels. Arrangements for resource allocation are often negotiated between central and local authorities based on several factors, including interregional equity), availability of resources at all levels of government and local fiscal management capacity. Experience in fiscal decentralisation has led to a building of capacity in expenditure and revenue assignment as well as the design of fiscal transfer formulas and sub-national borrowing.

What are the key ingredients of fiscal decentralisation?

Figure 5 (page 18) describes the various key 'ingredients' that need be considered in designing a fiscal decentralisation system involving several levels of government.

Among these aspects, the likely impact of fiscal decentralisation is particularly important. It invites policymakers to focus on policy areas such as (i) economic efficiency, (ii) macroeconomic stability, (iii) income redistribution (inter-regional or interpersonal equity) and (iv) political efficiency.[14] Box 6 (page 18) looks at the forms that fiscal decentralisation can take.

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[13] The word 'fiscal' refers not only to tax revenues, but includes all other sources of financial revenues as well.
[14] The first three policy objectives are standard public finance concerns. However one should not neglect arguments related to the political efficiency gains of fiscal decentralisation (e.g. better informed citizens, opportunities for participation and the rooting of local democracy and governance practices).

Figure 5: Fiscal decentralisation

- Allocation of responsibilities among levels of government
- Assessing the impact of fiscal decentralisation
- Introduction of planning and budgeting cycle at decentralised level
- Central government control (upward accountability)
- Resources for local governments
- Allocation of various taxes among levels of government
- Fiscal transfer systems among different levels of government

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Box 6: What forms can fiscal decentralisation take?

Fiscal decentralisation transfers two rights to local governments: (i) funds (to deliver decentralised functions) and (ii) revenue-generating power and authority (to decide on expenditures). There are five major forms of fiscal decentralisation:

(i)   self-financing or cost recovery of public services through user charges,

(ii)   co-financing through which users participate in providing services and infrastructure through monetary or labour contributions,

(iii) expansion of local revenue through property or sales taxes or indirect charges,

(iv)   intergovernmental transfers that shift general revenues from taxes collected by the central government to local governments for general or specific users,

(v)   authorisation of municipal borrowing and the mobilisation of either national or local government resources through loan guarantees.

Combining the different ingredients of decentralisation

In designing, implementing and evaluating decentralisation processes, it is vital to consider the linkages between the three core dimensions of decentralisation (political, administrative, fiscal) and to decide which service provisions or administrative functions can be contracted out to the private sector or to non-governmental institutions (Figure 6).

Two major challenges arise in this regard:

- finding the right balance between political, administrative and fiscal decentralisation,

- deciding when to deal with each dimension in the course of a long-term decentralisation process.

In essence, there can be no effective decentralisation without addressing all three dimensions, as they are complementary and interdependent. In short, they need one another, as the division of power across different levels of government and society needs to stroke with fiscal responsibilities; administrative systems and procedures need to be in line with the execution of political power and fiscal tasks; and fiscal arrangements need to prevent a clashing of political and administrative powers.

In reality, this ideal interplay is rarely achieved, as the core dimensions each tend to pull in a different direction. Where political decentralisation is stimulated through the creation of distinct local government bodies, a process of devolving away from the centre is given space. This can create tensions with administrative decentralisation, which needs to ensure that central responsibilities and functions are executed at lower levels of government. Through this form of decentralisation, local entities act as de-concentrated agents of central government, providing services,

Figure 6: The gravitational tendencies of decentralisation

Deconcentration

Political Decentralisation

Devolution

Administrative Decentralisation

Delegation

Fiscal Decentralisation

Private sector/ non-governmental institutions

Divestment and Privatisation
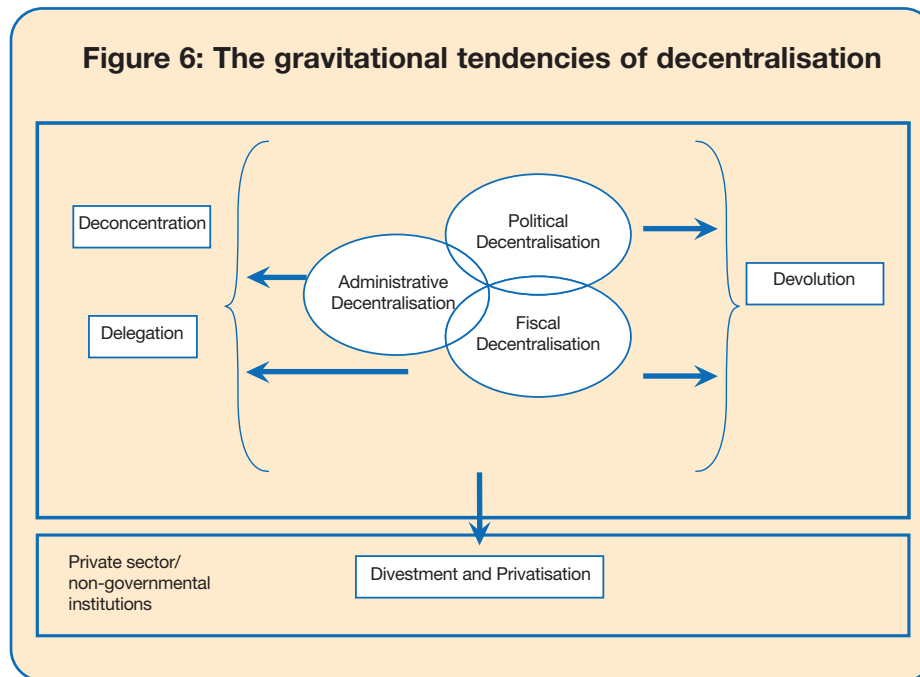
managing personnel and expending resources allocated to them by central government authorities. If carefully designed, fiscal decentralisation can act as a balancing arrangement to reconcile the potential gravitational tendencies of devolution and de-concentration.[15] Effective articulation of these three forms of decentralisation takes time, insight and willingness to experiment. Ideally, it is subject to a 'give and take' between the various powers within different levels of government and society, to be negotiated and re-negotiated over time within the legal frameworks set for the decentralisation process.

From the realities in developing countries we can also see that it might be opportune to address certain dimensions of the decentralisation process at particular points in time. In Mali, for example, a strong focus on political decentralisation emerged in the 1990s out of the Touareg Rebellion early in that decade. Only in the early 2000s were serious efforts made to reinforce the de-concentration of central government functions and services, in particular in poverty-reduction sectors. In Cambodia, on the other hand, the focus is on de-concentration, since for a variety of reasons, there appears to be little prospect of moving forward first on political decentralisation[16].

A key element of this discussion, reflected in Figure 6 above, is thus to recognise that the nature and sequence of decentralisation processes can vary considerably. This relates, first, to the very nature of the core dimensions of decentralisation and, second, to the contextual factors which are decisive.

2.2.4 'Local government'

What does it mean?

Local government is an umbrella term. We are not attempting to provide a definition as meanings can differ hugely depending on the part of the world one is dealing with. Taking this into account, local government can mean county, municipality, city, town, township, local public authority, a school district, regional or interstate government entities, or any agency or instrumentality of a local government. Despite this multiplicity of entities, it is useful to distinguish between two broad types of local government:

- local state administrations, which manage and run local affairs on a day-to-day basis;

- local representative bodies, such as municipal councils.

These latter are governance bodies that may either be directly or indirectly elected, as is the case of many local governments, or appointed, by a higher level government or community representatives. There are also mixed forms of governance bodies whereby some representatives are appointed and others elected.

What are the key ingredients when considering local governments?

The European Commission is gradually engaging with local governments as a dialogue partner (primarily through their regional and national associations), implementing agency

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[15] For example, with the division of tax collection rights and revenues between the centre and devolved local bodies or with establishment of fiscal transfer systems among the different levels of government.

[16] For more details, see Turner, M. (2003) "Whatever happened to de-concentration? Recent initiatives in Cambodia". In Public Administration and Development. 22, 353-364.

Figure 7: (Elected) local government
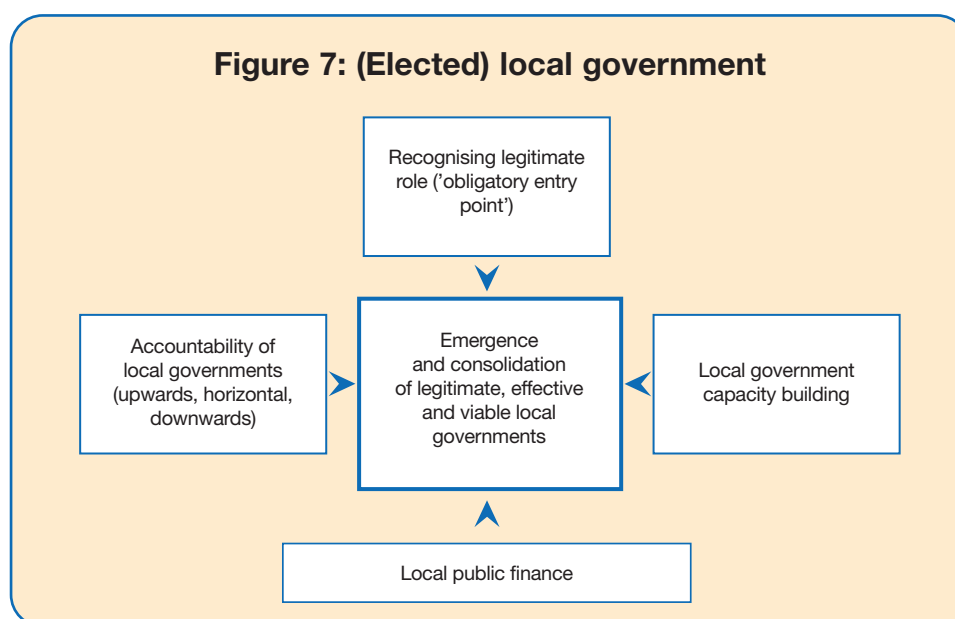
or direct aid beneficiary. Figure 7 sets out the ingredients to be considered in such processes.

These ingredients warrant further explanation:

• Recognising the legitimate role of elected local governments. Once decentralisation puts in place elected local governments, the different players should fully embrace this new institutional reality. Local governments should not be regarded as just another local partner, but as the principal (legitimate) agent of the local development process. This has major implications for the donor agencies intervening at the local level (e.g. on the nature and modalities of support to local civil society).

• Local government capacity. In most third countries, local government capacity building is a key condition for a successful decentralisation process. In this context, a distinction has to be made between internal and interactive capacities. Internal capacities are required to carry out the core functions of public-sector resource mobilisation and expenditure management. Interactive capacities involve local governments' ability to adapt to the changing role of the state and to perform in the multi-actor environment in which it must operate. In this model, the local authority is recognised as just one, albeit a major, element in a network of multiple actors that operates through cooperation and co-production with central government agencies, civil society organisations and the private sector. In practice, the two types of capacities are interdependent.

• Local public finance. The decentralisation of responsibilities must go hand-in-hand with the financial empowerment of local governments. Yet even in countries where decentralisation is well advanced, there are major shortcomings in meeting this essential prerequisite.[17] The establishment of sound local finance systems requires innovative approaches to funding municipal infrastructure and services, including changes in expenditure assignments ('who does what'), revenue assignments ('who levies what taxes') and a better balance between revenues and expenditures. Different paths have to be further explored including private-public partnerships, municipal bonds and direct access to international development funding.[18] There are no miracle recipes for moving forward in this respect. Intergovernmental transfers are often insufficient, irregular and delayed. Municipal borrowing also has limitations, because financial markets do not necessarily trust local governments and restrictions are often imposed by central governments concerned with controlling overall public debt levels. Probably the most promising way forward is the establishment of viable local tax systems. However, this area still needs to be further explored by donor agencies, including in terms of adequate support strategies.

• The accountability of local governments. Multiple accountability systems can be developed at the local level; this entails accountability to citizens, to state actors and to non-state actors. Experience suggests that accountability strategies are most effective when they are cumulative and combined; that is, they reflect a

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[17] Traditional shortcomings include (i) persistent weaknesses in revenue collection performance; (ii) absence of regular, established mechanisms for dialogue and negotiation between central and local governments; (iii) weak capacities to formulate realistic budgets and control expenditures (including timely submission of audited financial statements); (iv) inadequate attention to efficiency aspects of service delivery; (v) poor capacity to involve the private sector in service delivery and (vi) inadequate mechanisms for donor/ministry/local government coordination.

[18] For a recent survey , see Commonwealth Local Government Handbook 2006 which includes a policy discussion paper on local government finance, "Municipal financing: Innovative resourcing for municipal infrastructure and service provision" (published by the Commonwealth Local Government Forum).

mix of hierarchical control (by central government); internal controls (e.g. codes of conduct, internal audit mechanisms) and external controls (e.g. local elections, direct voice mechanisms). In this context, it is also crucial to look at links with poverty-reduction strategies. Experience suggests that local governments are not inherently 'pro-poor'. This raises major policy questions: Under what conditions will local governments redistribute resources in favour of the poor? What is the role of local government in administering revenue from services, including setting user charges, and how will this be 'pro-poor'? What can central agencies do to ensure that national poverty-reduction strategies are reflected at the local level?

2.2.5 'Local governance'

What does it mean?

Local governance is a less straightforward concept. As Box 7 highlights, understandings vary greatly. In the field, creating a common language and shared comprehension of what a viable local governance process entails among the different stakeholders is often a major challenge.

Generally two main axes stand central in the concept of local governance:

➤ responsive and accountable local governments (as key development actors and a nodal point for the delivery of services to the poor),

➤ a vibrant civil society (including the private sector), that is enabled to play its dual role as partner in development and as countervailing force (with the capacity to demand rights, transparency and accountability).

Box 7: Perceptions of local governance by local stakeholders

The following elements have been associated with the concept of 'local governance':

"action steered by local politicians with the involve-
 ment of civil society…"
"inclusion of village aspirations..."
"day-to-day transparency…"
"well-being of populations…"
"intelligent mobilisation of local resources…"
"responsible and equitable management with the
 support of the state, decentralised state structures"
"coordinated technical and financial support from
 development partners"
"respect for cultural values of solidarity and reliance
 on own strengths…"
"introduction of a good system of communication
 with villages, including through traditional methods
 of communication such as the 'parley tree'"

These perceptions shape a vision of local gover-
nance that is not centred exclusively on elected
politicians and administrations. The focus is also on
interactions amongst the institutions in charge of
managing local affairs and all relevant actors at the
local, intermediate and national levels.

Source: Focus group discussions with mayors in Benin (ECDPM, February 2005).

Figure 8: Local governance

These components help to shape a broad definition of 'local governance' the concept of in essence, local governance is about the way in which power and authority are exercised at the local level. Experience across the world suggests that local governance is the 'software' needed to ensure local government performance. Figure 8 (page 21) sets out the main ingredients on the local governance agenda. In this context it is interesting to mention the efforts of the Commonwealth to codify principles on local democracy and good governance (also known as the 'Aberdeen Agenda', see www.clgf.org.uk).

2.2.6 'Local (economic) development'

What does it mean?

Local (economic) development is an increasingly popular concept. Essentially it refers to a process by which a variety of local institutions and actors mobilise and work together to plan and implement sustainable local development strategies in a given territory. Support to decentralisation can also be pursued through complementary reforms aimed at creating strong linkages with local economic development and poverty reduction.

The overall purpose of local economic development is to build up the economic capacity and legal regulatory framework for a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners interact through dialogue and joint activities. The stimulation of healthy economic competition is part of the approach and can help kindle economic growth and generate employment.

There are many options to stimulate local economic development, which encompasses an improved local business investment climate; investments in (soft) infrastructure, sites and premises for business; encouragement of local business growth; and promotion of sector (and business cluster) development, area planning and assistance for low income or hard-to-employ workers.

Poverty reduction presupposes economic development but also equity. Decentralisation introduces the risk of regional and local differences in economic development. These have to be compensated by adequate fiscal policies.

What are the key ingredients of 'local (economic) development'?

Figure 9 sets out the main ingredients of local (economic) development.

Figure 9: Local (economic) development

- New generation of local economic development initiatives
- Acceptance of 'catalyst' role local governments
- Local coalitions in support of integrated local development strategies
- Impact of decentralisation decisions on the local economy
- Partnerships of local governments, private sector and communities in defined areas
- Link local level dynamics to processes at upper level
- Link local development and territorial planning

2.2.7 'Territorial planning' (aménagement du territoire)

What does it mean?

When promoting decentralisation, territorial aspects must be taken into account. In practice, this means looking at decentralisation from a territorial (spatial) planning perspective.[19] Support programmes to decentralisation often overlook this aspect, with major efforts being put into the transfer of resources without careful assessment of where these resources are meant to be spent (e.g. determination of the locations of health centres within a district). Francophone authors often make reference to l'aménagement du territoire. Territorial planning can be done at the national, district and municipal/local level.

What are the key ingredients of territorial planning?

Figure 10 sets out the main ingredients of territorial planning.

2.3 Seeing the broader picture: Adopting an 'open-systems' perspective

Getting acquainted with these definitions is a necessary but not sufficient step to engage with decentralisation and local governance processes. It is vital to look beyond normative (technocratic) concepts to view the broader picture of decentralisation processes as they evolve on the ground.

Similarly, the success of decentralisation processes depends on the positive interplay between these factors. They should, therefore, be considered as complementary aspects of a single system rather than as independent or mutually exclusive domains.

Figure 10: Territorial planning

- Assessing whether the territorial division of the country is conducive to decentralisation
- Promoting social and economic synergies between urban and rural municipalities
- Ensure provision of spatial planning information (in addition to sectoral information)
- Coordinating decentralisation with territorial (spatial) planning
- Linking administrative decentralisation with inter-sectoral coordination
- Creating 'regional hubs' to ensure articulation between decentralisation and territorial planning

Box 8: Taking territorial aspects of decentralisation into account

Until recently, inter-sectoral coordination had generally been attempted only at the national level. Subsequent allocation decisions were then made within each sector ministry. However, this was done without coordination (ideally with the lower administrative levels in the form of a planning and budgeting cycle). This makes it is unlikely that, for example, access to public services such as water or electricity would be available at the time and place they were needed. Elected or appointed officials at sub-national levels need spatial planning information in addition to sectoral information to ensure the necessary articulation between sectoral and territorial approaches to planning for development and to make the right planning and allocation decisions. Central and regional authorities also need to elaborate a vision on the most suitable forms of territorial planning for development.

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[19] This should not be confused with territorial decentralisation, another term found in the literature. It refers to the transfer of powers to an agency that has a specific territorial basis – a municipality, region or in some cases even a nation – which are granted a greater level of responsibility and control than it previously had, through a higher or more central level of government.

How can external partners willing to support decentralisation cope with the need for an integrated approach? The way forward lies in adopting an 'open-systems' perspective on decentralisation and local governance processes. This enables those involved to see the global picture and understand that decentralisation processes consist of different interacting and interdependent elements embedded in a particular political and societal context and influenced by regional and international trends. Figure 11 outlines a framework in which to view decentralisation as an open system.

This open-systems model shows:

- the three main dimensions of decentralisation (inner circle),
- the different 'ingredients' of the decentralisation process (as a system), both upstream (at the national level) and downstream (at the local level),
- the linkages between the component elements of the system,

- the possible external influences on the system, arising from regional and global trends (outer circle).

The idea of linkages is crucial in an open-systems approach. The strength and quality of the connections between the different parts of the system determine to a large extent the shape, orientation and outcomes of the decentralisation process. This has major implications for development partners (Box 9).

The open-systems approach was validated at a workshop with participants from EC Delegations. Valuable feedback was received, including on its possible use in real-life situations. The open-systems approach can help practitioners decipher a current situation (e.g. the dynamics of a process, trends, bottlenecks and existing donor support). It facilitates a broader systemic view on the main challenges ahead and can thus be used as a communication and advocacy tool within EC Delegations (especially during the project or programme identification phase).

Figure 11: Looking at decentralisation as an open system
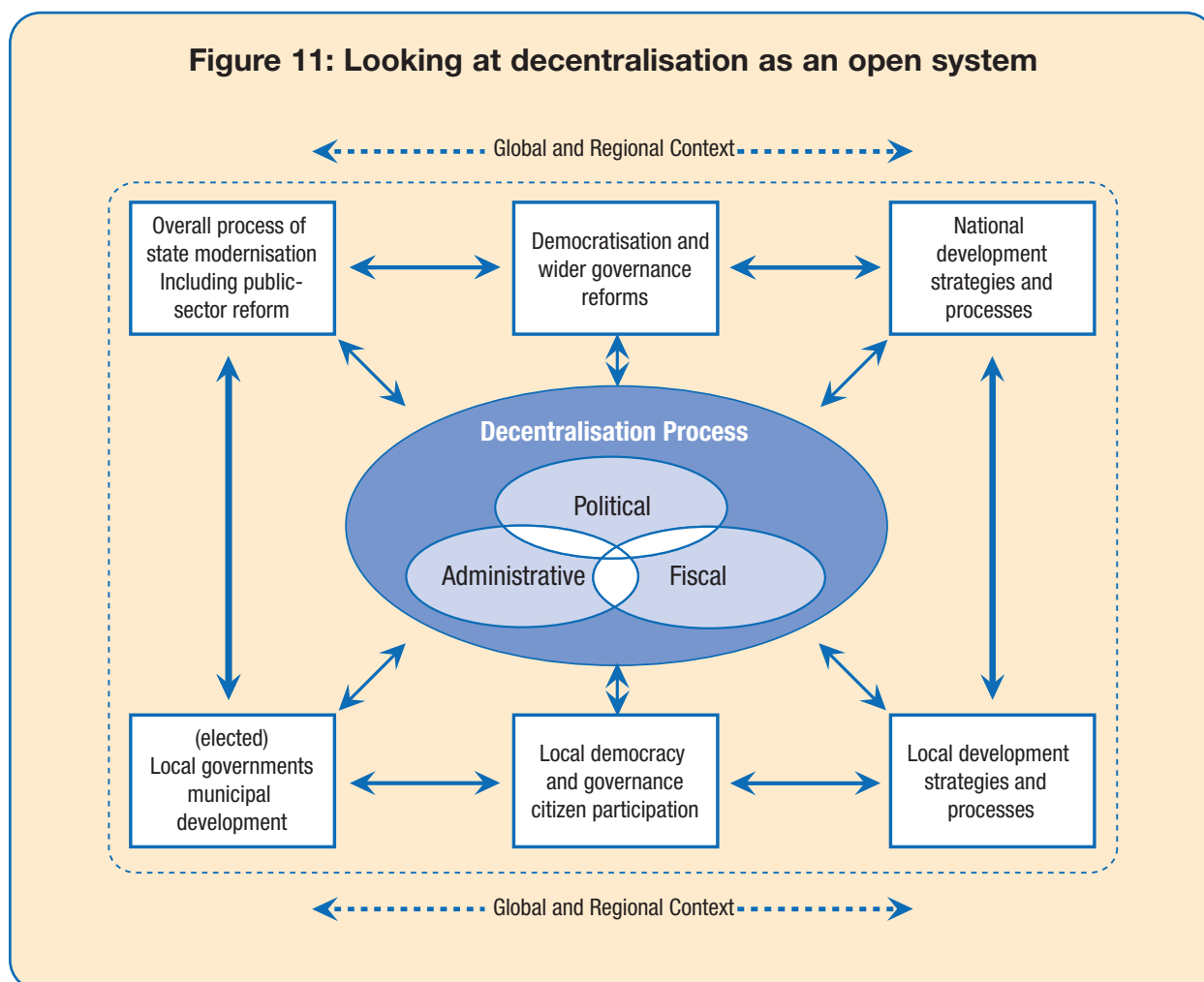
Box 9: Securing critical linkages

To enhance the effectiveness and impact of decentralisation support, development partners are well-advised to adopt a holistic approach, which enables them to see (and act upon) the linkages between different parts of a system. A few lessons illustrate the importance of such an approach:

- Efforts to promote political decentralisation are unlikely to succeed in the absence of administrative de-concentration and fiscal decentralisation (i.e. there is a risk of having communes without capacities and resources).
- Decentralisation attempts, in turn, are dependent on broader state and public-sector reforms, as well as progress in the democratisation and the governance of the country (i.e. flawed local elections will erode the legitimacy of local governments).
- As decentralisation is introduced, local governments and communities become enmeshed in a wider system of intergovernmental relations. Inadequate intergovernmental linkages can have a substantial constraining effect on sustainable local development.
- Strong linkages are needed between decentralisation as a 'political process' (generally driven from the top) and the myriad of 'local development initiatives' (pushed from below). These are required for the sake of coherence but also to ensure cross-fertilisation (i.e. experiences gained at the local level can be applied to refine the national policy framework).
- The road from establishing 'local governments' to ensuring effective 'local governance' is likely to be tedious. Local conditions and the extent to which ordinary people have access to information and can express voice affect both the level of 'elite capturing' and the local-central relationship (i.e. local officials may not devote energy to local affairs unless they are accountable to local communities).
- The currently prevailing aid paradigm stresses the importance of supporting domestic policies and reforms with adequate financing modalities (budget support). However, the times when central government was the sole producer of policies are over. There is now strong societal demand for participation of all relevant actors (including local governments) in the formulation and implementation of development strategies. This has led to the critical importance of articulation between national and local processes of elaborating development strategies.
- Many countries have a long tradition of donor-supported 'community-driven' programmes relying heavily on non-governmental organisations. The arrival of newly elected local governments, with their legally enshrined competences for local development, transforms (and upsets) the scene. For decentralisation to succeed, a harmonisation of agendas, roles and donor practices is required.

Nonetheless, it also has limitations and risks. For example, the approach should not be used to produce a static picture, as this contradicts the dynamic nature of decentralisation processes. Also, one should not forget the other dimensions of decentralisation that are not represented in the scheme (e.g. the various actors involved in the decentralisation, the role and place of sectors and other policies that may work against decentralisation in a given country). Neither should the open-systems perspective be used in a normative way. Rather, it is just one of a number of possible analytical instruments for the design and implementation of support programmes.

2.4 Can decentralisation be considered a 'sector'?

The question of whether decentralisation can be considered a sector is of huge strategic and operational relevance for EC Delegations, as it will largely determine the type of support to be provided, the approaches and the applicable financing modalities. Decentralisation is an ambiguous word because it refers to both a 'system' and a 'process'. As a system, 'decentralisation' means a 'decentralised system of government', in which a substantial share of power is granted to different governmental levels. As a 'process', 'decentralisation' means the process by which one moves from a centralised to a decentralised system of government.[20] But is 'decentralisation' also a 'sector'?

This question was widely debated during the workshop with EC Delegations, but no clear consensus was reached. The majority held the view that decentralisation cannot be considered a separate sector (like health and education) because:

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[20] Inspired from Prud'homme Rémy. 2003. "Fiscal Decentralisation in Africa: A framework for considering reform." Public Administration and Development, 23, 17-27 .

- Decentralisation permeates the different sectors.

- The position of the ministry in charge of decentralisation is different from that of traditional sector ministries. In order to push its agenda forward, it must systematically work in a spirit of inter-ministerial coordination.

- In many cases, there is limited central government ownership of decentralisation reforms. It is hard to conceive 'sector approaches' in such a weak policy and institutional environment.

Others at the workshop argued that if a country develops a solid policy framework for decentralisation and considers it to be a 'sector', donor agencies should follow suit (based on the Paris Declaration on Aid Effectiveness). In Mali, decentralisation started as a programme but evolved into a key component of a broader set of governance reforms with a clear sector focus. In Uganda, the Local Government Development Programme was conceived as an integrated sector approach, covering the different government levels (central and local) and issues (e.g. financing and capacity building). In addition, attempts have been made to deal with decentralisation as a cross-cutting issue, with a specific donor group coalesced around the topic. In this context, decentralisation was referred to as a 'cross-cutting sector'.

Neither should one forget the 'technical-managerial' approach promoted by sector-wide and programme-based approaches. These seek to provide systematic and integrated support to a particular 'sector' (such as health, education and possibly also decentralisation). From the perspective of alignment and harmonisation it makes sense to ensure proper pooling and coordination of both 'vertical' and 'horizontal' support to a given sector. This approach fits nicely with the requirements for effective support to the decentralisation process.

Chapter 3

Understanding the decentralisation arena

This Chapter:

- presents decentralisation as a complex, conflict-ridden political process,

- recognises that donor agencies often have to operate in environments that are hostile,

- focuses on the changes in the accountability chain that decentralisation brings about,

- stresses the role that civil society can play in promoting decentralisation and local governance,

- provides guiding principles for donor support.

3 Understanding the decentralisation arena

3.1   A complex field

Above-mentioned quotes from the field well illustrate the complex arena in which development partners enter when they engage in support to decentralisation and local governance. This arena is characterised by:

- **High political intensity and sensitivity.** Decentralisation reforms are primarily politically motivated and deal with the redistribution of power and access to resources and the shifting of lines of accountability. This implies quite a level of unpredictability. Implementation may accelerate at one stage only to slow or come to a standstill at another, for example, when a new government comes in with different priorities.

- **A multitude of actors and stakeholders.** At both the central and local level, actors and stakeholders have different motives, expectations and often competing or conflicting interests. There are also many 'disconnects' that can complicate a reform process. For instance, in most countries development and revenue budgets are drawn up in different ministries, and central planning processes are seldom properly aligned with local-level planning initiatives.

- **Question of commitment and/or capacity to reform at the central level.** This often leads to hesitant and incomplete decentralisation processes.

- **Different levels of decentralisation.** Often a variety of decentralised entities are involved in the reform process (regions, provinces, municipalities), thus complicating the task of redistributing roles and responsibilities in an efficient and coherent manner.

- **A wide range of complex institutional and technical issues to be sorted out.** Examples here are when and how to decentralise a particular local public service or sector. The assignment of specific services to local governments is likely to differ from sector to sector. For instance, health care is a labour-intensive social service whereas rural roads require infrastructure investments and maintenance. [21]

- **Insufficient capacity to take on new responsibilities.** Generally there is little capacity at the local level to take on the new responsibilities.

- **Confusion on new roles and responsibilities.** It is not always clear what parts the different actors are to play 'after the arrival of decentralisation' (e.g. the division of roles between local governments, civil society and traditional authorities).

- **Limited legitimacy of the new local governments.** Levels of trust in (local) state agencies are often low in third countries. Legal reforms installing new decentralised authorities are not sufficient to restore confidence. The challenge is to show that local governments can deliver (better) public goods and services.

- **Strong presence of development partners.** Development partners often play an important role in terms of policy orientation or funding, yet this is seldom done in a coordinated and coherent way.

- **An unpredictable and dynamic process.** Whatever the motives behind decentralisation, once started, the process takes on a life of its own, creating constituencies and opponents and evolving in unpredictable ways.

- **Need for long-term donor engagement but with uncertain impact.** Decentralisation is a long-term endeavour, characterised by incremental reforms with uncertain results. This complicates the life of development partners under pressure to show 'quick results'.

Supporting decentralisation and local governance is by definition a 'political job'. It is a jump into the unknown and a long trip on a bumpy road. Conflicts are likely to be a constant bedfellow for those walking along this path.

The sources of potential conflicts are manifold.

➤ **Local elections are the key to legitimacy of local governments.** Yet such elections are not a self-evident exercise in countries with a fragile or emerging democratic culture. Furthermore, newly elected local bodies must find their place and earn their legitimacy alongside existing forms of authority (e.g. traditional chiefs) (Box 10).

➤ **Effective local governments are seldom created from the top.** It is dangerous to assume that local governments can be created by a few central decisions to transfer functions and authority over resources - and that municipalities should just wait for this to happen. Historically local government has tended to develop as those in the localities have taken action to demonstrate their determination and ability to set their own priorities. This implies a tradition or acceptance of challenging the centre – a set of conditions that are often lacking.

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[21] This will also affect the choice of intergovernmental arrangements to organise 'service provision' and 'service production' (in view of 'objective' criteria, such as economies of scale, but also other factors such as bureaucratic politics, local-level capacity constraints and particular production challenges associated with each service).

Box 10: Recognising the role of traditional authorities

The institutional design of earlier decentralisation programmes in Africa often deliberately ignored the competencies and powers of traditional authorities. Many of the current programmes opt for a more inclusive approach that takes into account the social legitimacy and de facto power of these institutions. Their role in conflict settlement and con-sensus-building on culturally sensitive issues is also increasingly acknowledged, as well as their capacity to mobilise local people for development projects. Moreover, traditional authorities are often linchpins of local solidarity networks and can therefore play an important role as informants on poverty within local communities.

Involving traditional authorities brings specific strategic and operational challenges. Donor-supported interventions need to (i) acquire knowledge of the powers and roles of these actors in local politics and in social and economic activity, (ii) strike a balance between different forms of legitimacy (elected and traditional) and (iii) avoid forms of assistance that reinforce or restore conservative approaches to exercising traditional power at the local level.

➤**Decentralisation implies an overall rethinking of inter-governmental relations** and new demarcation lines with regard to roles and responsibilities between the different layers of government. One of the most important lessons of successful decentralisation programmes is that democratic decentralisation (devolution) involves a redefinition of central and local government tasks and resources. This cannot be achieved without effective intergovernmental relations. Yet this is particularly challenging in countries where decentralisation is seen as a 'zero-sum' power game in which the centre stands to lose rather than as a 'positive-sum' power game in which all players win over time.

➤**Decentralisation is due to fundamentally affect the "accountability chain"** in development processes (see section 3.2 below). This includes checking 'where the money goes' that is channelled to the local level. Does it really reach the ultimate beneficiaries? Public expenditure tracking surveys can be a most useful tool to monitor budget execution[22].

➤**Decentralisation involves building an active citizenship.** The process of decentralisation responds to the aspiration to have a greater say in the management of local affairs. This often requires a 'bottom-up' struggle (i) to alter existing power relations; (ii) to get rid of the habit to use local governments as a mechanism for gathering votes; (iii) to empower communities; and (iv) to construct and nurture citizenship. Highly centralised governments are likely to resist the emergence of citizen movements claiming for genuine democratic space at local level.

➤**Competition for donor funding.** Donor choices of geographic focus, partners and institutional 'entry points' may introduce biases or tilt power structures in favour of one actor or another. Competition is likely to increase as local governments gain momentum and credibility. This tension is already noticeable between

local governments and non-governmental organisations in the search for local development funds. Increasingly competition also takes place between central and local governments (e.g. for sectoral funds).

Table 3 (page 30) sets out some of the main tensions and competing/conflicting interests that are likely to occur in the implementation of processes aimed at improving governance and service delivery through democratic participation and community involvement.[23] In practice, the art of supporting decentralisation will be to engage in this arena and contribute to managing these tensions and conflict of interests.

3.2 Decentralisation and changing lines of accountability

The scope of this Reference Document does not allow to elaborate further on the different possible lines of conflict in the decentralisation arena, as explained in table 3 (page 30). Nonetheless, it seems worthwhile to focus a bit more attention on changes brought about in the 'accountability chain' as a result of decentralisation.

Accountability lies at the heart of many of the potential benefits expected from decentralisation (e.g. citizen participation in local affairs, improved service delivery, transparency). Furthermore, it should offer protection against 'elite capture' by local power-holders. This risk can be contained by developing effective self-governance structures at the community level. Civil society has a critical role to play in establishing the necessary conditions and mechanisms for ensuring 'downward accountability' of local authorities towards their constituencies.

The 'open-systems' approach is particularly useful for capturing the different dimensions of accountability.

[22] For lessons learnt with public expenditure reviews, see World Development Report. 2004. Making Services Work for the Poor. World Bank and Oxford University Press, pp. 184-185.
[23] Based on M. Onyach-Olaa, 2003. "The challenges of implementing decentralisation: Recent experiences in Uganda." Public Administration and Development, 23, 105-113.

Table 3: Potential tensions and conflicts in the decentralisation arena

1)	National development needs	←→	Local development needs
2)	Sector-wide approaches	←→	Local government plans
3)	State of the art 'outputs' in service delivery	←→	Improved local governance (as an 'outcome' of citizen participation)
4)	Minimum criteria for local governments to access grants	←→	Helping needy local governments
5)	Donor requirements	←→	Local government requirements
6)	Development expenditures	←→	Recurrent expenditures
7)	Line ministry roles	←→	Local government roles
8)	Use of local governments	←→	Work with non-governmental organisations and the private sector
9)	Donor support through piloting	←→	National coverage
10)	Donor agencies	←→	Donor agencies[24]

Figure 12 shows the 'accountability chain' in decentralisation processes as well as the principal accountability mechanisms that need to be effectively organised.[25]

Three lines of accountability have to be sorted out:

- downward accountability of local governments to citizens, which is the core of democratic decentralisation;
- horizontal accountability within local government and administration (i.e. the accountability of local civil servants to locally elected officials and, ideally, also the other way around[26]);
- upward accountability of local government to central government, which enables upper tiers of government to verify that local governments are complying with major policy goals and statutes and to monitor or track local government expenditures and revenues.

Abundant evidence suggests that attempts to put in place internal accountability mechanisms (horizontal accountability) and to assert central government hierarchical control of local governments (upward accountability) have often failed or are painstakingly slow to be institutionalised. Central governments often misuse their wide powers of control, for example, to constrain the work of local councils controlled by opposition parties.

Given the limits of these accountability mechanisms, donor agencies supporting decentralisation and local governance are advised to help establish credible and effective 'downward accountability systems' by supporting local governance processes. Yet this has proven a demanding task. There has been substantial discussion on the precise content of the job to be done. There is a danger of 'exporting' Western interpretations of governance and applying them in a rather mechanistic way. All of this brings us to the role of civil society in decentralisation processes.

3.3 Civil society and decentralisation

Civil society organisations can assume a variety of useful functions in securing more responsive and accountable local government. In many ways, this amounts to creating a demand for decentralisation (from the bottom up), building capacity and then extracting accountability (Box 11).

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[24] This refers to the lack of uniform approaches among donor agencies in interacting with and supporting local governments.

[25] Drawn from United Nations Capital Development Fund. 2005. Delivering the Goods: Building Local Government Capacity to Achieve the Millennium Goals. A Practitioner's Guide for UNCDF Experiences in Least Developed Countries.

[26] In countries where respect for the rule of law is weak, honest civil servants are often in a difficult position to demand accountability from elected politicians, let alone to stop possible abuses of office (e.g. use of fuel for non-official purposes and truncated procurement). Protection to whistleblowers is seldom offered. Furthermore, the job security of local civil servants tends to be unstable, due to deficient labour laws, extensive use of the 'spoils system' as well as discretionary human resource management.

Figure 12: The accountability chain
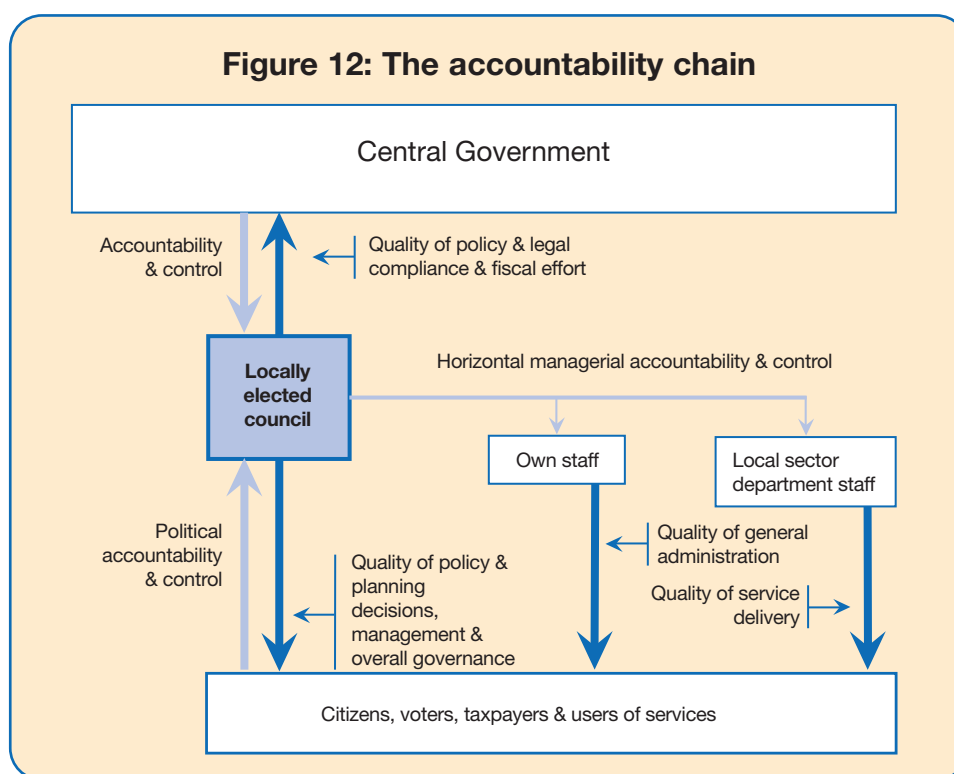
In practice, one observes a growing amount of experimentation with new forms of citizen-state engagement, going beyond the traditional participation through voting. This is reflected, for instance, in the trend to support 'direct voice mechanisms',[27] to facilitate citizen participation and gradually build the necessary systems and practices to ensure downward accountability.

Many examples can be mentioned:

- participatory planning and budgeting to better link citizens to the resource allocation process,
- increased transparency in management of local public finance (on both the revenue and expenditure side) through citizen engagement in users' committees or monitoring of public services,
- observatories of local governance,
- social audits,
- ombudsman/complaint bodies,

Box 11: Potential roles of civil society in promoting democratic decentralisation

- building the capacity of local government officials and locally elected councillors;
- enabling ordinary people and their community organisations to interact with local governments (e.g. in the formulation of regional PRSPs);
- acquainting citizens with the functioning of local governments, including the powers and budgets (theoretically) vested with them;
- disseminating information on (central) government programmes that need to be implemented through local governments (e.g. regional funds);
- developing negotiation and lobbying skills in communities and facilitating networking and alliances within and beyond the locality;
- supporting civic initiatives aimed at monitoring compliance of local government officials with the law (e.g. by exposing cases of corruption, activating existing control organs to do their work and pressing for institutional reforms at the local level);
- facilitating effective functioning of social audits put in place by local governments or setting up alternative audit systems driven by civil society (e.g. local governance 'barometers');
- establishing public-private partnerships for (pro-poor) social service delivery.

At the national level, organised civil society should also be empowered to participate in the overall design and implementation of the decentralisation policy.

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[27] For a more detailed analysis see for instance: Oluwu, D. 2003. "Local institutional and political structures and processes: Recent experience in Africa." Public Administration and Development, 23, 41-52.

- local juridical or conflict resolution agencies,
- traditional rulers and land boards,
- means to ensure that ordinary citizens have access to information on local government affairs.

It will obviously take time before these new forms of participatory governance change the way local power is exercised. Old habits are slow to die, particularly in institutional and cultural environments which were never before exposed to participatory approaches.

There is still a great deal of confusion on the demarcation line between 'municipal development' and 'community development'. The fragility of civil society at the local level often compounds the problem. Non-state actors are often unaware of their roles and responsibilities in the new decentralised setting for local governments. Civil society actors, particularly community-based organisations, tend to lack the capacities and resources to engage systematically in local governance processes. Progress is also likely to depend on the 'social capital' in a given locality; that is, on the trust, norms and values shared among the community (e.g. in relation to 'public goods'), on communities' capacity to work together and also on the sense of citizenship among populations.

In many places, civil society organisations are taking up the challenge to help construct solid local governance systems based on accountable and transparent local governments that see the citizen as 'maker and shaper' instead of merely 'user and consumer'. In several parts of West Africa (e.g. Senegal), innovative experiments have been ongoing for some time in forging joint action between local government and civil society in the pursuit of sustainable local development. In many Latin American countries, municipal development and community development have managed to create new institutional forms of exercising local power (e.g. the gobiernos alternativos in Ecuador). In Guatemala, a wide range of civil society organisations have invested in the decentralisation process, both at the policy level (e.g. by making concrete reform proposals in key areas such as natural resource management) and at the local level (e.g. through training of local officials in participatory planning techniques).

In the process, new dangers are also appearing. A case in point is the proliferation of 'user's committees' at the local level. These are often supported by donor agencies in order to give local people a greater say in decision-making. Problems manifest mainly when these committees are largely disconnected from local governments, operating as parallel systems and focused on a particular issue (e.g. health or water). These constructs are not always democratic in nature, as the selection of committee members can be done through processes that lack transparency. They also tend to fragment local participation while undermining the legitimate roles of local governments. Donor agencies should deploy great care in advocating such modalities of civil society participation.

The challenge is to combine strengthening local government (as the legitimate democratic body) with increased civil society participation through appropriate structures.

The European Commission is increasingly recognising the crucial role of civil society in promoting decentralisation and local governance. Several country strategies combine direct support to decentralisation with innovative civil society support programmes that seek to enable non-state actors to fully engage in the decentralisation process. Box 12 presents an example.

The case of Uganda shows how local governance can also be promoted through other EC instruments. For example, under the 8th EDF human rights component, poverty reduction monitoring activities were piloted in two districts.

Box 12: Supporting Mauritanian civil society for better local governance

In Mauritania, a comprehensive civil society support programme is due to start in mid 2007.[28] During the identification phase, non-state actors insisted on the need to include a component aimed at promoting local governance. The purpose is fourfold: (i) to raise awareness of issues of local development and local governance among local populations, (ii) to strengthen the capacity of civil society to analyse the local development context and fully participate in planning processes, (iii) to promote new forms of dialogue and collaboration between state and civil society in the management of local affairs and (iv) to enhance the participation of women in decision-making processes. Alongside this civil society programme, the European Commission is now also involved with EU Member States in a joint programming process for a decentralisation support programme. This will primarily target the national policy framework, the different dimensions of decentralisation (including territorial planning) and the strengthening of local governments. The need to involve civil society in the design and implementation of the decentralisation process has been fully acknowledged by the stakeholders involved. The challenge will be to ensure coherence and alignment of both programmes so that civil society organisations gradually become able to play their roles.

[28] The Programme d'Appui à la Société Civile (PASOC) has four main components: (i) promoting local governance, (ii) supporting human rights and building a culture of citizenship, (iii) facilitating the structuring of civil society organisations and (iv) revision of the legal framework.

These activities aimed at enhancing the dialogue between the local governments and civil society on the use of Uganda's Poverty Eradication Action Plan funds for service delivery and development. The new 9th EDF decentralisation integrates this approach and the lessons learnt to promote it across other partner districts.

3.4   Guiding principles for the design and implementation of support programmes

When engaging in complex, politically sensitive arenas like decentralisation, it is important for development partners to abide by some guiding principles. Figure 13 proposes six key principles. Some of these are generic rules for good development cooperation practice. Yet they are particularly important in the decentralisation arena and need to be consistently applied right from the start:

- Country specificity. At face value, few development practitioners would disagree with this guideline. Yet in practice, donor interventions in the area of decentralisation are still often designed based on 'models' from other places.

- Ownership and partnership. For sustainable impact to be achieved, it is crucial to leave the primary responsibility for developing a coherent national decentralisation framework firmly in the hands of local actors. Country processes – even if fragile and immature – should provide the 'starting point' for donor interventions. This, in turn, puts a premium on promoting an ongoing dialogue at two levels. The first level is that of a national dialogue on (i) the fundamental objectives of decentralisation; (ii) its core components; (iii) the actors to be involved and (iv) the most suitable implementation strategies. The second level is the dialogue between national stakeholders and the donor community to define partnership principles, to identify relevant support strategies and to jointly ensure proper monitoring and evaluation.

- Legality and legitimacy. The support provided to decentralisation and local governance (through a myriad of interventions) should be consistent with the 'legal' framework for decentralisation (to avoid parallel 'routes' or structures) and seek to respect the 'legitimate' role division between the different actors in the development process.[29]

- Flexibility and pragmatism. Experience has shown that decentralisation and local governance are 'stop-and-go' processes rather than linear success stories. Donor agencies therefore need to use instruments and modes of cooperation that are sufficiently flexible to adapt to changes in the political and institutional environment, as well as to the dynamics of the reform process, including the new challenges and priorities that arise.

Figure 13: Guiding principles to support decentralisation

Alignment-harmonisation Support to home-grown agendas, focus on '3Cs' coherence, complementarity and coordination

Long-term and gradual process Adopt a change perspective supported by incremental action

Country-specific approaches No 'one-size-fits-all' models. Need for the 'right' policy mix

GUIDING PRINCIPLES TO SUPPORT DECENTRALISATION GOVERNANCE

Flexibility and pragmatism Use all available windows of opportunity

Legality and legitimacy Respect legal framework and legitimate role of each actor

Ownership and partnership Progress will depend on an effective demand and capacity to carry out reforms. Need for multi-actor dialogue on national policy

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[29] In the past, donor projects have often contributed to blur the role division between local actors (e.g. between local governments and NGOs), which risks de-legitimising local governments.

- Alignment and harmonisation. A single donor is seldom in a position to influence all of the different dimensions of the decentralisation and local governance 'system'. This limitation puts a premium on building strategic alliances and complementarities with other development partners in order to facilitate an integrated approach and increase the influence and impact on the overall system. The Paris Declaration on Aid Effectiveness, as well as findings from recent evaluations,[30] add pressure for much more cohesive action among donors.

- A long-term and gradual process. Political and institutional change is at the heart of current thinking about decentralisation and local governance. Assistance for decentralisation should reflect this by focusing on 'soft issues' (such as effecting changes in the political culture and building new relations of trust between citizens and their elected representatives and among a wide range of actors). In this regard, donor support modalities need to be based on longer time horizons and incremental action.

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[30] See, for instance, the recently concluded thematic evaluation on EC governance support to third countries: http://ec.europa.eu/dg/aidco/ms_ec_evaluations_inventory/evaluationsview.cfm?key=884

Chapter 4

Designing a coherent support strategy

This Chapter:

- moves from broad concepts to the nuts and bolts of designing a coherent intervention strategy,

- focuses on the three phases of the design process : programming, identification and formulation,

- makes the link with existing EC guidelines with regard to possible approaches and financing modalities,

- considers how EC-supported sector programmes can and should contribute to advancing decentralisation.

4 Designing a coherent support strategy

This chapter deals with the three main phases of designing EC cooperation strategies: programming, identification and formulation. In practice, the boundaries between these phases are fairly fluid. Yet it makes sense to consider the main operational challenges that EC officials are likely to encounter in each phase and try to provide some practical guidance based on concrete (past or ongoing) EC experiences and lessons learnt.

Figure 14: Pathway to supporting decentralisation and local governance
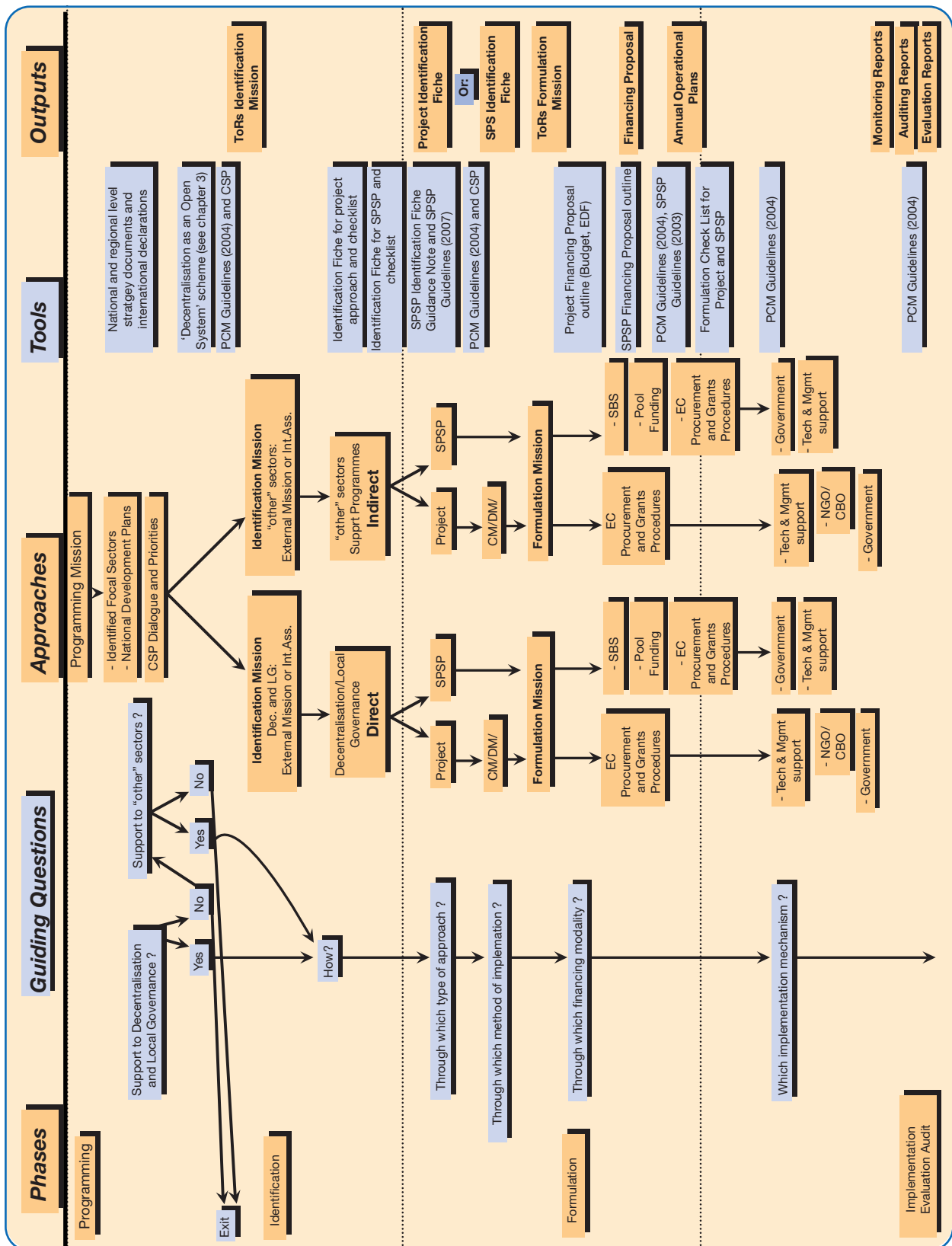
In this analysis, it is important to recognise the interrelationships between the various phases of the design process as well to make the link with the menu of possible EC approaches (i.e. the project approach, SPSP), financing modalities (sector budget support, pool funding, EC procurement and grant procedures), tools (SPSP, Project Cycle Management guidelines, etc.) and expected outputs (a project identification fiche, financing proposal, etc.). This broader perspective is reflected in Figure 14, which seeks to visualise the pathway for designing EC support programmes.

Furthermore, 'open-systems' thinking implies looking at other EC interventions and their relationship with the decentralisation process. In particular, there is a need to carefully consider how EC-supported sector programmes (e.g. in health, education, water and sanitation) can and should contribute to advance the decentralisation process. The final section of this chapter reviews some of the emerging experiences and lessons learnt in designing traditional sector programmes in an increasingly decentralising environment.

4.1   Programming

The multi-annual programming process is the main instrument used by the European Commission to decide on strategic cooperation priorities with a given country or region. The resulting Country Strategy Paper (CSP) and National Indicative Programme (NIP) or Regional Strategy Paper (RSP) and Regional Indicative Programme (RIP) will have to make the fundamental choices on whether to support decentralisation and how. References to decentralisation can sometimes be a mere 10 lines in a CSP. Once the official parties take the political decision to include support for decentralisation and local governance, a concrete programme needs to be identified and formulated (discussed in sections 4.2 and 4.3).

While the specific format of the programming process varies somewhat from region to region, there are common building blocks. In practice, programming:

- seeks to align EC support, whenever possible, to national and sector policy priorities,

- provides opportunities to different stakeholders (including non-state actors and local governments) to participate in the process,

- implies a strategic choice for a limited number of intervention areas,

- is organised on a 'rolling basis', thus creating space to

reorient the overall support strategy (following mid-term and end-of-term reviews).

The programming phase is therefore a very important point in the whole cooperation cycle. The 10th EDF programming process offers an illustration. Several EC Delegations are currently reflecting on major questions regarding possible strategies to support decentralisation and local governance, including:

(1) **Should the EC engage in decentralisation or not?**

(2) **How should existing support programmes best evolve?**

(3) **How can different local stakeholders be effectively involved in programming?**

(4) **How can the European Commission move towards 'joint programming' (Paris Declaration)?**

Let us consider each of these key strategic and operational challenges in some detail.

(1)   Should EC support to decentralisation be a strategic priority or not?

This question of whether decentralisation should be a strategic priority may arise in countries where the Commission, for a variety of reasons,[31] has so far not been supporting the decentralisation agenda. However, the growing prominence of decentralisation and local governance issues in partner countries may push the Commission to reconsider its strategic position in a new programming process (like the 10th EDF) or a mid-term review.

At this point in time, the European Commission has not yet developed specific tools to make a thorough (sector-specific) assessment of these types of strategic questions on decentralisation during the programming process. In practice, the overall country analysis carried out in the framework of producing a CSP provides the main basis for orienting decision-making. Though the Commission has acquired some experience with country assessments, the overall quality as well as the process to produce them warrants improvements. This holds particularly true for assessing complex political reform processes such as decentralisation and local governance.

Nonetheless, useful lessons have been learnt, and concrete experiences from the field may provide guidance to EC Delegation staff in making the required strategic choices:

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[31] This may reflect a deliberate strategic choice (eg. In the absence of minimal government commitment to reform) or internal policies of the EC to concentrate aid on a few "sectors".

➤**Lesson 1: Avoid too many preconditions.**
A possible line of action for a donor undecided on whether to support decentralisation is to check the extent to which a given country meets a list of 'preconditions' (Box 13).

This checklist provides an interesting analytical tool. Yet from an EC perspective, its practical relevance is limited as it makes little sense to overload the boat with prerequisites that need to be secured before engaging with a decentralisation policy. It is more useful to turn these prerequisites into the basic elements of a coherent, long-term programme to build decentralisation as an overall government reform process. The Commission has tended to favour this second approach. This is consistent with its view of governance reforms (including decentralisation) as dynamic processes that go through several stages before leading to systemic change (Box 14).

➤**Lesson 2: Justify the choice to engage with or stay out of decentralisation.** Several recent (EC) evaluations have observed that CSP analyses of governance challenges in partner countries are often too limited and superficial. Evaluations of country strategies in Malawi (2003) and Lesotho (2004) found that the CSP provided no justification for the lack of comprehensive support for decentralisation, despite the existence of a national policy framework, societal demand for it (especially from below) and potential

Box 13: 'Preconditions' for successful decentralisation

The following preconditions are generally recognised in the literature or in donor policy documents:

(i) existence of a basic legal framework for decentralisation,
(ii) financial resources to undertake assigned functions,
(iii) human resources in local governments,
(iv) mechanisms for political accountability,
(v) existence of central institutional arrangements to steer the decentralisation process.

linkages with key EC development objectives. These flaws can be partly explained by the relative novelty of decentralisation and country assessments. However, now that decentralisation has become a policy priority (on the domestic and donor agenda), this deficiency needs to be addressed. Ideally, future CSPs would produce a solid (open-systems) analysis of the importance of decentralisation in a given context and provide solid rationale for engaging with or staying out of the process. Box 15 provides tips and tricks in this regard.

Box 14: EC engagement in difficult decentralisation processes

Several examples reveal a strategy whereby the European Commission has combined a realistic assessment of 'initial conditions' with careful, well-targeted engagement in the decentralisation process (as a long-term objective):

- Bangladesh has been confronted with obstacles in implementing decentralisation and local governance. In the view of the donor community, decentralisation is critical for the delivery of services to poor people and the likely achievement of the MDGs. Withdrawing from the decentralisation process is therefore not considered an option. This has led the key donors (including the European Commission) to join forces to promote a more 'systemic' approach to decentralisation, based on local empowerment strategies, policy dialogue, pooling funding and a quest to mainstream the decentralisation approach (across sectors such as health and education).
- El Salvador, was confronted with many challenges in implementing a 33 million euro support programme to local development and decentralisation. Yet the Commission continues to support the country's development. Hence, rather than disengaging from the process, the Commission has adapted its overall intervention strategy. This has included re-focusing its aid portfolio (to maximise financial leverage), seeking strategic alliances (with other donor agencies) and linking future (budget) support to negotiated performance indicators.
- In Lebanon, the Commission chose direct support to municipalities as its 'entry point' for stimulating decentralisation from below.
- The CSP/NIP for the 9th EDF in Mauritania recognised the importance of decentralisation and local governance and reserved resources for a support programme. After a regime change in August 2005, the transition government sent clear signals that decentralisation was back on the political agenda. As a result, the Commission decided to launch the identification process.

Box 15: Tips and tricks in choosing to engage with or stay out of decentralisation processes

- Recognise that alignment has its limits: Donors should not necessarily 'wait' for central governments to move. They may act as a change agent by endorsing the much-needed reforms.
- Make a solid analysis of the potential benefits of decentralisation for achieving key development objectives (e.g. poverty reduction).
- Assess the societal demand for decentralisation (central governments may resist while local players may be demanding reform).
- Explore the scope for multi-donor support and related task division (joint efforts help reduce fears of 'standing alone' or being overburdened).

➤ **Lesson 3: Prepare the ground for decentralisation with pilot approaches.**
Experience suggests that carefully targeted aid programmes can help to trigger change in countries lacking a decentralisation policy or a commitment to implement existing reform agendas. Under such adverse conditions, external aid can promote a local governance approach to local development and poverty reduction through pilot programmes. These programmes, conceived as decentralisation 'policy experiments', may provide fertile ground for testing, for instance, transfer systems, participatory mechanisms, local government capacity building and dialogue between different levels of government (local, regional, central). By demonstrating the feasibility and benefits of a local governance approach to local development, aid programmes help build up domestic constituencies to demand for genuine decentralisation. Several EC support programmes are based on such an approach (e.g. in Chad, Syria and Lebanon).

(2) How should existing EC support programmes best evolve?

The question of how existing EC support programmes should best evolve is a strategic challenge on the table in many EC Delegations as they consider the next steps in ongoing support to decentralisation and local governance processes in a given country.

Again, a large variety of country-specific situations are likely to prevail. This makes it difficult to provide guidelines that can be applied across the board. However, practice indicates that the task often boils down to making strategic choices in several areas:

- 'Scaling-up' the support. There are several examples of countries where EC support has gradually become more ambitious (from one programming cycle to another). For instance, initial EC support has often taken 'local development' as its strategic 'entry point' (reflecting low levels of central government commitment to decentralisation). As promising results are achieved, the Commission has tended to shift its support to more sophisticated support programmes. Madagascar offers a fascinating example in this regard (Box 16).

- Choosing the 'right' EC approaches and financing modalities. Will EC support be provided in the form of projects and programmes or through an SPSP? And, closely related to this, what type of financing modality is most appropriate in a given country context? The programming phase provides a first opportunity to consider these fundamental strategic choices. In reviewing the options, much depends on the history of decentralisation and EC support in a given country, as well as on the opportunities to 'scale-up' interventions.

Box 16: Bottom-up experiences shape EC support strategies in Madagascar

EC support in Madagascar started in the late 1990s with a traditional micro-project programme. Insights from this experiment were used to elaborate the 'Programme d'Appui aux Initiatives Locales' (PAICAL), which was an attempt to promote joint action between local governments and civil society organisations. This experience, in turn, prompted the Commission to move towards the much larger and complex 'Programme d'Appui aux Communes et Organisations Rurales pour le Développement du Sud' (ACORDS, 9th EDF). This programme put local governments at the centre of the process. The EC Delegation is now considering its strategy for the 10th EDF. Its accumulated experience over the past decade puts it in a strong position to adopt a truly 'open-systems' approach to decentralisation, to integrate new dimensions into a future support programme (e.g. greater involvement of de-concentrated services) and to see the dangers of ill-considered (donor-driven) initiatives.

Box 17: Tips and tricks for improving local government participation in programming

- Provide user-friendly information on programming and on opportunities for participation.
- Work through national (regional) associations of local governments.
- Involve local governments from the early stages of the programming process (e.g. by supporting national roundtables on the topic).
- Invest in the quality of the consultation process (e.g. with timely circulation of key documents, space for providing inputs, feedback on outcomes).
- Promote the concept of 'multi-actor partnerships' (also as a possible implementation modality of the future support programme).

Furthermore, there is now a clear policy preference at the EC level for sector-wide approaches and budget support modalities (whenever possible). These aid delivery mechanisms are generally perceived as harbouring greater potential in terms of ensuring ownership, enhancing EC leverage, facilitating political dialogue and achieving impact (particularly in governance-related areas). The relevance and feasibility of using these aid delivery mechanisms will have to be assessed in-depth during the identification phase (see further).

- Broadening the scope of actors. The scope of actors is another key strategic choice to be made during programming. Here too a clear shift is noticeable in country programmes from a 'single actor' approach (e.g. with support concentrated on either central or local governments) to a 'multi-actor' approach (whereby EC support seeks to target the different key players in the decentralisation process). This is, for instance, reflected in the tendency to combine support to decentralisation with programmes aimed at strengthening civil society to participate in local governance (e.g. in Guatemala, Honduras, Uganda and Mauritania).

(3) How to effectively involve different stakeholders in programming?

Decentralisation is too important a process to be left to central government alone. Many other actors have an objective stake in the process and should therefore be involved in national dialogue processes on the matter and in the design of major support programmes.

Experiences from the field indicate that much remains to be done to organise such participatory processes in programming. The survey mentioned earlier on the role of local government in ACP-EU cooperation found limited evidence of local government participation in programming. This has a variety of reasons, including government reluctance to associate with other stakeholders, the novelty of the approach and the lack of operational guidance for setting up such consultations, as well as capacity constraints on all sides. However,

promising practices are gradually emerging across regions (e.g. in Uganda, Honduras and Zimbabwe). Box 17 offers tips and tricks for improving local government participation in programming (and in mid-term and end-of-term reviews)

(4) How can the European Commission move towards 'joint programming'?

The Paris Declaration on Aid Effectiveness puts programming under stress, because it requires each funding agency to fit its actions into a jointly agreed policy framework for a country while these funding agencies, at the same time, are obliged to remain within their own policies and mandate. This can create tension and a need for compromise which may impact the nature, scope and orientation of the support programme provided to a country.

The move towards 'joint programming' is still in its infancy. Yet promising initiatives are popping up. In South Africa, for instance, the donor community is involved in a major exercise to bring more coherence to the various governance support programmes. The existence of a solid policy framework and coordinating capacity within the South African government has facilitated the process.

4.2 Identification

The purpose of this second phase of the design process is to further concretise the broad political orientations of the CSP/NIP with regard to the envisaged EC support programme (e.g. specific support to decentralisation and local governance and/or sector support programmes with a decentralised focus). If properly implemented, the identification process should generate the information necessary to answer the main questions included in the EC 'identification fiche', which exists for both the 'project approach' and the 'SPSP' approach. To respond to these formal requirements, EC Delegation staff will have to address a number of strategic and operational challenges

Figure 15: Strategic and operational challenges for support to decentralisation

Direct support to decentralisation

'Classic' sector support programmes

Applying an "open-systems" perspective

Identifying strategic options

Understanding the country context

Mapping and understanding the actors
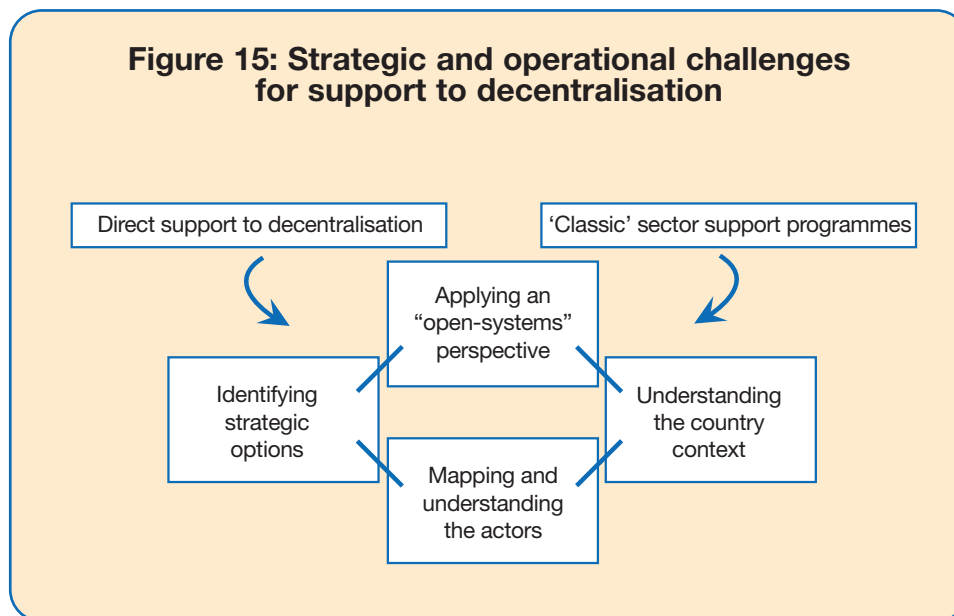
in identifying (direct or indirect) support programmes. Figure 15 summarises these challenges.

These closely interrelated challenges are briefly reviewed below.

(1) How to apply an 'open-systems' perspective?

The 'open-systems' approach, presented in Chapter 2, is not just an abstract analytical tool. The art is to carry this perspective throughout the subsequent design steps and to apply it while elaborating the required documents for this phase. The task at hand is to keep an eye on the 'global picture'; i.e. on all of the elements that determine and influence the course of the decentralisation process in a particular context (Box 18, page 42).

(2) How to assess the country-regional context?

Doctrines, imported models and standard approaches have no place in decentralisation support strategies. There is a need to 'land on the ground'; to understand where a given country is coming from and where it is going (taking into account regional and international influences); to assess the different meanings attached to decentralisation by the various actors and stakeholders; to look at what works, what doesn't work and why this is the case; and to understand the cultural norms that underpin the functioning of state and society.

The identification phase is the right time to carry out such a 'reality check'. This implies, first of all, undertaking a solid political and institutional assessment of the country

(regional) context. This goes beyond an analysis of the formal aspects and main trends of the decentralisation process. The task at hand is rather to adopt a 'political-economic' approach to understanding decentralisation (Box 19, page 42). Annex 6 summarises various tools for institutional development and organisational analysis, as well as DFID's Drivers-of-Change Analysis.

A second option is to use typologies of countries to see 'where to put your feet' and make informed choices of adequate support strategies. Two possible typologies are presented here.

➤ Typology 1: An obvious typology is constructed by looking at the duration/stages of maturity of the decentralisation process. This makes it possible to distinguish between countries that:

- have yet to define a basic decentralisation policy;

- are starting up the implementation of their decentralisation policy, focusing on activities such as establishment of an adequate legal framework and pilot experiences with local and regional governments;

- are having difficulties in implementing an initial package of decentralisation measures;

- are moving towards a more sophisticated implementation approach, trying to address more sensitive issues such as fiscal decentralisation, coherence between political decentralisation and de-concentration and mainstreaming local government participation in policy processes.

Box 18: Requirements of an 'open-systems' perspective

Adopting an 'open-systems' approach during the identification process implies the use of other types of looking glasses.

- **Primacy of political analysis.** The 'politics' of decentralisation should occupy centre stage in the identification process. This implies a capacity to carry out a comprehensive political-economic examination of the political system, including the nature and competitiveness of political parties, their power at the local level and the strength of civil society, as well as the norms and values underpinning the behaviour of both public officials and citizens towards the res publica.[32]
- **Build linkages.** Typical for an 'open-systems approach' is the concern for building linkages among the different dimensions of decentralisation (at the national, intergovernmental and local levels) to ensure that they function in concert. The identification process should clarify the 'global picture' and then ensure that the planned support is 'embedded' in the overall system.
- **Coordination of actors.** The various aspects of decentralisation are the responsibility of different actors, while many others have a stake in the process (at the central and local levels). The identification study should include a proper mapping of these actors and suggest effective ways and means to facilitate dialogue and coordination among them.
- **Focus on the drivers of change.** Decentralisation support programmes (like other governance-related interventions) ideally seek to influence 'systemic change'. This requires a strong focus, right from the identification phase, on the forces, institutions and actors that can drive change processes.
- **Realistic implementation strategies.** In an 'open-systems' perspective, it is not sufficient to spell out an implementation roadmap for the planned EC support alone. Implementation strategies need to be integrated into a broader analysis of how a functioning decentralisation 'system' can gradually be built over time.
- **Integrated approach to capacity development.** For decentralisation to work, various capacities need to be built. An EC support programme may choose to focus on strengthening the capacity of local governments, yet the other parts of the system also require attention. For instance, decentralisation requires considerable central government capacity to design and implement the process, as well as mobilisation of de-concentrated services.
- **Joint action.** No single donor can intervene at all levels of the 'system'. This puts a premium on identifying and using all opportunities to closely work with other development partners in activities such as joint missions, joint assessments and joint evaluations.

Box 19: Looking inside the black box of the decentralisation system

The decentralisation system is relatively uncharted territory for donor agencies. Yet a proper identification study needs to assess:

- the baseline conditions for genuine decentralisation (political, institutional, socioeconomic, fiscal and cultural);
- the political motives behind decentralisation;
- the different interpretations given to decentralisation by the various actors;
- the levels of ownership of and resistance to a reform process (both at the state level and in society);
- the complementary reform agendas within the country and the place of decentralisation reform in these (e.g. public finance, sector, civil service and land reform);
- the spatial distribution of development, development potential (resources, infrastructure and services), poverty and/or sector investment plans;
- the channels and systems currently used to transfer money from the central to the local level, including an assessment of the strength of patronage systems;
- progress achieved so far in implementing decentralisation reforms and the main bottlenecks and factors of resistance encountered;
- the outcomes and lessons learnt in previous donor programmes.

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[32] A good example is citizens' preparedness to pay taxes. This is a precondition for viable local governance systems with adequate accountability systems.

➤ Typology 2: A more elaborate typology categorises countries according to levels of commitment to decentralisation and local governance as perceived by different actors and triangulated with other sources of information.

Four broad types can be distinguished (Table 4). For each, it is possible to provide equally broad overall response strategies (within each of these broad categories, country-specific approaches are still necessary).

Table 4: Using typologies: An illustration

Varying levels of commitment to decentralisation	Overall response strategies
Country displays a strong commitment to democratic decentralisation and local governance and has developed a coherent national policy and institutional framework for effective implementation	Development partners are invited to fully align their strategies, approaches, funding instruments and procedures to the national framework.
Country formally considers democratic decentralisation as a policy priority, but conditions for effective implementation are not yet in place	In this category of countries, the task at hand will be to stimulate the emergence and consolidation of a coherent national policy on decentralisation while providing support for policy experiments with selected national and local stakeholders (within and outside government)
Country that mainly target deconcentration	In these countries, response strategies will have to build on existing windows of opportunities (in sectors or at local level) and support drivers of change
Country confronts the decentralisation/local governance challenge as a 'fragile state' or as a country coming out of conflict	Focus first on creating a basic legitimacy (=rule of law) and invest then in shaping the pre-conditions for a decentralisation vision through a variety of entry points and instruments. Critical importance of acting jointly as donor community

(3)   How to map and understand the actors to be involved?

An 'initial stakeholders analysis' is requested in the identification fiche, because a sound understanding of the actors' arena is crucial for making the right choices, for instance, on with whom to work, to what extent and intensity and in what area and level of decentralisation to invest. Decentralisation needs to be understood as a multi-actor process. Therefore, a good 'feel' for possible synergies, for shared views between actors and for ways to create effective networks and alliances are all instrumental in making support to decentralisation a success. Moreover, clarity needs to be achieved about the comparative advantages of working with different actors. A principal step here is the actor analysis, which ideally is completed before the identification phase is terminated. The best way to do this is with a solid 'actor mapping' (Table 5, page 44). Other tools could also be used to assess the attitudes of different actors towards decentralisation and local governments.

Table 5: Steps in the 'mapping process'

Step 1: *Identify the different categories of actors and stakeholders* that are in principle concerned with the decentralisation process. This analysis of actors can be cross-cutting, ranging from government or semi-government institutions to non-governmental organisations, or focused on political society (e.g. parliament). For each category of actor, briefly analyse their actual and potential relation to the decentralisation process, the fundamental characteristics of the organisation and their thematic and geographic areas of work.

Step 2: *Analyse the main interests at stake for each set of actors as well as the motivation* that the different players may have to participate constructively in the process, to resist effective change or to stay out of the process altogether (i.e. a motivational/incentive analysis of different stakeholders).

Step 3: *Identify possible 'drivers of change'.* These are local institutions and actors that could play a trigger role in promoting decentralisation and local governance (i.e. assessing possible coalitions for change).

Step 4: *Take stock* of the intervention strategies, approaches and contributions of the various development partners and other external players (e.g. international non-governmental organisations and local governments from Europe involved in municipal international cooperation).

Step 5: *Assess the roles and capacities of the different players* at the central and local level. This can be seen as an analysis of the existing potential for action and related priority capacity-building needs.

(4) How to identify strategic options for supporting decentralisation?

The identification process is now moving to a critical stage. Ideally, an 'open-systems' approach is being applied, a solid political and institutional analysis of the country context has been carried out and the different actors and stakeholders in the decentralisation process have been properly 'mapped' and understood. The time is now ripe to identify concrete strategic options for supporting decentralisation. This is particularly important if conditions seem suitable for an SPSP. The corresponding SPSP identification fiche explicitly requests 'options for the implementation' of the envisaged support.

Key aspects that need to be considered at this stage include:

➤ focus,
➤ entry points,
➤ sequencing of support,
➤ capacity development approach.

Focus very much determines the nature of the decentralisation programme or project(s), which can be grounded in a philosophy of supporting processes in several ways:

- bottom-up,
- top-down (which might be justifiable under certain conditions),
- a combination of both.

Clarity is also needed on whether the support is to strengthen administrative de-concentration, fiscal decentralisation and/or political decentralisation (promoting the emergence of local governance and democracy). Other important focus questions are to what extent should the support concentrate on service delivery, stimulate economic (rural) development and strengthen state institutions (Box 20).

In terms of entry points, an area closely related to the discussion on focus, a variety of entry options may emerge from the assessment:

Box 20: Good practice in Mali: Refocusing the support strategy

In Mali, support to decentralisation was initially concentrated on devolution, with assistance provided to the local level/territorial administrations (stressing support to decentralisation from the bottom up). Relatively little attention was devoted to the de-concentration of administrative responsibilities, the strengthening of intermediate levels of government and sector decentralisation (decentralisation from the 'top down' to lower levels). A mapping of the support given to the decentralisation process of this country over the years, showed just how unbalanced the support had been and why administrative and sector decentralisation had not advanced. The recently launched PARAD programme aims to address the gaps uncovered.

Box 21: Tips and tricks: Some lessons learned on sequencing

- Invest right from the start in a process that helps to create a shared vision on what decentralisation should be and seek to achieve it over time.
- Avoid trying to do too much too quickly.
- Whenever possible, sequence decentralisation to incorporate the various dimensions (political, administrative, fiscal) throughout the process.
- Prioritise reforms for the greatest possibility of achieving results in a relatively short time period.
- Transfer powers before capacity building.
- In early stages, when local governments are weak, provide modest funding to be used in a discretionary manner (to promote 'learning by doing' and build local government credibility).
- Strategic differentiation among more and less advanced local governments can create incentives for improved performance.

- central government institutions;
- regional governments;
- local governments;
- local economic actors, private companies;
- civil society, non-governmental organisations, associations;
- supervisory bodies, such as parliaments, audit courts and ombudsmen.

The philosophy of supporting processes in either a bottom-up fashion, a top-down fashion or a combination of both, as mentioned above, can be operationalised through focusing on one of these different actors and entry points. For example, in a centralised and highly controlled environment, support to non-governmental and community-based organisations can help to create a bottom-up development dynamic which, over the longer term, might result in the creation of capacities at the decentralised level. Those capacities can be built on at later stages, when the environment is more conducive to the implementation of a national decentralisation policy. Alternatively, there might be times, or opportunities, when the decentralisation process can be supported through broad involvement of central government institutions.

Choices evidently can be thematic (and all-encompassing, like providing training to local councillors throughout a country) or sector-specific whereby one or more levels are supported (e.g. the central, regional, district and commune levels).

A choice concerning sequencing requires a good understanding of the decentralisation process in terms of its maturity, momentum, the time it takes to advance the reform and how it can be linked with complementary government reform initiatives, such as public finance reform. The sequencing aspect also demands thorough coordination with other development partners and the processes they are engaged in. Activities engaged in by other actors can help to determine whether EC support should link with that of other partners or whether the focus should be on unattended areas.

There also needs to be clarity on the capacity development approach to be followed. The identification fiche should

Box 22: The Ugandan Municipal Partnership Programme

The Ugandan Municipal Partnership Programme (MPP) works through three tiers of support. First, it supports a number of districts, especially in eastern and northern Uganda, selected on the basis of poverty criteria. In low-capacity and especially in conflict-affected districts, a more proactive role in assisting the districts has been programmed. In other MPP districts, where capacities are stronger, the programme management unit has employed a more 'hands-off approach'.

Second, there is cooperation with the Ministry of Local Government to support its role both as a supervising authority and as a partner that will implement the induction training for new councillors after the 2006 elections. Developing coherent country-wide approaches to training and capacity building, while recognising the variety of local situations in the districts (including special training modules for conflict-affected districts) is a key capacity-building strategy in the area.

Third, there is cooperation with the Uganda Local Government Association (ULGA) to monitor the quality of training and other possible strategic areas.

It is important to note that key enabling conditions are in place, which allowed such support to be designed. These include, but are not limited to, the existence of a national policy, donor coordination, a Ministry of Finance with clear ideas about the progressive development and management of a planning and budget cycle and parallel support programmes to strengthen capacities at the district level.

address the feasibility of an intervention, its sustainability after the support is ended, options for coordination and management by partners and other aspects. The strengthening of capacities needs to be considered, as well as how capacity building should occur. In this context, it is useful to build on key lessons learned in capacity development in governance-related processes such as decentralisation (see Annex 7).

Aspects of focus, entry points and sequencing were carefully taken into account in Uganda, where a multitude of development partners are active in the field of decentralisation (Box 22, page 45).

A final word relates to the ways and means to conducting identifications. Experience clearly suggests that this phase tends to be labour-intensive and time-consuming and that careful management by EC Delegations is key. Box 23 offers some tips and tricks that may help.

Box 23: Tips and tricks for managing the identification process

- Invest time to produce clear terms of reference.
- Promote and facilitate a multi-actor dialogue throughout the process.
- Make sure that government stays onboard.
- Mobilise existing sources of local knowledge.
- Coach the consultants.
- Be transparent and communicate about outputs.

4.3   Formulation

Once the green light has been given on the initial proposals for the support programme, the formulation phase can start. The division of labour with the preceding phases (programming and identification) is not watertight, yet in practice the 'formulation' process is geared to:

- deepening the analysis on technical aspects (e.g. performance indicators, cross-cutting issues);

- continuing the consultations with the different stakeholders;

- making final choices regarding the programme's objectives, approach, financing modalities, implementation arrangements and budget allocations;

- producing a financing proposal for either the project approach or an SPSP.

This Reference Document concentrates on three strategic/operational challenges that are likely to arise during the formulation phase:

> (1)   **When and how can budget support be used to support (trigger) decentralisation and local governance processes?**
>
> (2)   **What are suitable indicators (especially in SPSP approaches and budget support modalities) and through which process should they be agreed upon?**
>
> (3)   **How to choose an appropriate institutional set-up for the programme?**

Below each of these challenges is considered briefly, while making the link with ongoing EC experiences from the field as well as lessons learned.

(1)   When and how to use sector budget support?

Sector budget support is one of the three possible financing modalities (see Annex 8) linked to the choice for an SPSP. For governance-related processes, the European Commission is promoting, whenever possible, the use of sector budget support. The main reason is the potential 'trigger effects' that budget support may have in terms of enhancing ownership, facilitating dialogue, improving public financial management (at both the central and local level) and increasing transparency and accountability.

Both the D-group consultations for this Reference Document and the Brussels workshop (4-6 October 2006) revealed a growing awareness, interest and support for using this financing modality in the area of decentralisation and local governance. Three EC Delegations are already using it (Mali, Jordan, Honduras). Several Delegations are exploring the possibilities of shifting from a project approach to supporting decentralisation to an SPSP with sector budget aid (Niger, Madagascar, Philippines), while the issue is also on the table in countries where the decentralisation process still faces substantial challenges. However, there is also recognition that many thorny 'how to' questions remain to be answered, for example, related to focus, indicators and trigger clauses.

So 'when' and 'how' to use sector budget support? There are no specific guidelines for sector budget support in the area of decentralisation and governance. In the field, however, the Commission is experimenting with the use of such support in these areas and is gaining valuable

insights on the advantages and disadvantages of this particular tool.[33] But this is all very recent and limited to a number of countries, so further learning by doing will be required before a solid body of knowledge is constituted.

However, it is possible to provide some initial guidelines for making informed choices:

- **Link with general principles for sector budget support.** There is some concern at EC headquarters for 'too loose' an approach in terms of moving towards sector budget support. Hence the need to respect the general principles for sector budget support when considering the use of this financing modality in the specific area of decentralisation. Annex 8 presents 'seven key assessment' criteria for use of this modality. The focus on sectoral policies and sound public finance, for instance, should remain centre stage.

- **Flexibility.** The European Commission is keen to adopt a flexible and dynamic approach to using (sector) budget support. There is no need to first ensure that all eligibility conditions are fulfilled. A degree of latitude and risk-taking are part and parcel of the approach. EC Delegations may therefore propose the use of sector budget support even where some of the basic conditions still need further strengthening and consolidation. In practice, the Commission chooses for sector budget support precisely to increase its leverage, as well as to provide incentives for government to put in place a solid sectoral policy framework.

- **Ensure internal dialogue.** At the EC level, discussions take place on the opportunity of sector budget support and there are exchanges and dialogue within the Commission (involving HQ, Delegations and TA) on the use of sector budget support, with primary attention being given to field realities.

- **Beware of over-funding.** Experience shows the importance of the issue of 'absorption capacity'. While sector budget support offers the potential advantage of mobilising substantial resources (and thus to act as an incentive for government), there are limits to this strategy. Particularly in partner countries where the commitment to reform is uncertain, there is a danger of overloading the boat with a too generous envelope of financial means. The political and institutional bottlenecks that block the decentralisation agenda from moving will not disappear overnight. In this type of situation, the risk of low disbursement levels is real.

(2) What are suitable performance indicators and through what process should they to be agreed upon?

Defining the 'right' set of indicators is a major challenge in the formulation process. The quality of future monitoring and evaluation will depend, to a large extent, on the baseline work done during formulation. This is confirmed by monitoring reports on ongoing EC projects and programmes, which often contain rather critical assessments of the indicators used. The issue of performance indicators is set to gain more prominence as the Commission moves towards sector budget support in the area of decentralisation and local governance.

One should also keep in mind that there will be obvious differences between indicators for project approaches and indicators in the framework of an SPSP. Under the project approach, it is possible to focus on specific indicators (e.g. at the level of partner districts), whereas sector support is geared towards general indicators (which are sometimes not very well disaggregated). Performance indicators for projects are tied to implementation progress (not to sectoral policies). In principle, they do not influence overall disbursement levels (while this is the essence of performance indicators in an SPSP). All of this means that developing appropriate indicators for an SPSP is (comparatively) a more complex and time-consuming task.

Emerging lessons learned suggest the critical importance of making clear choices on various aspects (see Figure 16):

- **Substance.** What type of indicators should be used relative to the various objectives and expected results? How to balance quantitative and qualitative indicators? How to avoid an overload of indicators?

- **Process.** What is the most suitable process in which to define, negotiate and agree upon performance indicators?

- **Performance reviews.** When and how will performance reviews be organised to appraise the achievement of indicators (linked to ongoing monitoring and evaluation functions as well as to the preparation of disbursements)? How to ensure an effective political dialogue around support programmes? What consequences will be attached to underperformance? How to avoid the disruption of predictable aid flows in support of politically difficult reform processes by a too rigid application of performance criteria?

Dealing properly with performance indicators is particularly important in countries where the Commission decides to provide 'sector' budget support to decentralisation and local governance, as is now the case in Mali, Jordan and Honduras. Box 24 looks in greater detail at the Commission's (very recent) experience in Jordan with

Figure 16: Operational considerations with regard to performance indicators

Assessment/Evaluation
A multi-dimensional exercise

Substance	**Process**	**Reviews**	**Consequences**
Quantitative and qualitative indicators? Overload?	How to identify, negotiate and agree on indicators?	How to carry out reviews?	How to deal with cases of underperfomance?

Needs to be underpinned by:
• Multi-actor consultation processes and political dialogue
• Capacities to steer and facilitate the process
• Sound empirical data and analysis
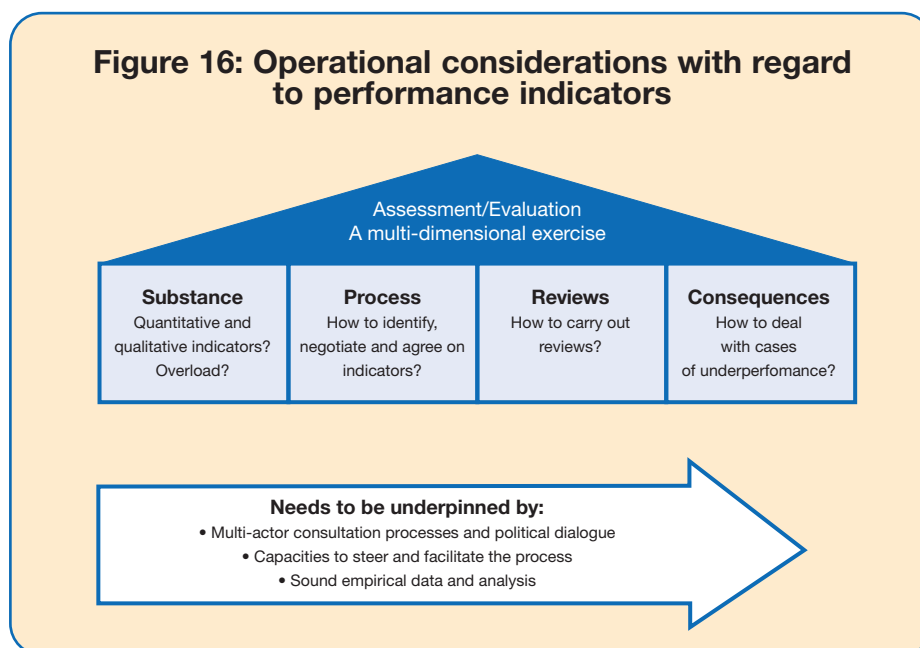
sector budget support and indicators and dialogue processes around this financing modality Annex 10 presents some examples of indicators used.

Further experimentation and learning is required to gradually build a solid knowledge base on how to deal with performance indicators in the design of governance-related support programmes, including in the area of decentralisation[34].

(3)   How to choose an appropriate institutional set-up for the programme?

A key concern during the formulation phase, for both the project approach and an SPSP, should be to clarify the institutional set-up for the policy dialogue, for implementation and for monitoring and evaluation of interventions. Choices of institutional set-up need to be accompanied, first, by an assessment of capacity gaps. Second, one needs to identify the capacity support to be provided to the respective actors, the approach to be used and the type of technical and management support required. Figure 17 reflects the various institutional questions to be addressed.

Finally, in relation to the formulation stage, it is useful to pinpoint to the complexities involved in terms of ensuring a truly multi-actor and multi-level design process. Annex 9 provides an example of this based on experiences in Tanzania.

4.4   Sector support programmes in a decentralised context ('indirect support')

This section discusses how to work with sector support programmes in a decentralised or gradually decentralising context. It also looks at 'classic' sector programmes such as those in health, education, water and sanitation.

The key task here is to design and formulate programmes that do not counter decentralisation, but where possible, even strengthen such reform processes and are mutually reinforcing. This is difficult in situations where there are no, or weak, decentralisation and sector policies. But even where such policies exist, there is seldom an easy link to be found for coherent support. 'Classic' sector programmes are generally designed with a poverty-reduction aim in mind, such as reducing child mortality or increasing school enrolment. In capacity-weak environments, and where needs are acute, there is pressure to deliver from the centre and through the centre's representatives in the regions and districts. This may collide with decentralisation policies, which place emphasis on the gradual and time-consuming creation of structures, systems and accountability relationships at lower levels of government and society.

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[34] In this context, it complementary use can be made, in a careful manner, of existing governance indicators. A variety of databases contain indicators on governance. The following resources provide access to most of the available information and discussions on governance indicators and their use: (i) World Bank Governance & Anti-Corruption website (www.worldbank.org/wbi/governance); (ii) Arndt, C. and O. Charles (2006). Uses and Abuses of Governance Indicators. OECD Development Centre Study, OECD, Paris (www.oecd.org/dev).

Box 24: Sector budget support to decentralisation in Jordan

In Jordan, the European Commission funds the innovative programme 'Poverty Reduction through Local Development' through sector budget support. The financing agreements and related annexes spell out:

- the management method and responsibilities for this 'untargeted sector support' to be channelled through the Jordanian national budget;
- the 'general conditions' for all disbursements (linked to macroeconomic reforms, the maintenance of a viable public finance system, regular monitoring of poverty indicators and progress in decentralisation, as well as the provision of finance and technical assistance needed to implement the programme);
- the 'specific conditions' for the two variable instalments, translated into a set of performance indicators, linked to objectives and results and further detailed in sources of verification (Annex 10 presents some examples of indicators used);
- the need for regular dialogue as well as annual performance reviews.

While this looks like a solid framework to provide sector budget support, actual implementation inevitably brings major operational challenges. These may relate to (i) finding ways and means to ensure an effective political dialogue (properly connecting the 'technical' experiences with the day-to-day management of the programme); (ii) collecting, on a systematic basis, the necessary information and evidence for assessing progress achieved on the general conditions (e.g. with regard to poverty indicators or advances in the decentralisation process); (iii) carrying out effective appraisals of the achievement of the target values of the indicators for disbursing the variable tranches (including the use of the 'weighting' tool); and (iv) deciding on the consequences of the appraisal in terms of new disbursements.

Figure 17: Choosing an appropriate institutional set-up

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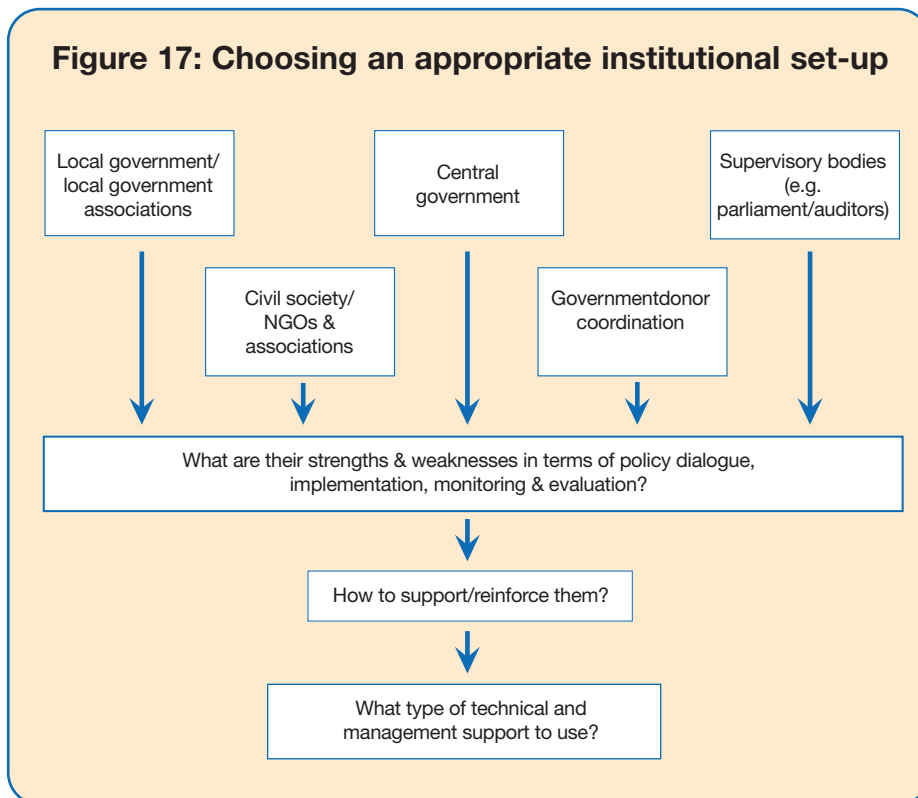
There are obvious risks as well as opportunities for synergies when providing sector support in a decentralised context. We discuss these and provide some tools to check the extent to which sector support programmes can be made consistent and coherent with decentralisation support.

4.4.1 Potential risks

Current practice in sector programme support builds on the so-called sector-wide approaches (SWAPs) which emerged during the course of the 1990s as one of several new means of streamlining development assistance by

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Box 25: Seven lessons on balancing EC support between the different levels of government

1 Provide capacity development support at all levels of government. Staff and systems need to be strengthened at the decentralising levels (e.g. local government sector staff) as well as at the de-concentrated levels of government (e.g. regional technical support services). Such capacity strengthening should pay attention to enhanced vertical integration within a sector (intra-sector integration and coordination), but should stimulate, at the same time, horizontal interaction between sector staff and colleagues working at the same level in other sectors (inter-sector integration and coordination).

2 Where possible, stimulate the execution of discretionary powers. Local governments need to have some minimal space to experiment and build their capacities according to their own insights and priorities. Intergovernmental financial transfers from the centre to local governments for a particular sector should allow – in principle – for the execution of a minimal amount of discretionary power. At the same time, the sector support programme needs to ascertain that these transfers are used in line with the priorities set for the sector, for instance, through monitoring and evaluation systems which pay particular attention to discretionary spending.

3 Recognise that the principle of subsidiarity is applied. In a decentralising environment, responsibilities and tasks should be executed at the lowest possible level of government and society. A capacity assessment – ideally done during identification and formulation – can help to determine which lowest possible level can take on these responsibilities and tasks. The lowest possible level could be institutions within government (e.g. district administrations or municipalities) but also non-governmental organisations which provide services or are engaged in monitoring activities.

4 Do not forget the governance dimension. Considerations of technical and managerial efficiency related to the delivery of services should take into account equally the governance dimensions of the decentralisation process. For the education sector, for example, this could mean that some educational funds are transferred to the school level and that the users of school services are directly involved in monitoring school expenditures through parent committees or school boards. This way, new accountability relationships are established which might also stimulate new forms of governance within society.

5 Apply a multi-actor perspective. Not everything has to be undertaken by the state or by its lower levels of government. Often government lacks sufficiency and is better advised to engage in public-private partnerships with non-governmental organisations or private-sector entities working at the national, regional or local level. Involving non-governmental actors in service delivery can be particularly worthwhile in areas where government presence is weak. While applying a multi-actor perspective, sector support programmes need to ensure that all actors work in line with the policies and priorities set for the sector.

6 Each sector needs to be dealt with in its own right. Not all sectors are the same. Each has its own specific challenges and types of actors involved. Health and education, for example, are traditionally more centrally managed, since they require the application of certain professional standards and have a level of complexity for which it is difficult to find adequate capacities at the decentralised levels. Agriculture, on the other hand, has a great number of private-sector actors with diverse profiles and activities. This makes it much more difficult to plan for this sector and to ascertain that policies are followed.

7 Support sector ownership and donor coordination. The complexities of supporting decentralisation through sector support programmes require an intense dialogue with government, combined with good-quality coordination among the development partners. Equally important is that EC sector support programmes are consistent and coherent with the country's own decentralisation policy (see Table 6).

improving donor coordination, reducing the fragmentation of efforts and moving towards broader government-formulated policy frameworks and implementation mechanisms. Sector budget support has shown its potential to increase government ownership, maximise coherence with national policies and strengthen the overall performance of sector ministries, including local service delivery in sectors like health, education, employment, social protection, water and sanitation, rural development and infrastructure.

Yet there is a risk that sector support finance will reinforce local dependencies on the centre.

- Transfers from the centre risk reinforcing centralising tendencies. This risk is particularly relevant in low-capacity and highly aid-dependent environments which want to stimulate political decentralisation. Centralisation can be reinforced, for example, through excessive reporting requirements to the centre at the expense of attention given to their constituencies.

- Earmarked transfers for particular activities can reduce the operational space for local governments to respond flexibly to the demands of their constituencies. Where possible, one should try to provide for a level of discretionary power which local governments can and should execute.

- Channelling resources through central government organs underpins an inherent trend among line ministry representatives to be in charge of the entire sector. The challenge is to identify incentives and alternative ways of sector planning, implementation and monitoring and evaluation which can support the decentralisation policy of a country and which can lead to greater involvement and strengthening of capacities at lower levels of government.

- Transferring resources to lower levels of government requires new rules of the game. There is a need to address questions relating to (i) the roles which the respective actors should play (e.g. who takes responsibility, up to what level of spending) and (ii) the capacities needed by the actors at the different levels of the sector to deal with new public finance systems, coordination and planning, etc.

There are a number of lessons which EC Delegation sector specialists and governance advisors can take on board to counter-balance a reinforcement of the centre at the expense of lower levels of government (Box 25).

4.4.2 Linking sector support with decentralisation

There are no universal answers on how to combine support to a 'classical' sector and to decentralisation. First experiences indicate that much depends on the country context, particularly the political commitment, the maturity of sector development and the focus of the decentralisation policy. The existence and quality of inter-governmental instruments is also a factor, including the existence of effective financial management systems through which a central government can link with the local level and the quality of policy dialogue. The trick is to identify support approaches through which opportunities for a win-win situation can emerge. Box 26 (page 52) provides an illustration.

The contributions to the D-group consultations and experiences shared during the validation workshop for this Reference Document indicate that this can be a long and bumpy path.

In Honduras, the issue has been the development of sector policies. The European Commission's response has been (i) to fund projects aimed at promoting service delivery at the local level, (ii) to stimulate the formulation of a sector policy and (iii) to support the national decentralisation strategy and wider government-led institutional reform.

In Niger where the decentralisation process has recently started, the European Commission has supported the young institutional reform process via budget support for macroeconomic stability and public finance, sector budget support and complementary projects to improve management and planning. Most advanced is its support to the education sector, where it is addressing the sector's high centralisation, and weaknesses in terms of human resource policy, definition of functions, and communication between the centre and the regions.

In Senegal, the Commission was supporting the health and education sectors with non-targeted budget support through central government systems. There are no additional payments to these sectors through project support. Budget-support transfers were complemented by programmes to strengthen regional, municipal and local development initiatives aimed to bolster the decentralisation process. Support to the regions also addresses capacity development of sector ministries to strengthen their capabilities for dialogue and monitoring.

Box 26: Reinforcing the decentralisation process through sector support

Sector support programme, managed by the Ministry of Water & Lands

Technical teams at the regional level build capacities for water management at local government level

Better local government water management, coordination with other sectors, involvement of NGOs, supervising village water committees, etc.
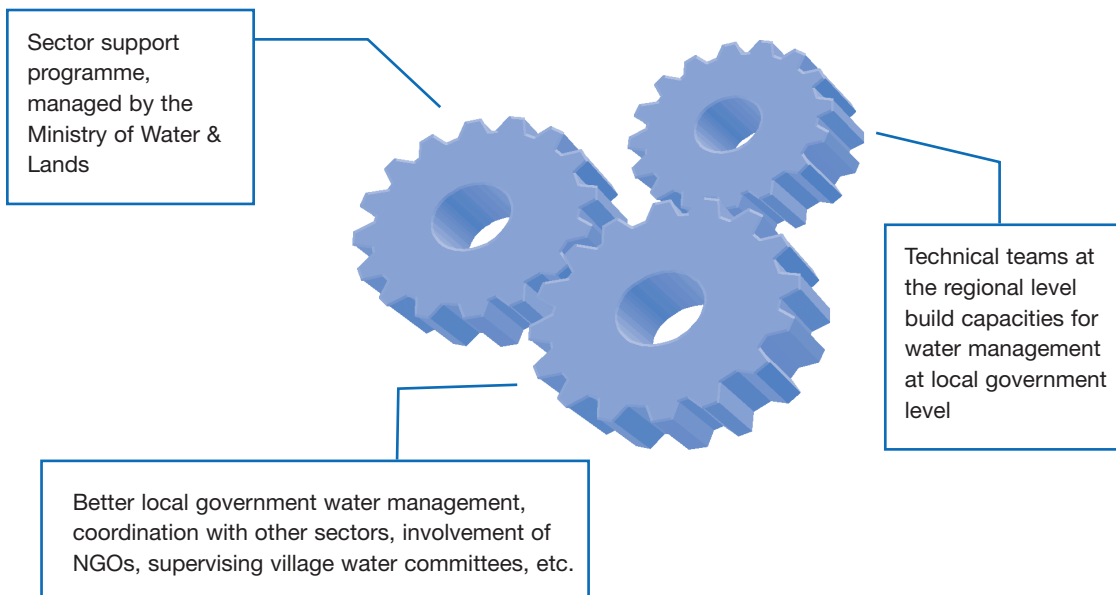
A sector support programme in water and sanitation, run by the Ministry of Water & Lands, manages technical teams at the regional level whose task is to build capacities for water management at the local government level (districts). To support the decentralisation process, the technical teams are tasked to transfer technical knowledge about water systems and their maintenance. They also provide knowledge and information about institutional and organisational aspects of water management; how to liaise and coordinate with other sectors at the district level; how to involve non-governmental organisations in public-private partnerships; how to set up village water management committees and strengthen their capacities for monitoring, etc. The water sector programme will ensure that the ministry monitors and evaluates all activities executed by the technical teams.

Another approach is to gradually build and indirectly support the decentralisation process from the bottom up through programmes in other sectors. An interesting experience in this respect is the 21 million euro support to the demand-driven programme in Syria on vocational education and training for employability. It aims to stimulate the local reorientation of vocational training delivery and labour market brokerage in a centralised environment. The principal idea of this approach is to pilot demand-led vocational training, originating from public-private partnerships, at the local level. Once vocational training is responding to local skills demand, the way will be paved towards a more widely shared and consolidated local approach for vocational training, which could gradually become recognised and formalised at the central level. Against such a background and with the experiences gathered thus far, a new decentralised vocational training and employment policy could, in principle, be formulated, followed by strategic planning, budgeting and objective-setting. Establishing a link between the pilot at the decentralised level and the subsequent formulation of a national policy framework for a sector, or sub-sector, is essential to achieve coherence with wider national development frameworks. Figure 18 summarises this approach.

Figure 18: EC training for employability programme in Syria[35]

Employability
EC sector support to the 'training for employability' programme
(€21 million): Can a bottom-up local pilot pave the way to a
decentralised sector policy in a highly centralised reality?

Local public/private partnership for demand-led VT	→ VT responding to local skills demand
Local approach fo VT/ employment services emerge	→ Local public-private partnership awareness consolidated
Public-private strategy recognised/formalised at central level	→ Decentralisation of VT public-private partnership
New decentralised VT/employment policy	→ Strategy/budget matching; results by objective indicators

In the Philippines, the European Commission has provided combined assistance at the central and local government levels. The aim is to re-define the role of the national level in health policymaking and regulation while supporting local priority setting and budgeting. This is a complex undertaking, as the health sector reform agenda is very much a work in progress. Moreover, the preparation of the decentralisation process and its legal framework was not sufficient. Some two years back, the decentralisation process was characterised by a fragmented involvement of local government in policy debate and rather weak donor coordination, a situation which has gradually improved since then. Moreover, adequate fiscal transfers were also an issue. The design of the European Commission's sector policy support programme targets two principal aspects: (i) the formulation of local government operational plans which build on the pillars of the health sector and Public Finance Management reform and form the basis for fiscal transfers from the centre and (ii) memoranda of understanding between the Ministry of Health and each province which define the implementation modalities of the programme and roles and responsibilities of the respective parties.

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[35] In the figure, VT refers to 'vocational training' while SS refers to 'Sector Support'.

4.4.3 How can 'classic' sector programmes support decentralisation?

A number of tools can assist in designing sector support programmes that are consistent and, where possible, coherent with decentralisation. The involvement of the Commission in poverty-related sectors like health, education and water, provides the opportunity to translate overall policy commitments associated with decentralisation into concrete operations at a sector level. Table 6 sets out some main questions in this respect.

Where decentralisation processes need to be taken into account, a decision should be taken in favour of a project approach or an SPSP. In many cases conditions are not yet in place for a full-fledged SPSP. The table below can be used by 'classic' sector specialists and their colleagues dealing with governance to jointly discuss which concrete steps need to be taken to strengthen projects so that they can gradually evolve towards an SPSP and take decentralisation into account.

Table 6: Is support consistent?

Legal context	• Is there a legal framework which outlines and defines the roles and responsibilities of the respective levels within government? • How does the legal framework foresee the relationship of the sectors vis-à-vis the decentralised levels in government? • Is the legal framework enforced?
Policy	• Is the sector support not in conflict with the decentralisation policy of the partner government? • Is the sector support in line with the decentralisation policy and guidelines of the European Commission?
Dialogue and coordination	• To what extent did policy dialogue take place with the partner government? • At which level and with whom of the partner government did the dialogue about the planned intervention and its objectives, outcomes and effects take place (central, regional, decentralised)? • Regarding consultation and coordination with other development partners, is the planned sector support not in opposition to the decentralisation support interventions of other partners? • Did consultations take place with non-governmental actors active in the sector?
Implementation	• To what extent are the implementation arrangements (central management/ decentralised management/ financing via international organisations) for the sector support not in opposition to efforts to support decentralisation? • To what extent are the financing modalities (sector budget support, pool funding, EC procurement and grant procedures) for the sector support not in opposition to efforts to support decentralisation? • Where non-governmental actors will be involved in the implementation of the sector support programmes, how will arrangements ensure that their work does not undermine efforts to strengthen the decentralisation process?
Capacity development	• Do capacity development activities for governmental and non-governmental actors and their organisations for the sector take account of the decentralisation policy? • Are the systems and procedures set up in such a way that they do not undermine efforts to support decentralisation?
Accountability	• How is accountability in the sector support programmes arranged? Does it not conflict with the decentralisation policy or efforts to support decentralisation? • To whom and at which levels are the actors accountable? Only upwards, which might weaken efforts to strengthen decentralisation and local governance?

Chapter 5

Implementing decentralisation support

EuropeAid

This Chapter:

- elaborates on five key functions to be addressed during implementation,

- raises some open questions that require further learning and policy development.

5 Implementing decentralisation support

5.1 Five key functions

The strategic and operational challenges mentioned by the participants of the D-group consultations form the background to this chapter. We distinguish five generic functions which EC Delegation staff carry out during the implementation of decentralisation projects or SPSPs:

- dialogue with partners,
- monitoring the implementation process,
- ensuring coordination and harmonisation,
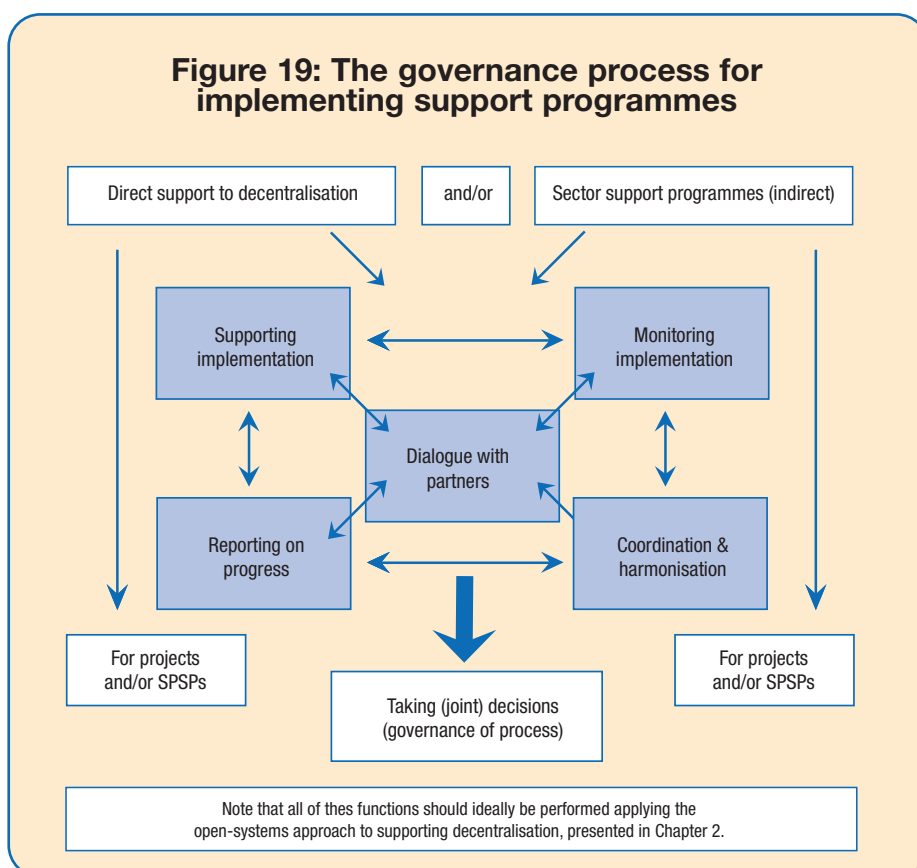- supporting implementation,
- communicating and reporting on progress.

These functions are interdependent. They are performed by EC Delegation staff internally as well as with their external partners, and are executed in an interactive way. The end-result of the process is a decision on whether (i) the activity should be continued as planned, (ii) adapted, (iii) substantially revised, (iv) prolonged or (v) terminated. These decisions are taken through various forms of governance arrangements (Figure 19).

For each of these tasks we (i) explore what needs to be taken into account when supporting decentralisation in the implementation phase and (ii) highlight some relevant EC experiences and practices.

5.2 Dialogue with partners

To successfully accompany the implementation of support to decentralisation, an active and meaningful engagement in dialogue is essential. Obviously, different forms of dialogue take place at the various levels:

- Dialogue with government comprising central ministries, like the ministries of finance, interior, local government and planning. Sector ministries should be part of this dialogue as far as it concerns the transfer of services to lower levels. Then there are regional and district administrations to be involved, as well as local (elected) district and/or municipal government.

- Dialogue with associations of municipalities, mayors and civil society, umbrella organisations, fora and (sector) networks of non-governmental organisations or faith-based organisations, as well as with selected municipalities and individual non-governmental organisations[36]. Dialogue with the private sector should also be considered where private entities are directly connected with support to the decentralisation process.

- Dialogue with concerned development partners as well as with other actors on decentralisation (more about this in section 5.5).

Figure 19: The governance process for implementing support programmes

Direct support to decentralisation — and/or — Sector support programmes (indirect)

Supporting implementation

Monitoring implementation

Dialogue with partners

Reporting on progress

Coordination & harmonisation

For projects and/or SPSPs

Taking (joint) decisions (governance of process)

For projects and/or SPSPs

Note that all of thes functions should ideally be performed applying the open-systems approach to supporting decentralisation, presented in Chapter 2.

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[36] In Tanzania, for example, the sector dialogue with government on education is attended by TENMET, a national network of non-governmental organisations active in the education sector.

Box 29: Complementary information from practice

Niger - With the support of the EC Delegation, the Comité de Concertation sur la Décentralisation (CCD) was created in 2002 to accompany and support the decentralisation process. The CCD is composed of the Prime Minister (or representative), a representative of the Presidency, a representative of the ministries concerned, and the development partners. It is co-chaired by the Haut Commissaire à la Modernisation de l'Etat and a delegate of the development partners. A major challenge is that the CCD has met only once up to now.

Burundi – European Commission support to decentralisation in Burundi is implemented through a complex steering committee (the Comité de Pilotage) comprised of representatives of the First Vice-Presidency, the ministries of finance, good governance, interior and justice, two representatives of the good governance office, one observer of the EC Delegation, two communal administrators, two parliamentarians and a minimum of two representatives of non-governmental organisations jointly designated by the Burundi government and the Commission. The steering committee meets each trimester. While this structure ensures strong dialogue among the official partners (in particular with the Interior Ministry), the effectiveness of the participation of parliamentarians and local authorities as well as civil society will increase with capacity development activities.

Senegal – National-level steering committees are appointed for each project and programme in Senegal. In addition, consultation mechanisms exist at the local level with an association of councillors (the Association d'Elus Locaux) and local monitoring committees comprised of all actors intervening in the sector.

Ethiopia – After the political events of 2005, direct budget support to Ethiopia was suspended and a new initiative, called Protection of Basic Service Delivery (PBS), was launched. Contributions to another joint instrument, a government-led programme on public-sector capacity building (PSCAP) are also envisaged. PBS is the result of a political dialogue through which the development partners found a way to remain engaged in supporting basic public service delivery at the central and decentralised levels. Complementary to dialogue with the government on PBS and PSCAP, specific coordination groups of the development partners were established for the two programmes.

Madagascar – Strengthening decentralisation in Madagascar is done through the ACORDS programme, which provides support to municipalities and rural organisations, and through micro-projects. ACORDS has an inter-ministerial steering group, which was given the political mandate to accompany and monitor the intervention. At the operational level, there is a coordination council comprised of the National Authorising Officer, the ministries of agriculture and decentralisation, the EC Delegation and other actors as required. It is convened on an ad hoc basis to take technical decisions and ensure coordination.

- Internal dialogue and exchange at the EC Delegation level between decentralisation experts and sector support specialists on how decentralisation support can best be operationalised. Contributions to the e-discussion indicate that this does not currently take place on a regular basis (see Box 29).

Dialogue on decentralisation is in some countries part and parcel of the overall dialogue on the reform of the state. Dialogue tends to be easier when it relates to technical and operational matters. Such talks are often undertaken in the context of steering committees or in ad hoc meetings involving government functionaries, Delegation staff, technical assistants and other stakeholders as required. Informal dialogue among the various actors can help, for instance, to provide complementary information, prepare proposals and find breakthroughs to (political) bottlenecks (Figure 20 page 58).

5.3   Monitoring

The word 'monitoring' is often used together with 'evaluation', suggesting a certain symbiotic relation between the two. In fact, however, these concern quite separate and distinguishable activities. Monitoring is generally considered to serve the purpose of systematic assessment and measurement of progress in the implementation of development interventions. It is assumed that the information collected through monitoring will provide a basis for decisions during the life of the intervention. Evaluation, on the other hand, focuses on measuring outcomes, results, effects and impacts.

Monitoring a decentralisation process can be done in a number of ways. It is an ongoing process (Figure 21, page 58) which makes use of qualitative and quantitative data originating from various sources:

- joint field missions – potentially a mix of decentralisation experts, sector specialists and colleagues from governmental institutions and non-governmental organisations;
- external monitoring missions and (joint) mid-term reviews for which the EC Delegation together with its

- partners formulates terms of reference;
- feedback from training sessions and comments received during such sessions;
- results of (annual) audit reports and information provided on finance;

Figure 20: Tips and tricks for engaging in meaningful dialogue

Figure 21: Monitoring as an ongoing process
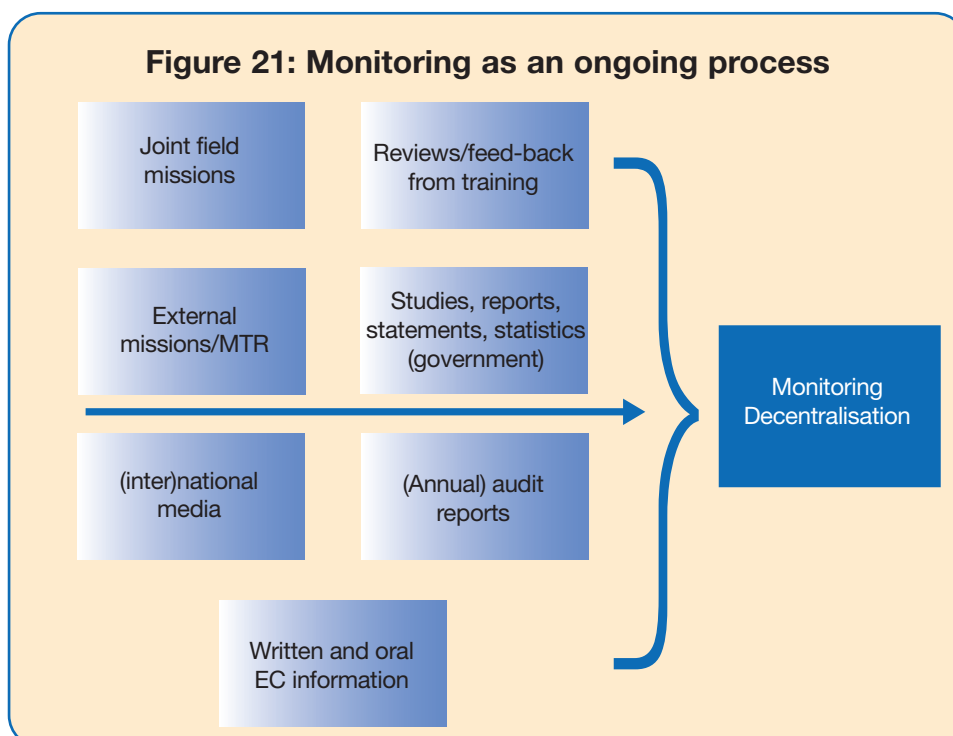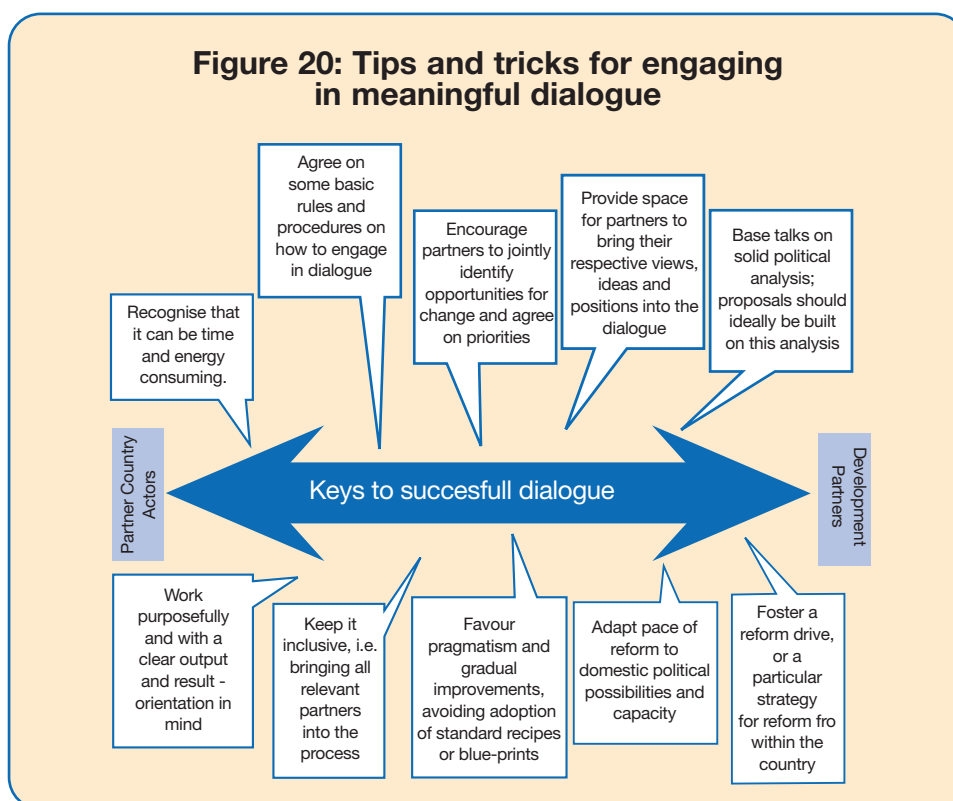
Box 28: OISE – A database on decentralisation in Mali

OISE began in 2001 with a series of studies, consultations and pilots. It has since grown into an elaborate database in which information is collected from the level of collectivités territoriales (communes and municipalities). Its structure operates at the regional level ('cercles' and 'regions') and is coordinated at the national level. The database allows the generation of statistical and geographical data and can be complemented through other sources. A difficulty encountered so far is the regular and accurate collection of information. Another challenge is to incorporate the management and operation of the database fully into an institution in Mali. Questions arising are whether it should be run within government, or as an independent institution. The data generated through OISE has enormous potential to inform the dialogue on decentralisation. The website is hosted under the Ministry of Interior (http://www.matcl.gov.ml/Donn%E9esDNCT/Oise.html).

Box 29: Some complementary information from practice

Niger - Monitoring in Niger is done through a mix of mechanisms: (i) the day-to-day monitoring by the EC Delegation combined with field missions, (ii) monitoring and evaluation systems which are part of the respective projects, (iii) mid-term evaluations, (iv) monitoring by headquarters facilitated through regular reporting and (v) annual audits via national audit firms/cabinets nationaux.

Benin - A gradual institutionalisation of monitoring the decentralisation process has been seen in Benin. There is a monitoring database which captures information on the progress of the decentralisation process. This database has been transferred to the National Association of Municipalities of Benin, which will further collect data in this field (with German support and further support provided through the 9th EDF).

Senegal – The main indicator to monitor the efforts of the Senegalese government to support decentralisation are the moneys transferred to local communities and any delays encountered in these transfers becoming available.

Somalia – To monitor progress of the support programme in Somalia, process indicators were formulated such as the development of common policies, work plans and progress in setting up regulatory frameworks. These allow progress to be assessed in the short term. The programme and its indicators were established through a participatory approach involving both the implementing partners and the beneficiaries.

- written and oral information provided via colleagues at the EC Delegation or via other development partners;
- studies, reports, statistical information, statements and the like provided by government, parliament, universities and other national institutions;
- national and international media, as well as information obtained through (inter)national non-governmental organisations.

Databases are being set up in several countries to monitor progress on decentralisation, and these could become an important complementary source of information. There are various experiences with data collection at different institutional levels. Data is generated through participatory self-evaluation of the performance of communities and municipalities, through collection of statistical and geographical data on rural development, through sector-specific monitoring of the transfer of resources and responsibilities (in e.g. health or education), through poverty impact analysis studies and through monitoring resource transfer by central government to lower government levels by civil society organisations (governance monitoring)[37]. Another source of information are databases of associations of municipalities, which have a strong interest in finding evidence on how their members are supported in the decentralisation process.

In Mali, the European Commission has supported the creation of a national database on decentralisation, the 'OISE' (Box 28). It is a source of information for measuring the progress of PARAD (Programme d'Appui à la Réforme et la Décentralisation), which is a 72 million euro sector budget support programme. Implementation of the programme is measured according to 12 key indicators, of which nine measure progress in decentralisation (in terms of the population's access to basic services, decentralisation policy and the interrelationship of decentralisation and deconcentration). The other three measure progress in state reform (see also Annex 10). Box 29 presents some complementary information from practice in four countries.

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[37] See, for example, "Renforcer les capacités pour le suivi et l'évaluation de la décentralisation et de la gouvernance locale en Afrique Occidentale" (http://www.snvmali.org/actus/actualite.html).
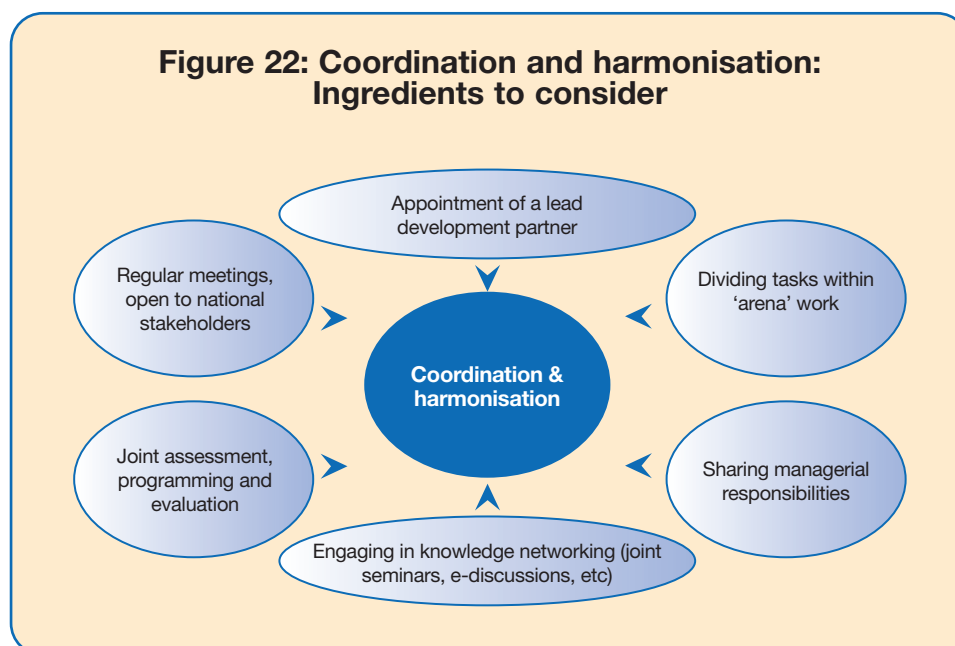
5.4 Coordination and harmonisation

The need for coordination and harmonisation among development partners' is a key message of the Paris Declaration and is combined with a request for interventions to be complementary and supportive of endogenous reforms. As such, the coordination and harmonisation of policies and practices of development partners needs to result, ideally, in an alignment with country policies, structures and procedures.

Coordination and harmonisation at the country level must clearly move beyond the 'talk shop' level. In the wide field of decentralisation, effective support largely depends on joint action and, where possible, a well-coordinated set of interventions. There are many ingredients that can be considered in operationalising coordination and harmonisation (Figure 22):

- regular coordination meetings which are open to governmental as well as non-governmental decentralisation stakeholders (in Uganda, for example, the Secretary General of the Ugandan Local Government Association participates regularly in the development partner's coordination meetings on decentralisation);

- appointment of a lead development partner on rotation who functions as the key interlocutor with government on behalf of all the development partners active in the field of decentralisation;

- joint assessment and country programming missions, as well as joint evaluations (this requires solid preparation of terms of references, whom to select, how to manage the process, etc.);

- development of joint work plans or the joint financing of studies supportive of host government policies and priorities;

- sharing managerial responsibilities, where one of the development partners takes care of the operations funded by another development partner (delegated cooperation);

- engaging in knowledge networking, for example, through the organisation of joint learning events, like conferences, seminars and e-discussions;

- agreement on a specific number of technical assistance personnel to be active in a particular part of the decentralisation arena and potentially to co-finance personnel for key institutions (reduced numbers of external experts for key institutions can sometimes be more of a gain than a loss, as too many external experts risks overlap and inefficiency);

- agreement on the number of development partners to get involved in a particular part of the decentralisation arena, as too many partners, if not well managed, might contribute to undermining capacities instead of developing them.

Coordination and harmonisation need to be adapted to the respective country context. In this regard, Chapter 4 (section 4.2) presented a typology based on four possible situations:

Figure 22: Coordination and harmonisation: Ingredients to consider

- Appointment of a lead development partner
- Regular meetings, open to national stakeholders
- Dividing tasks within 'arena' work
- Coordination & harmonisation
- Joint assessment, programming and evaluation
- Sharing managerial responsibilities
- Engaging in knowledge networking (joint seminars, e-discussions, etc)

Box 30: Some complementary information from practice

Various EC Delegations – Internal coordination is generally informal, in particular within those departments directly supporting decentralisation. Structured exchanges about the decentralisation process in a country, as well as joint visits to the field, take place to a lesser degree. This is particularly the case for decentralisation experts and sector support specialists, who tend to work rather in parallel.

Burundi – Complementary to the formal steering committee which accompanies the support to Burundi's decentralisation reform, an informal committee comprised of representatives of development partners, non-governmental organisations and a number of ministries meets occasionally to discuss pressing issues. The EC Delegation is a member of this initiative.

Senegal – The main development partners supporting decentralisation in Senegal meet each trimester in a sub-committee to debate major problems and policies concerning the reform process and to exchange information with a view to supporting the government more effectively. On rotation, the sub-committee is chaired by one of the development partners, who maintains a direct working relationship with the ministry responsible for decentralisation. The EC Delegation is a member of this initiative.

- Countries where decentralisation is ongoing. In such cases, development partners can more easily follow and feed into policies and priorities set by the host government.

- Countries at the beginning of the process, but moving forward rather slowly in terms of implementation. In this situation, development partners might need to be much more proactive in their coordination and harmonisation. This invites the development partners to reach agreement and consensus among themselves, to be flexible in their approaches and to speak with a common voice vis-à-vis government.

- Countries where decentralisation is not on the agenda. Development partners need to agree on whether to engage in supporting decentralisation. If yes, they should examine how this could be done with optimal leverage and impact through concerted action. If decentralisation is to be supported, it will be crucial to jointly engage in firm political dialogue and work out a coherent set of interventions.

- Countries in fragile and post-conflict situations. In these cases, development partners may need to provide proactive assistance to shape the preconditions from where – gradually – decentralisation policy and practice can evolve. Box 30 presents complementary information derived from practice.

Box 31: Fostering the participation of European municipalities

A number of European local government associations have developed a rich experience in supporting decentralisation processes and local governments in a variety of countries. Some of the European associations have even developed specialised agencies for this purpose. The EC is increasingly interested to link up with these actors with a view to:
- promote exchanges between municipalities of North and South (e.g. decentralised cooperation activities; training seminars, visits, etc.);
- mobilise their knowledge and expertise in the implementation of programmes in support of decentralisation;
- use the twinning approach with local governments (in countries where this instrument is available)

Several possible funding sources exist for such cooperation, including national and regional indicative programmes (if they include support to decentralisation) as well the new 'Thematic instrument for non-state actors and local authorities'.

5.5   Supporting implementation

Whether support to decentralisation is provided through projects or via SPSPs, the role of the EC Delegation is also to support the implementing agencies or actors in an intervention. These might include independent technical assistance personnel, project implementation units (PIUs), (inter)national non-governmental organisations and short-term experts. Increasingly, the EC may also rely on European municipalities to provide support to local governments (Box 31).

For an SPSP, it could involve particular departments of a central government institution or a sector ministry responsible for implementation.

Supporting implementation requires a wide variety of day-to-day activities: preparation of terms of reference, administrative tasks, procurement and deployment of resources (including the fielding of personnel), coordination, liaising with partners, programming and revising operational plans and budgets. The examples in Box 32 highlight the need to be well informed on the country context as well as

on the nuts and bolts of the process. They also underline the importance of maintaining a high degree of flexibility, particularly in politically instable environments.

Supporting implementation needs to be done with a capacity development perspective in mind. Interventions are for a limited period of time and need to serve endogenous processes of change. As such, the role and positioning of an intervention need to be continuously reflected upon to assure that:

- activities can be gradually integrated into the partner context;
- there is enough space and time for the partner institution/organisation to test its own approaches and ideas;
- partners construe the intervention as an opportunity to build their own capabilities and do not use the resources for gap-filling purposes;
- the overall approach of the intervention is supportive and not perceived as dominating.

The Paris Declaration's objectives were formulated from a capacity development perspective (Figure 23). One of its

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Box 32: Tips and Tricks from EC Delegations on how to better support implementation

- "To fully understand the country situation and follow decentralisation processes well, we need to engage more in dialogue with the partners. Consultants can do a valuable job in specific areas but are often not sufficiently well placed to accompany processes fully. We should have much more operational space to leave our computers."

- "The quality of consultants is critical. Opportunities for enhanced cooperation and collaboration between agencies should be explored. There is a lot of scope for joint work for programming, monitoring and evaluation missions."

- "Active engagement in the field of decentralisation, with all its changes and pitfalls, requires us to test approaches, or to pilot new ways of working. As such we need to have space for innovation which is, however, often limited by our systems and procedures."

- "A regular exchange with headquarters on sometimes very complex decentralisation questions is of paramount importance to make us succeed. As we don't have all the expertise in the field, strategic and coherent support on content is essential. These inputs then also need to be timely and well tuned to our situations in the field."

- "It is not always clear to us how to balance our approach in accompanying decentralisation processes. On the one hand, we are asked to ensure more ownership on the side of the partner country, while on the other hand we need to address issues which are not immediately on the partner's development agenda, such as gender mainstreaming, motivating NGOs to stimulate local governance, etc. We need to communicate more on this and understand how to build capacities in such situations."

Source: Discussions at the workshop in Brussels, 4-6 October 2006.

Box 33: Some complementary information from practice

Niger – Four categories of activities are accompanied by the EC Delegation in Niger: (i) improvement of the juridical/legal architecture of decentralisation reforms; (ii) strengthening dialogue capacities, in particular, at the level of communes and between the authorities and civil society; (iii) promotion of local governance through media campaigns; and (iv) provision of funds to guide the reform, through studies, setting up information systems and formulating a national strategy to harmonise interventions on decentralisation.
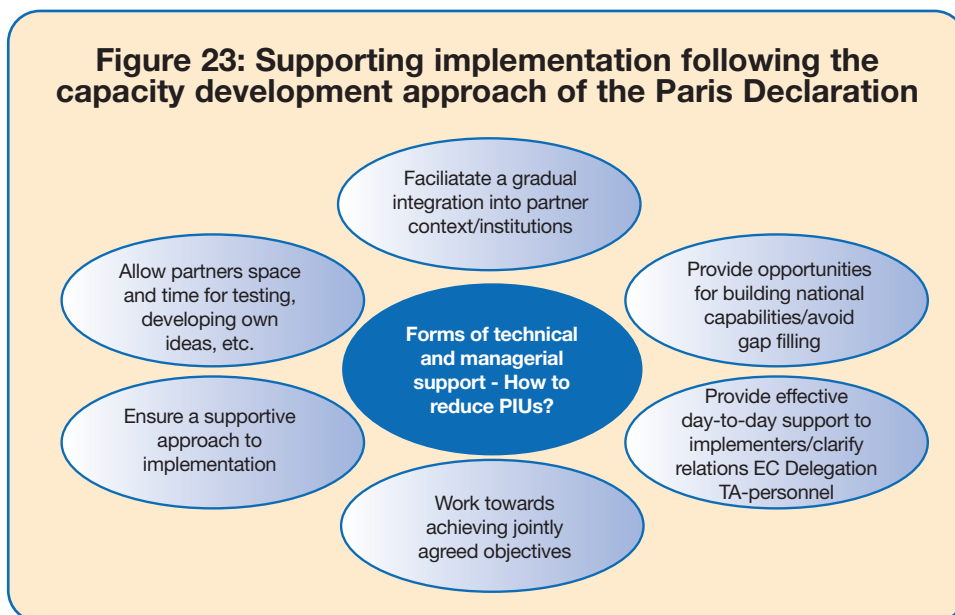
Somalia – In contexts like Somalia, changes at the political level have immediate implications for programmes. Yet interventions can be successful only if there is a long-term commitment that is flexible enough to adapt to the political changes. A mix of monitoring mechanisms is required to support implementation and adjust to the changing situation, comprising feedback from training sessions, periodic monitoring missions, steering committee meetings, external evaluations and project/programme reports.

recommendations is to avoid PIUs, which are seen as mechanisms to work in parallel to government structures and, as such, do not support capacity development and do not contribute to sustainability. The European Commission, in response, has decided to reduce PIUs where possible and to work through other forms of technical and management support whereby a closer link-up and attachment to host government institutions is sought.

This new way of working will likely bring with it new forms of relationships between the EC Delegations, technical and management support (long-term as well as short-term technical assistance personnel) and partners whereby the respective roles and responsibilities need to be clearly defined. Whereas PIUs are generally set up to manage the implementation of a project and are accountable to a steering committee for the achievement of results, this new form of technical and management support is geared

much more towards advising, facilitating change and supporting a process whereby ownership is taken by the partner. The partner is then accountable to a steering group, or other controlling and supervising institution composed of representatives of national institutions and the European Commission.

Further operational guidelines are needed to enable the Commission to pursue the paths set by the Paris Declaration on Aid Effectiveness, together with the partner countries. The development of such guidelines can be informed by the collective experiences of Delegation staff, technical assistance personnel and partners, who are currently testing the extent to which the commitments in the Paris Declaration can be realised in practice. In this regard, Box 33 presents some complementary information from the field in Niger and Somalia.

Figure 23: Supporting implementation following the capacity development approach of the Paris Declaration

Forms of technical and managerial support - How to reduce PIUs?

- Faciliatate a gradual integration into partner context/institutions
- Allow partners space and time for testing, developing own ideas, etc.
- Provide opportunities for building national capabilities/avoid gap filling
- Ensure a supportive approach to implementation
- Provide effective day-to-day support to implementers/clarify relations EC Delegation TA-personnel
- Work towards achieving jointly agreed objectives

Box 34: Do not underestimate the relevance of communication!

The need for communication is closely linked to decentralisation as a political and social transformation process. In this context, it is useful to refer to the general recommendations from the World Congress on Communication for Development in Rome in October 2006. The gathering stressed the crucial importance of 'communication for development'.[38] This concept goes beyond the traditional view of communication as a primarily unidirectional, top-down process involving a transmitter and a receiver. Current thinking perceives communication as an inclusive and social process in which knowledge is the outcome of a multi-stakeholder learning process. It is the quality of that process, which involves listening, building trust, debating and learning from each other, that is vital for creating ownership and sustainable change on a societal level. The quality of the dialogue on decentralisation largely depends on effective communication between the different actors and the ability to learn from each other.

Box 35: Some complementary information from practice

Burundi – The programme office implementing EC support to decentralisation in Burundi produces a descriptive and evaluative progress report which is submitted to the support programme's steering committee. In addition, the office produces an annual review jointly with the EC Delegation and Burundian authorities. This review analyses activity and performance indicators, discusses possible performance bottlenecks and makes suggestions on how to adapt the programme, if necessary. A mid-term review will also be realised after two years of operations, as well as an annual audit executed by an external audit firm. All of this reporting facilitates the steering committee's decisions on a continual basis (as planned), in modifying, prolonging or terminating the support.

Niger – The limitations in the collection of data and in the functioning of local government structures have made it difficult to appraise the evolution of the decentralisation process in Niger.

Various EC Delegations – Overall, few impact studies have been carried out (as yet) on the effects of support to the decentralisation process. There is recognition, however, that lessons need to be drawn and documented with regard to assessing the impact of EC support to decentralisation.

5.6   Communicating and reporting

Ongoing and effective communication is key for successful implementation of decentralisation support. Communication is integral to all of the functions mentioned in Figure 23. The importance of communication was also highlighted in several contributions to the D-group as well as during the October workshop in Brussels (Box 34, page 64).

Reporting is done according to the procedures and formats developed by the European Commission for the respective types of interventions. We therefore refer here only to EC programming, implementation and management guidelines for projects and budget support. In this regard, Box 35 highlights some messages from the e-discussion.

5.7   Open questions

The responses provided during the e-discussions paint a rich picture of current implementation practices. Nonetheless, many operational questions are still to be answered. Inputs received so far represent just a small proportion of the experiences that the Commission is accumulating. We hope that these can be made more transparent through more sharing and subsequent learning among practitioners and policymakers. Key questions identified are the following:

• The EC increasingly engages in dialogue at different levels of intervention. A concern is how to undertake an effective dialogue with governments where limited progress is achieved with the implementation of decentralisation reform.

[38] For more information on this congress, refer to http://www.devcomm-congress.org/worldbank/public.asp

- There is general agreement that effective support to decentralisation can be provided only if there are long-term commitments and financing horizons. How can this be dealt with given current EC strategies, programming arrangements and procedures?

- The Commission's new policy is to move away from using PIUs. What lessons can be learnt from other development partners for avoiding this type of management arrangement and what (new) role does this bring for EC Delegation staff, technical assistance personnel and their partners?

- The Paris Declaration aims to provide support to capacity development and the creation of endogenous change processes at different levels within the host government. This requires a willingness of the partner to take on ownership of the process and more responsibility. How to deal with partners, particularly at lower levels of government, who are not responsive to these new policies?

- Coordination, harmonisation and alignment require the European Commission to be flexible and adaptive to the needs and demands of partners. What experiences are there in the area of decentralisation of being responsive and innovative given existing EC instruments and procedures?

- Steering committees are important instruments to ensure that there is accountability for the results of the interventions towards both the financing partner and the host government. What operational experiences exist with regard to the functioning of these steering groups or committees and to what extent do they help make the interventions responsive to the needs of the partner?

- Monitoring of decentralisation processes is in its infancy everywhere. However, some promising approaches have emerged. What experiences have the Commission and other development partners had in different parts of the world in using the results of monitoring for effective political dialogue and support for decentralisation? (Chapter 6 elaborates on this point further.)

Chapter 6 *Assessing outcomes and impact*

This Chapter:

- examines the difficulties involved in measuring results,
- reviews lessons from experience and innovative approaches,
- identifies future strategic and operational challenges.

6 Assessing outcomes and impact

6.1 Getting evidence: A complex job

Earlier we looked at performance indicators for both project and SPSP approaches (section 4.3) as well as (innovative) approaches to monitoring decentralisation processes, including the critical importance of investing in local capacities for ongoing (joint) monitoring of progress achieved (section 5.3). Now it is time to examine how donor agencies cope with the challenge of providing evidence of outcomes and impact of their support.

In light of the current enthusiasm about decentralisation as a strategy for pro-poor political transformation process, one might expect pronounced interest in the matter. However, the discourse so far on the advantages and benefits of decentralisation is a rather normative one. The D-group consultations suggest that the outcomes and impact of EC support programmes have not yet been analysed in a comprehensive and systematic manner.

Admittedly, it is not easy to get solid evidence of progress achieved with the decentralisation process itself and with related support programmes. There is no shortage of thorny questions to be addressed:

- Why carry out assessments? Donor agencies need to be clear on the ultimate purposes of the impact assessments they undertake. Experience suggests that prevailing practices tend to prioritise the information needs of donor agencies and central governments rather than paying attention to enhancing the capacity of local stakeholders to assess progress achieved and the effectiveness of external assistance programmes.

- What do you want to measure? Decentralisation often has a myriad of motives and objectives. So what should be assessed? The immediate (tangible and intangible) effects of support programmes? Or their impact on the decentralisation 'system' (e.g. on administrative reform, public finance management, the quality of local governance and service delivery). The task at hand becomes even more daunting if the purpose is to measure the impact of decentralisation on multidimensional processes such as poverty reduction or on institutional changes of local government structures.

- How to assess outcomes and impacts? There is not yet a toolbox of well-tested methodologies for assessing the outcomes and impacts of decentralisation processes. It is also rather difficult to demonstrate 'causality' links between support provided and the evolution of the decentralisation process (partly because a good baseline analysis is generally missing).

- The overall national environment is a pervasive influence. There are limits to what external interventions can achieve in fragile states and in countries where the development process is disrupted by conflict. But also in more stable environments, the decentralisation process can be subjected to major ups and downs (e.g. after a change in government), affecting the implementation of donor support programmes.

In short, assessing the outcomes and impact of decentralisation support programmes is clearly 'a site under construction'.

6.2 Lessons from experience and innovative approaches

Yet results also matter in governance (decentralisation) programmes. This puts a pressure on donor agencies (i) to assess outcomes and impact in ways that respect the (political) nature of the support provided, (ii) to ensure that results are owned by the country or the programme and (iii) to better understand why results were or were not achieved.

Two sorts of operational guidance can be relevant related to:

- some initial lessons learnt with assessing outcomes and impact;
- innovative approaches and tools

Initial lessons learnt

Experiences accumulated over the past decade provide interesting lessons. **First**, it is useful to **agree on terminology**. This is no luxury, as there is often conceptual confusion among the various stakeholders involved. Table 8 illustrates this confusion and related need to make clear choices on the matter right from the start of the process.[39]

Second, the **'open-systems' perspective** (introduced in Chapter 2) may help to assess the evolution of the decentralisation process as well as the specific contributions that (EC) support programmes are making. Adopting an **'open-systems' perspective**[40] **when assessing outcomes and impacts** invites the actors involved to:

- avoid too many pre-defined performance indicators as this may blur the overall picture of an assessment or evaluation;

- seek broad acceptance and ownership of performance indicators and ways to apply them (through participatory approaches);

- understand the behaviour of organisations (and individuals) in complex, interactive and multi-

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[39] Source: http://ec.europa.eu/europeaid/evaluation/methodology/egeval/glossary/glo_en.htm#02
[40] See D. Watson. 2006. "Embracing innovative practice: Monitoring and evaluating capacity and capacity development." Capacity.org. Issue 29. September.

Table 7: Definitions of key terms compared

	European Commission	OECD
Impact	A general term used to describe the effects of an intervention society.	Long-term effects produced by a development intervention.
Outcomes	The longer term impact, usually expressed in terms of broad socioeconomic consequences.	The likely or achieved short-term and medium-term effects of an intervention's outputs.
Results	The initial impact of an intervention.	The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention.
Efficiency	The extent to which the desired effects are achieved at a reasonable cost (a definition which does not cover outputs).	A measure of how economically resources and other inputs (funds, expertise, time, etc.) are converted into results (considering the OECD's definition of results, efficiency may relate to outputs or to any level of effect).

organisational settings such as a decentralisation process;

- go beyond 'quantitative' measurement by stimulating dialogue on what constitute 'qualitative' improvements;

- focus on context-specific situations (as conditions can vary according to the various regions and even municipalities within a country);

- use 'stories' from practice as a means of making sense out of what is happening and what effects are emerging;

- involve the various stakeholders in the process, as perceptions on outcomes and impact may vary substantially (including from a gender perspective);

- underpin the assessment process with well-targeted studies, surveys and grassroots methods of enquiry on what actually happens on the ground;

- pay attention to both 'upstream accountability' (to donor agencies and taxpayers) and to 'downstream accountability' (to local politicians, communities, users);

- invest in collective learning on the transformational aspects of decentralisation;

- ensure an ongoing flow of information all along the assessment process (including dissemination of findings at local level).

Third, the assessment should carefully examine whether the necessary **incentives to reform** have been put in place. EC experiences confirmed that decentralisation involves a major change in mindset. It involves changing behaviour, encouraging municipalities to adapt their roles and take development initiatives. Decentralisation laws may be necessary but they are not sufficient. Laws do not in themselves change behaviour or beliefs; people have to be persuaded that the changes are good (and generally in their interest). When a new system such as decentralisation is being introduced, the tools we use for that change have to match the motives. What is it that is most likely to make target groups change their behaviour:

- Simple instructions?
- Explanations and understanding?
- Moral exhortation?

Depending on this analysis, several tools could be used, including:

➤ **Surveys.** Simple comparisons generate discussion and can establish a momentum for change.[41] For example a recent Urban Institute publication in Kyrgyzstan showed major differences in local public satisfaction with town municipalities – and therefore allows questions to be raised about the reasons for the low ratings of certain mayors;

➤ **Pilots.** Local governments that work and deliver services are key for decentralisation to get support. This can be promoted through pilot approaches – where the municipality would be given freedom from certain administrative and financial restrictions and work in a more creative way.

➤ **Advocates of change.** Ongoing debate on the nature, evolution and benefits of decentralisation is another powerful tool to sustain the process. National and regional local government associations have a key role to play in this regard (from the collection of evidence to lobbying work).

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[41] This is a tool much used now by the World Bank in civil service reform – asking civil servants and the public their opinions and using the results to indicate the need for reform.

➤ **Media coverage.** This is a crucial support function for an ongoing societal debate on decentralisation. It requires independent and specialized media that can help the public understand the value of municipalities and identifying examples of good practice.

➤ **Research coverage.** Academic and teaching institutions should also be encouraged to set up research into the process of developing local government – monitoring what is happening in the localities; issuing publications which would help people – at both national and local levels – understand better the various issues involved in establishing a strong and flourishing local government system.

Fourth, experience suggests that expectations on the outcomes of political decentralisation are often over-optimistic. A case in point relates to the equity outcomes. At this stage, there is no systematic or comparative evidence on whether increased participation in decentralised local governance generates better 'outputs' in terms of the provision of health, education, water and sanitation services for poor people. The available evidence is inconclusive and fraught with methodological problems. If anything, it tends to indicate that :

- equity outcomes have generally not been realised for poor;
- the quality of public service provision has not improved under decentralisation/local government;
- the gap in quality between the wealthier and poorer

areas has often increased in a decentralised system;
- efficiency gains may have resulted from delegation of financial responsibility from central to local governments, but governments, but resources have not been adequate to ensure effective coverage and quality.

However, this analysis should not lead to hastily drawn policy conclusions, i.e. that centralised service provision through de-concentrated agencies is a preferable approach. The challenge is rather to identify the conditions under which increased participation in local governance is conducive to enhanced outputs in terms of equity, quality and efficiency of services[42].

Fifth, the **time perspective** is crucial when trying to assess 'systemic changes'. The case of Mali is particularly interesting in this regard. After almost a decade of active support to the Malian policy of decentralisation, it is now possible to look back on 'impact' achieved at different levels as well as to identify future challenges (Box 36).

Innovative approaches and tools

Beyond lessons from experience, EC staff can also find inspiration in a growing set of (documented) innovative practices from different places.

Many of these innovations come from institutions and initiatives in third countries. For instance, the 'Partenariat pour le Développement Municipal', based in Cotonou, Benin, developed the 'Observatoire de la Décentralisation'.

Box 36: The time dimension of impact: lessons from Mali

- The long-term EC commitment and continuity in support helped the Malian government to assume ownership and to conceive and implement its own national decentralisation strategy, underpinned by a comprehensive rethinking of the territorial organisation of communes. It has also contributed to local elections (in 1999 and 2004) and to the establishment of a set of national instruments in support of decentralisation (such as a fund for local government investments and another for capacity building). These are gains which could not have been achieved with short-term, project-related support.
- The proactive lead role played by the European Commission facilitated the constructive engagement of most donor agencies in support of a single national policy and implementation framework (thus hugely reducing transaction costs).
- The channelling of vast resources to empowered local communities has led to visible improvements in service delivery.
- The lack of sufficient focus on the role of local governments in 'local economic development' (one of the key dimensions of a decentralisation system) has limited progress in raising the revenues of local communities. This brings up a new set of challenges related to enabling local governments to promote the development of local economies and strengthening inter-communal collaboration.
- The financial viability of the decentralisation process relies (too) heavily on external partners (the government contributes less than 10% to the Fund for Municipal Investments while local tax collection is marginal), thus threatening the sustainability of the overall system. In the next phase of the decentralisation process, the issue of local taxes should receive central attention.

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[42] This analysis draws from M. Robinson. Participation, Local Governance and Decentralised Service Delivery'. Paper presented at a workshop on 'New Approaches to Decentralised Service Delivery', Santiago de Chile, March 2003, accessible through the website of the Institute of Development Studies (www.ids.ac.uk). According to Robinson, successful interventions are not premised on participation and accountability alone, but require attention to political factors (commitment, leadership and mobilization); institutional arrangements; financial resources and technical and managerial capacity.

This 'observatory' follows the evolution of decentralisation processes in the region[43]. Not only does it produce a yearly overview of the projects and actors involved, it also carries out thematic studies and works on orientations for assessing and evaluating outcomes and impact. In the same region one also finds the 'Réseau de Réflexion et d'Échanges sur le Développement Local' (REDL), a network of organisations working in the field of local governance. In May 2006 it organised a regional seminar around documented case studies on a wide range of evaluation questions and related tools.[44] Other regions experiment with the instrument of a 'local governance barometer', designed to express the level and quality of governance, using a participatory approach.[45]

The toolbox for assessing outcomes and impact of decentralisation processes and programmes is gradually being developed. This holds particularly true for qualitative approaches to assessing progress with decentralisation. Qualitative data can be useful to complement quantitative information. Descriptions of different approaches are available, for example:

• outcome mapping (http://www.idrc.ca/en/ev-26586-201-1-DO_TOPIC.html),
• the Accountability, Learning and Planning System (ALPS) (www.dgroups.org/groups/pelican/docs/ALPSFINAL2006_31Jan.pdf),
• the Most Significant Change Technique (MSC) (www.mande.co.uk/docs/MSCGuide.htm).

Furthermore, several EC-supported programmes (e.g. in Syria, Madagascar, Jordan) are building capacities for joint assessments and evaluations. The main method used is facilitation of structured and systematic multi-actor dialogue on decentralisation and local governance. These processes yield relevant insights on the contribution of the support programme, while also developing capacity among local actors. EC headquarters as well are working on developing an adequate set of decentralisation indicators (see Annex 11).

Policy fora such as the OECD Development Assistance Committee also contribute to the development of tools for assessing progress in decentralisation (Table 8, page 72).

6.3   Challenges ahead

Notwithstanding the progress made so far, a number of challenges in assessing outcomes and impact are on the horizon:

➤ **Earmarking funds for evaluations** in all projects and programmes in support of decentralisation so as to promote effective multi-actor learning processes is the first challenge. The value of such evaluations is reflected in the example in Box 39 (page 73) on the contrasting outcomes of local governance processes in Mexico.

➤ **Adopting a flexible approach to working with performance indicators** (in both project and SPSP approaches) is the second challenge. Decentralisation processes are generally fluid, dynamic and constantly evolving in focus, emphasis, direction and intensity. Hence, there is a corresponding need for flexible and intelligent monitoring and evaluation activities so as to systematically adjust the support to changing realities. In practice, this means avoiding the definition of a too rigid set of indicators in the formulation phase. Due to the diversity of socioeconomic contexts, the particular indicators that might be 'appropriate' vary from one country and locality to the next and also evolve in the course of the process. One way to ensure flexibility is to seek agreement on indicative project and programme outcomes and allow for performance indicators to be defined in the course of implementation.

➤ **The risks associated with disrupting aid flows warrant careful assessment** and constitutes the third challenge. Experience in countries where the European Commission provides sector budget support to decentralisation points to the difficulty of dealing properly with performance assessments, particularly regarding global indicators (e.g. on macroeconomic issues). Perceived failures to meet these global indicators may lead to decisions to cut aid. Yet this may damage fair treatment and the predictability of aid flows that underpin reforms.

➤ **Sharing local governance evaluation practices and tools** is the fourth challenge. There is a need to further document new approaches and tools developed by local stakeholders for assessing decentralisation and local governance. Such 'communities of practice' may help practitioners to avoid reinventing the wheel while also preventing a proliferation of donor-driven tools.

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[43] The Commonwealth Local Government Forum produces a similar assessment of ongoing decentralisation processes in the various Commonwealth countries (see their annual report on www.clgf.org.uk)

[44] Focusing amongst others on experiences with (i) tools for self-assessment of local government performance, (ii) capacity to assess the effects of local governance reforms on poverty reduction and (iii) participatory assessments of social service delivery. For more information see www.snvmali.org/actus/redlinfo.pdf

[45] For an example, see the local governance barometer developed by the Impact Alliance in Africa (www.impactalliance.org).

Table 8: Assessing decentralisation progress

Aspects of decentralisation	Forms of donor support/ intervention	Sustainability aspects	Poverty orientation	Contextual variables
i) Degree of political decentralisation				
Number of devolved functions, local government control over personnel matters, overall fiscal decentralisation environment, etc.	- Donor pressure and conditions - Support to systemic reform - Donor coordination - Support to operational issues - Coordination with support to other reforms	- Central government's political commitment and decentralisation strategy - Long-term support to capacity building	- Centrally funded poverty-reduction programme - Monitoring of poverty - Institution building of councils with low capacity	- Historic legacies - National political environment - Incentives to decentralise - Regional (ethnic and social) differences
ii) Fiscal decentralisation				
- Share of local government expenditure in total public expenditure - Share of local government development expenditure in total development expenditure - Composition of local government expenditure - Own revenue sources as share of total local government revenue - Type of local government revenue assignment	- Support to design of overall system of local government finance - Support to finance development grant systems (World Bank, United Nations Capital Development Fund, etc.)	- Links between grants/donor funding and local government's own revenue - Design of tax and user charge systems - Revenue sharing between local government and central government	- Share of general administration and wages in total local government expenditures - Own revenue spent on poor groups - Local government incentives to spend revenue on poverty alleviation	- Tax base and resource endowments - Financial accountability - Existence of local government associations to take care of local interests
iii) Accountability: Relations between local governments and their citizens				
- Participation in local government decision-making - Lobbying - Citizen-based monitoring and evaluation - Civil society-based service delivery schemes imitated by local government - Citizen-based auditing - Joint management of sector programmes - Government framework for participatory planning	- Form of support to civil society organisations working with local governments - Degree of integration of donor-funded small-scale capital investment in local government operations - Capacity building of sub-district planning bodies	- Degree of upscaling and institutionalisation of partnership projects - Integration of social funds in local government operations	- Non-government organisations and community-based organisations organising poor groups - Poor groups' interests taken care of by sympathetic elites - Special support to weaker groups to take part in decision-making	- Character of civil society (strong and vibrant, social capital or local strongmen) - National networks of non-governmental organisations and community-based organisations - Culture of dialogue, involvement

Source: Adapted from OECD (2004: 73, 74).

Box 37: Comparing local governance in 30 municipalities in Mexico

In 2004, Merilee Grindle led a research effort in which performance was measured for 30 medium-sized municipalities in six states of Mexico. Here are some of the findings:[46]

1. Although the increase in electoral competition significantly increased the circulation of political elites, it only indirectly affected the performance of local governments.
2. The quality of local governance depended mostly on the entrepreneurial skills and activities of elected and appointed municipal leaders. Their core activities included the acquisition of resources from higher levels of government, often through personal relations. These individuals were often able to make significant changes in local governance, mostly due to the weaknesses of local institutions which could have influenced the pace of reform.
3. Many examples of state modernisation were found. These were primarily carried by entrepreneurial leadership, and changed frequently as administrations changed.
4. Citizen participation was an important aspect in extracting resources from local governments, but it was less important in holding local government officials accountable.
5. Local governance innovations were widespread and often rapidly implemented, but these reforms were frequently unsustainable, and could often not be maintained beyond the three-year life cycles of the political administration.

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[46] Grindle, M. (2005) Going Local: Decentralization, Democratization and the Promise of Good Governance. [unpublished]. This study relied on extensive field work, survey results and research.

Chapter 7 *Enabling the European Commission*

This Chapter:

- looks at the internal challenges the European Commission faces in becoming an effective player in the field of decentralisation;

- examines four sets of internal capacities that need to be strengthened:

  ➤ the capacity to act as a 'change agent',

  ➤ the capacity to ensure coordination, complementarity and coherence,

  ➤ the capacity to adapt management processes and procedures,

  ➤ the capacity to be a 'learning organisation'.

7 Enabling the European Commission

7.1   Capacity to act as a 'change agent'

According to EC policy documents, governance is all about supporting locally driven processes of societal change at various levels (political, institutional, social and economic). It touches on norms, values and rules for exercising power, on state-civil society relations and on vested interests, as well as institutions and the way those institutions operate. Decentralisation and local governance processes are key components of this transformation agenda.

Donor agencies that intervene in this arena are, by definition, not neutral players, but 'actors' themselves, with the potential to perform as a positive 'change agent'. Though the notion of 'change agent' has yet to be spelled out in detail, in practice, the Commission is already adopting this approach in many countries (Box 38).

There are three major reasons why the European

Commission may seek to play the role of change agent:

- **Clarity on the donor agenda.** Experience demonstrates the importance of being open and transparent on the reasons why decentralisation is supported (or not). This clarity on the donor side, in turn, helps to create the basis for an effective policy dialogue on decentralisation issues with the government and other stakeholders.

- **Societal demand (from below).** Donors (including the European Commission) are under growing pressure from local stakeholders to act as a 'change agent' when they engage in political reform processes such as decentralisation. This trend is particularly visible at the level of local government actors and civil society organisations. They want to be included in 'setting the governance agenda' and call upon external partners to support a truly inclusive multi-actor debate on the type of decentralisation a country needs. They increasingly expect the Commission to engage with the different 'drivers of change', beyond the provision of project support.

Box 38: Proactive EC support to political and societal transformation

Ownership and partnership are key elements in donor (EC) support strategies to decentralisation and local governments. This, however, should not relegate donor agencies to a passive role towards partner countries:

- In the case of El Salvador, Decentralisation is seen as a means to address major development problems such as growing social exclusion and poverty. This assessment of the country's situation led the Commission to adopt a bold and proactive approach with regard to decentralisation. In this context, it (i) promotes a strong link between decentralisation and democratisation as well as for enhancing dialogue opportunities on the reform agenda, (ii) provides direct support to the poorest municipalities, (iii) promotes alliances in support of local development (between municipalities, departments and de-concentrated services), (iv) engages in parliamentary debates on the need for sectoral decentralisation (e.g. with regard to access to water), (v) enters into partnerships with other donors in order to increase its (financial) leverage and (vi) monitors the achievement of negotiated performance indicators.

- The idea of the European Commission playing the role of a change agent is also evident in the cooperation with Jordan. Building on the government's commitment to an overall modernisation of the polity, economy and society, the Commission supports a wide range of governance-related reforms. This includes an innovative decentralisation programme targeting both local development objectives (geared at poverty reduction and based on active empowerment of local actors) as well as broader political and institutional objectives (including support to the incipient decentralisation process and capacity development of the different institutional actors involved in the process).

> ### Box 39: Tips and tricks regarding the meaning of acting as a 'change agent'
>
> Proactive engagement is key. In practice, this has a number of implications:
>
> - supporting domestic reform agendas while ensuring that their content and focus are determined by all actors concerned (not only by government);
> - promoting reform without forcing;
> - avoiding putting too much donor money in the decentralisation process, as this may undermine ownership and spoil local revenue collection as well as the overall fiscal responsibility of the government;
> - focusing on correct application of existing (decentralisation) laws and mandates given to the different institutions involved (including local governments);
> - establish adequate incentive mechanisms, for instance, through strategic forms of funding, in the framework of agreed partnership principles and dialogue mechanisms;
> - focusing on rights and entitlements, for example, with regard to access to basic social services;
> - negotiating and agreeing upon with the different local stakeholders a realistic set of performance indicators, to be jointly monitored;
> - accepting the need for trust and a 'let-go' approach to implementing reforms, so as to put local actors firmly in the driving seat, while focusing on results and accountability;
> - investing heavily in communication so as to ensure that the various stakeholders (at the central and local level) are informed, as well as to enhance transparency and accountability;
> - supporting civic education initiatives on decentralisation, local governance, the roles and responsibilities of the different actors, and on the concept of active citizenship;
> - making creative use of available local and regional (technical) capacities.

- Exert leverage. Decentralisation and local governance are endogenous processes. Nonetheless, there is a lot that external agencies can do to 'turn the key', for example, by providing (financial) incentives for effective implementation that lead to positive outcomes in people's lives.[47]

There are no straightforward answers on how best to play the role of 'change agent'. Much depends on prevailing country conditions, available windows of opportunity and the actors on the stage, as well as on broader contextual elements (e.g. the evolving international and regional environment). In essence, the change agent role often boils down to 'walking a tightrope' (Box 39).

7.2 Capacity to ensure coordination, complementarity and coherence

There are many good reasons why donor agencies should work together in supporting decentralisation reforms. Ensuring effective (EU) donor coordination, complementarity and coherence is critical for a number of reasons:

- to address the different elements of the decentralisation agenda, as no single donor can mobilise the required support on its own;

- to facilitate country ownership of processes;

- to mobilise sufficient leverage for a serious political dialogue on the effective implementation of reforms;

- to embed programmes in a long-term perspective;

- to comply with obligations resulting from the Paris Declaration on Aid Effectiveness (see also section 5.4).

However, at this stage, decentralisation remains marginalised in political dialogue processes, which tend to be dominated by macroeconomic and sectoral issues. There is no shortage of fragmented and competing donor interventions that fail to address and even retard the systemic changes needed for decentralisation. This was corroborated by the recent evaluation "Coordination and Complementarity of European Assistance to Local Development" executed in the context of a series of Europe-wide evaluations in relation to the "3Cs" of the Maastricht Treaty. That study points to several shortcomings in donor coordination. Based on four case studies reflecting different types of partnership relations (from Mozambique, South Africa, Indonesia and Nicaragua) the study found limited evidence of institutionalised and effective forms of joint action. This also holds true in countries that offer an enabling environment for alignment and harmonisation (like South Africa). Our D-group consultations confirmed that the effectiveness of donor (EC) support is often hampered by a lack of donor coordination (and partner country leadership in bringing this about).

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[47] Yet workshop participants stressed that this may only work in ODA-dependent countries. Donor (EC) leverage is likely to vary substantially according to levels of aid dependency.

Box 40: Some complementary information from practice

Mauritania - The European Commission and EU Member States have agreed to jointly carry out an identification study for future support to Mauritania's decentralisation policy. This means (i) going beyond simple coordination, (ii) exploiting the diversity of approaches and cooperation experiences, (iii) pooling technical and financial resources through common tools (starting with a common identification mission) and (iv) facilitating a more 'holistic' approach which integrates support to the national process (legal and institutional aspects) and to its local dimensions (participatory governance). For all parties involved this has meant a major change of practices (and mindset), requiring time and learning by doing. Yet the process has helped to gradually create the necessary openness, transparency and trust to make it work. The role of the European Commission as 'catalyst' of the process is critical, as many actors have to be aligned around a common reform agenda, properly owned by the government, the decentralised entities and civil society at large.

Sierra Leone - A major support programme launched in Sierra Leone is (i) aligned to the decentralisation agenda of the government, (ii) involves three key players (the World Bank, the European Commission and DFID) and (iii) uses a multi-donor trust fund to pool resources.

Peru - Donor support to the new regional governments in Peru was initially quite chaotic, resulting in a proliferation of overlapping projects. In 2003, the decision was taken to set up a 'decentralisation group' to facilitate dialogue and streamline interventions.

Yet there are also indications that the **Paris Declaration** is providing **new impetus** for multi-donor support strategies to country-owned decentralisation agendas. The D-group consultations provided several examples of innovative forms of donor coordination. Box 40 looks at practical examples from Mauritania, Sierra Leone and Peru.

7.3 Adapting management approaches, processes and procedures

The European Commission recently carried out a thematic evaluation of governance support to third countries. One of the main messages was the need for 'a change of culture as well as new toolboxes' for EC support to be effective in the great variety of country contexts. The evaluation also emphasised the critical importance of flexible management approaches (attuned to the often unpredictable nature of governance processes) as well as quick response capacities (allowing the Commission to seize windows of opportunity).

D-group consultation and workshop participants confirmed that these evaluation lessons also apply to the decentralisation and local governance arena. From the field there was a clear request for:

- space to adopt a 'process approach' to supporting decentralisation (aligned to the local realities);

- flexibility and capacity to adjust support as the overall political process and decentralisation agenda evolves;[48]

- staff time to properly engage with the various actors;

- incentives to take risks and adopt a learning-by-doing approach;

- a supportive rather than a controlling role from EC headquarters.

Like other donor agencies involved in governance and decentralisation reforms, the European Commission is making efforts to adapt its managerial approaches, processes and procedures to deliver effective support. On the positive side, there is clearly strong pressure to go beyond traditional project approaches to supporting decentralisation and to embrace, if conditions allow, a sector-wide approach supported with budget aid. This should help (i) to organise a more effective political dialogue, (ii) to link 'upstream' decentralisation reforms with 'downstream' assistance to local governments and (iii) to adopt a 'process approach' to providing support.

However, the D-group consultations confirmed the existence of a number of institutional constraints to effective delivery of decentralisation support:

➤ **Compartmentalisation** remains a relatively important constraint for many EC Delegations. Most Delegations consider dialogue between staff in charge of decentralisation and those dealing with sectors to be 'ad hoc' and 'limited'.

➤ Operational guidance on **innovative funding mechanisms** to support local governments is not yet readily available. This holds particularly true for the instrument of Municipal Investment Funds.

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[48] Ethiopia is an example as the donor community had to search for alternatives to the provision of budget support to social sectors following the situation of 2005. In order not to jeopardise poverty reduction efforts, funds will be channelled to decentralised levels through a multi-donor trust fund designed to protect basic social services.

➤ **Strategies and procedures do not always match.** Effective support to hugely complex political reforms like decentralisation and local governance requires 'process approaches' for designing and implementing suitable donor intervention strategies. This, in turn, puts a premium on having flexible procedures (adapted to process approaches) and financing tools, as well as the possibility for joint funding mechanisms or 'delegation' (as defined in Box 5, Chapter 2). The match between strategies and procedures (e.g. financial and administrative) is an important issue and the situation is evolving; efforts are being made to address them in the new financial regulation.

➤ The **administrative workload** for staff in EC Delegations is heavy, reducing the time available for content work and direct engagement in decentralisation and local governance processes. Also, time available is often insufficient to carry out tasks of monitoring the quality of work of consultants and for ongoing learning processes. Experience in Delegations also suggests that more lessons should be drawn from previous interventions.

➤ **Disbursement pressures** constitute another constraint. It can lead the Commission to programme relatively large financial envelopes for decentralisation, reflecting its commitment to support the reform process comprehensively and with adequate incentives. However, in several partner countries this may simply be 'too much to absorb', considering the prevailing political conditions, the dynamics of decentralisation processes and the available reform capacities. Disbursement pressure tends to compound these problems and the Commission has to ensure that

disbursements are linked to the necessary quality checks and guarantees.

7.4 Becoming a 'learning organisation'

International cooperation has changed dramatically over the past decade and will continue to evolve rapidly. This puts pressure on donor agencies to step up their learning curve, particularly in relatively new, politicised and multi-actor processes such as decentralisation and local governance.

In practice, becoming a 'learning organisation' implies investing in two major areas:

➤ **Improving learning 'on the ground'.** This is the foundation of a genuine learning process. It means (i) taking local realities as the primary reference framework for implementing support programmes (as opposed to using 'imported models'), (ii) creating space for ongoing multi-actor dialogue processes to systematically identify suitable implementation approaches and the required adjustments and (iii) institutionalising mechanisms for joint learning (Box 41).

➤ **Internal capacity development.** The European Commission is conscious of the need to enhance its overall institutional capacity to engage in governance and decentralisation processes. Workshop participants made valuable suggestions of possible steps to be taken in the future (Box 42, page 80).

Box 41: Putting in place systems for joint learning

Several EC-supported programmes on decentralisation and local governance include a component to facilitate collective learning as the process moves forward.

In Syria, the urban management programme foresees the creation of a 'resource centre' to provide back-up support and ensure a capitalisation of experiences, lessons learnt and good practices.

In Madagascar the Programme d'Appui aux Communes et Organisations Rurales pour le Développement du Sud (ACORDS) attaches great importance to learning by doing. To this end, it has adopted an experimental approach to programme implementation whereby 'field realities' largely determine how the process unfolds. It has also institutionalised mechanisms, tools and capacities to ensure systematic learning. Independent local capacities are mobilised to elaborate, through participatory methods, more refined responses to bottlenecks arising during implementation. Efforts are also made to ensure that these practical bottom-up experiences 'contaminate' other actors involved in the decentralisation process (particularly central government agencies and de-concentrated services).

In the Philippines an 'inter-quality support group' has been established within the EC Delegation to support the exchange of experiences through meetings among sectors.

> ## Box 42: EC capacity challenges with regard to decentralisation and local governance
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> - Invest further in developing a solid EC policy framework to support decentralisation in various regions.
> - Promote dialogue and harmonisation of approaches within EC Delegations (and among the associated technical assistance staff) on 'cross-cutting sectors', such as decentralisation and local governance (through focal points or task forces).
> - Explore ways to better utilise existing local capacities, sources of knowledge and available research and studies.
> - Share experiences and engage with other actors that can deliver effective decentralisation support (e.g. national associations of municipalities and European local government associations).
> - Clarify the role and added-value of supporting units at the headquarters level (such as the E4 Unit on governance, whose mandate needs to be made further known).
> - Enhance the coherence of the messages sent to EC Delegations (e.g. alignment between the call for ownership and the growing number of issues to be mainstreamed).
> - Develop user-friendly ways to tap knowledge and experience from existing databases (e.g. the CRIS database).
> - Provide guidance on how to optimally interpret existing regulations and procedures so as to provide flexible process support to decentralisation and local governance (the E4 Unit could play a key role here, as it recently did on basket funding modalities).
> - Ensure that the growing priority given to decentralisation and local governance in field programmes is reflected in appropriate capacity building (training) programmes.

Learning also involves mobilising knowledge from the outside. In this context, the Commission has recently taken an interesting initiative (together with KfW) in launching the 'Donor Working Group on Local Governance and Decentralisation' to learn how different donors operate in the field and to identify key principles for intervention and opportunities for common approaches and aid modalities. Four main topics are on the agenda: (i) stock-taking of operations, strategies and approaches; (ii) decentralisation as part of state reform processes and the political dimensions of the reforms; (iii) monitoring of decentralisation and appropriate indicators; and (iv) aid delivery methods. The challenge will be to make a proper use of lessons learned in the process to ensure effective dissemination towards the field.

Annexes

Annex 1:

List of ongoing EC projects and programmes in support of decentralisation and local governance processes[49] (December 2006)

Project/programme title	Country	Programme implementation period		Total budget in million €	Programme purpose	Support modality
		start year	end year			
Support to Provincial Governance	Afghanistan	2007	2009/ 2010	10.60	Service delivery, political participation and security in selected provinces are enhanced.	Joint management with IOM
Support to Governance in the Islamic Republic of Afghanistan	Afghanistan	2006	2008/	85.40	The integrity of the state is secured and public administration enabled to perform its basic functions. Rural communities are developed and better governed, and their relationship with the government is strengthened. The government's ability to plan and direct reconstruction and development on the basis of relevant, accurate and timely statistical information on the population is enhanced.	Joint management with UNDP (LOFTA) for Result 2: 30M €
Appui au Développement Socio-Economique Local dans le Nord-Est de l'Algérie (Appui au filet social)	Algeria	Oct. 2002	2009	50.00	Enclencher et soutenir un processus autonome de développement local durable dans 50 communes en favorisant le développement d'initiatives locales à vocation productive.	Project - EC procedures - Ex-ante control
EU-Asia Urbs Programme (Phase II, 2004)	Asia	2004	End 2007	9.95	Promote the EU-Asia partnership approach to good governance and project implementation at local levels.	EC procedures - grants (18K-750K €)
Local Governance Support Project – Learning and Innovation Component (LGSP-LIC)	Bangladesh	2007	End 2011	5.00	Improved UP capacity for effective, efficient, equitable and accountable delivery of pro-poor infrastructure and services.	Joint management with UNDP
Programme d'Appui au Démarrage des Communes - PRODECOM	Benin	June 2002	Sep. 2006	8.85	Mise en place d'une administration municipale capable d'améliorer le niveau des services rendus aux populations dans une logique participative et le renforcement dans ce cadre des capacités de l'Etat à appuyer les communes.	Project - EC procedures - Ex-ante control
Strengthening the capacity for community development in the Ministry of Local Government and Councils	Botswana	Jan. 2006	Dec. 2011	3.00	Capacity of Ministry of Local Governments and Councils to promote community development and self-reliance is strengthened.	Project - EC procedures - Ex-ante control
Support to Municipalities in north & north-eastern regions	Brazil	2007	12/31/ 2011	7.5 (total amount project 15 M €)	Reinforcing municipal capacities to plan, monitor and manage infrastructure projects of Procidades (Procidades is an IADB-funded infrastructure project)	Joint management with IADB
Appui Bonne gouvernance (Justice, Public Affairs management, Decentralisation, Census)	Burundi	Jan. 2006	Dec. 2010	19.75	L'objectif spécifique est de promouvoir un contexte de bonne gouvernance participative et d'état de droit. Cet objectif s'articulera autour de trois composantes : • Le renforcement de l'Etat de Droit • L'accompagnement d'une gestion transparente et équitable des affaires publiques • L'accompagnement et l'avancement du processus de décentralisation	Project - EC procedures - Ex-ante control

[49] A periodically updated list is available on the European Commission's good governance, democratisation, human rights and gender intranet. (www.cc.ec/dgintranet/europeaid/activities/thematic/e4/index_en.htm)

Strengthening democratic and decentralised local governance in Cambodia: Building local capacity through networking and local-local cooperation	Cambodia	Dec. 2005	Dec. 2010	10.00	The programme objective is to strengthen the democratic local governance institutions, systems, mechanisms and processes. To achieve this, cooperation between commune councils and other stakeholders will be favoured for more effective and responsive policies, greater local ownership, participation, civic engagement and implementation of pro-poor inter-commune projects (revenues and budget, transparency and participation).	Joint management with UNDP
Appui aux capacités décentralisées de développement urbain	Cameroon	July 2000	Dec. 2007	14.00	a. Accroître, dans le cadre de la bonne gouvernance, les capacités de programmation et de gestion urbaine des collectivités locales de 5 villes intermédiaires. b. Renforcer la participation des populations au développement local urbain.	Project - EC procedures
Programme d'appui structurant aux initiatives locales	Chad	End 2006	2010	7.95	Structurer et accompagner des initiatives participatives de développement local intégré (environnement, gouvernance, genre).	Project - EC procedures
Programme de coopération décentralisée	Comores	End 2006	Dec. 2011	10.25	La décentralisation est rendue effective par un renforcement de la démocratie et de la participation des acteurs décentralisés au processus de développement local.	Project - EC procedures
Decentralización y Fortalecimiento Municipal (FOMUDE)	Costa Rica	July 2005	July 2009	9.60	Contribuir al fortalecimiento de la capacidad de gestión de los gobiernos locales y a propiciar la construcción y desarrollo de un modelo de organización y gestión territorial descentralizada, así como la articulación del conjunto de la actuación territorial del Estado, incorporando las perspectivas de género y de desarrollo sostenible.	Project - EC procedures
Proyecto de Planificacion Urbana de la Gran Area Metropolitana del Valle Central de Costa Rica	Costa Rica	Apr. 2004	Dec. 2008	11.00	Realizar un proyecto integrado de planificación urbana de la Gran Área Metropolitana del Valle Central del país (GAM).	Project - EC procedures
Second EC rural development programme (RDP II)	East Timor	March 2004	Dec. 2009	9.00	To strengthen the technical and management capacity of the responsible ministries MAFF and MTCPW and other partners (private sector and community-based organisations) as well as to improve access to markets and services to assist poor people in ensuring their food security and improving their income.	Project - Centralised Management - EC procedures (services + essential grants to NGOs)
South Sinai Regional Development Programme	Egypt	April 2004	April 2007	64.00	Development of local economy and activities and the preservation and support of the social, cultural and natural resources of South Sinai.	Project - EC procedures (incl. grants to local stakeholder)
Support for local governance	Ghana	Oct. 2005	Dec. 2009	3.00	The capacity of the districts and local communities to identify, plan, finance, implement and monitor development interventions at the local level is strengthened.	Project - EC procedures (aligned with pool fund activities)
Décentralisation et renforcement municipal	Guatemala	mid-2004	End 2008	20.00	Fortalecer la capacidad de gestión de los gobiernos locales y propiciar la construcción y desarrollo de un modelo de organización y gestión territorial descentralizada, así como la articulación del conjunto de la actuación territorial del Estado incorporando las perspectivas de género y de desarrollo sostenible.	Project - EC procedures
Programa de apoyo a la decentralización en Honduras (PROADES)	Honduras	Feb. 2005	Dec. 2009	34.00	Los objetivos de PROADES son concordantes con los del programa sectorial PRODDEL	Sector budget support
Desarrollo de la region fronteriza HND/SLV	Honduras & El Salvador	July 2001	June 2009	30.00	Civil society is organised and involved in local development. Management capacity of local governments has been increased. Alliances between local governments for broader local development at both national and bi-national levels, established and operating. Institutional effectiveness and the will of national institutions related to broader development have increased and their planning capacity and prioritisation of investments in bi-national form is more effective.	Project - EC procedures

Programme de soutien à la décentralisation et à l'aménagement du territoire	Ivory Coast	Aug. 1998	Sep. 2008	47.00	- Favoriser l'enracinement de la démocratie et de la bonne gouvernance. - Disposer d'outils de planification performants. - Appuyer la structuration du territoire national par le renforcement du rôle régional des différentes localités chefs-lieux de régions ciblées.	Project - EC procedures
Support to Poverty Reduction through Local Development	Jordan	Nov. 2004	Dec. 2008	30.00	The support programme will contribute to enhancing living conditions for the poor and the near poor in a sustainable manner. By doing this, it will also play a role in achieving greater social stability. In line with the NSEP's aims, the programme will play a part in empowering local governments, civil society and the private sector to become actively engaged in the broader national objectives of reducing poverty and unemployment. Through the increased accountability of local authorities, the support programme should also contribute to democratisation and good governance.	Sector budget support
Development of Local Governance	Kazakhstan	July 2004	July 2007	12.50	To assist the Government of Kazakhstan to develop a clear and comprehensive strategic plan for decentralisation, with awareness of alternative models developed in the EU, including the new Member States.	Project - EC procedures
Community development programme Phase 2 (CDP 2)	Kenya	July 2001	Dec. 2006	15.00	Increase participation of deprived communities in development activities in rural and peri-urban areas and to empower such communities to manage these activities so as to improve security of livelihoods, safety nets and employment. Promote greater equality between men and women in these communities.	Project - EC procedures
Rural Poverty Reduction and Local Government Support Programme	Kenya	Aug. 2004	Dec. 2009	21.00	Improved accountability and local authorities' responsiveness in delivering services to the rural poor.	Project - EC procedures
Strengthening of local governance	Kyrgizstan	Feb. 2005	Feb. 2007	1.00	To improve the capacity of relevant stakeholders to contribute effectively to the decentralisation process.	Project - EC procedures
Micro-project Development through Local Communities	Laos	Feb. 2001	June 2007	10.00	To provide small-scale economic and social infrastructure requirements to the residents of poor upland villages in four rural districts through interactive participation of villagers, local authorities and private-sector organisations which will strengthen their ability to foster rural-based development in an efficient and effective manner.	Project - EC procedures
Developing Institutional Capacity for improved governance	Laos			1 (0.5 for decentralisation)	Programme contains a component in support of decentralisation	
Support to Reforms and Local Governance (Priority 1. Support to ENP Initiatives)	Lebanon	June 2006	March 2010	14.00	Accroître l'impact de l'action des collectivités locales sur un développement équilibré des régions par : l. Le développement de relations inter-municipales, l'utilisation des techniques de planification, une mise en oeuvre des stratégies locales de développement, l'association de la société civile à la gestion municipale.	Project - EC procedures
Programme d'Appui aux Communes et organisations Rurales pour le développement du Sud (Accords) PHASE I	Madagascar	2005	Sep. 2010	60.00	Contribuer à l'amélioration de la croissance économique et à la réduction de la pauvreté dans les provinces de Toliary et Fianarantsoa, de promouvoir la gestion durable des ressources naturelles ainsi que la décentralisation, la démocratisation et la bonne gouvernance locale.	Project - EC procedures
Ader-Nord: Programme d'Appui au Développement des Régions du Nord	Mali	July 2005	Dec. 2009	6.00	Impulser une nouvelle dynamique de développement territorial dans les Régions de Tombouctou, Gao et KidalAider : la mise en réseau des acteurs institutionnels, des communautés et du secteur privé et les aider à travailler ensemble afin qu'ils jouent leurs rôles respectifs, élaborent des plans stratégiques de développement régional et local qui seront mis en oeuvre grâce aux plans d'actions correspondants	Project - EC procedures

Programme d'appui à la réforme administrative et à la décentralisation	Mali	Dec. 2005	Dec. 2012	72.00	La CE apporte son appui au programme de Développement Institutionnel (PDI) complété par le Document Cadre de Politique Nationale de Décentralisation (DCPND) et fait siens les objectifs définis par ces documents gouvernementaux. Dans le cadre du PDI (Programme de Développement Institutionnel), le PARAD entend apporter un appui substantiel au gouvernement malien afin de: 1. Favoriser la mobilisation des ressources financières des collectivités locales (dotations du FICT-Fonds d'investissement des collectivités territoriales, ressources propres, subventions de fonctionnement. 2. Assurer la continuation du dispositif d'encadrement technique des collectivités en matière de maîtrise d'ouvrage, de planification et de gestion communale. 3. Appuyer la déconcentration des Ministères pour accompagner le transfert des compétences dévolues aux collectivités et favoriser la mise en place de relations de partenariat entre services de l'Etat et collectivités territoriales.	Sector budget support (+ EC procedures)
Appui à la Commune de Chinguetti	Mauritania	Jan. 2002	Dec. 2006	33.50	Assurer les bases d'un développement socio-économique durable de la Commune de Chinguetti par la restauration de son cadre productif et culturel et développement des capacités de gestion municipales.	Project - EC procedures
MED-PACT: Partnership programme between local and regional authorities in the Mediterranean	MEDA region	June 2005	Dec. 2006	5.00	Assister les pays partenaires méditerranéens de l'UE dans leurs efforts pour assurer un développement local plus équilibré et plus durable, par l'intermédiaire de partenariats entre villes. Promouvoir l'usage d'outils de planification et de gestion municipale plus performants, associant les différents acteurs de la cité autant que nécessaire.	Grants to local authorities EU/MED
Programme Appui Mise en oeuvre de la Réforme de la Décentralisation. Mise en place de stratégies et d'outils pertinents.	Niger	2004	Dec. 2007	2.00	Contribuer à la mise en place du processus de décentralisation au Niger.	Project - EC procedures
Programme d'Appui à la Décentralisation et au Développement Local dans la Région d'Agadez	Niger	2007	End of 2011	6.20	Permettre aux communes de la zone d'influence du programme de remplir leur mission de service public et de faciliter le développement local.	
Programme de Coopération Décentralisée (PCD II)	Niger	March 2003	Dec. 2007	7.15	Promouvoir les dynamiques du développement local fondé sur le principe de responsabilisation des acteurs.	Project - EC procedures
AGORAH - Programa de apoyo al desarrollo socio-economico y a la descentralizacion en las regiones de Ayacucho y Huancavelica (Programe d'Appui au Développement Socio-Economique et à la Décentralisation dans les Régions d'Ayacucho et de Huancavelica)	Peru	Dec. 2003	June 2007	14.00	El desarrollo socioeconómico de las regiones de Ayacucho y Huancavelica ha sido impulsado.	Project - EC procedures
Decentralised Programme for Rural Poverty Reduction (DPRPR)	Rwanda	2004	31 Dec. 2008	29.00	DPRPR aims to reduce poverty in the programme zone through support to activities within the framework of the decentralisation process implemented by the Rwandan government, which should help local populations to fully participate in the decision-making process with the local administration.	Project - EC procedures

Programme d'Appui au Développement Local Urbain	Senegal	April 2000	Dec. 2007	9.50	Contribuer au développement local qui peut favoriser un développement plus équitable et harmonieux et renforcer la politique nationale de décentralisation du pays.	Project - EC procedures + national procedures
Développement Institutionnel / Programme d'appui aux régions	Senegal	July 2000	Dec. 2007	10.00	Renforcer les capacités de la région à exercer ses principales missions de promotion et organisation du développement régional en observant les pratiques de "bonne gouvernance".	Project - EC procedures + national procedures
Decentralisation Capacity Building Programme	Sierra Leone	Oct. 2005	June 2009	10.00	To facilitate the devolution of functions and enable the local councils to carry out their mandate in accordance with the LGA and other applicable regulatory framework.	Trust fund World Bank
Expanding and strengthening community-based participation in local government	South Africa	2007	Dec. 2010	10.00	An expanded and strengthened community-based participation system that enables citizens to influence and monitor local government policy, resource allocation and service delivery.	Project - EC procedures
Sustainable Rural Development in Eastern Cape	South Africa	2007	Dec. 2011	12.00	The purpose is to promote the achievement of sustainable livelihoods in at least 10 communities through appropriate technologies and innovative approaches to rural development.	Project - EC procedures (mainly grants to third parties, especially NGOs)
Local economic development in Eastern Cape	South Africa	Dec. 2004	Dec. 2008	14.00	The creation of significant levels of sustainable employment (including self-employment) in the Eastern Cape, especially for previously disadvantaged individuals.	Project - EC procedures
Local economic development in the Northern Province	South Africa	Feb. 2002	June 2008	34.00	To stimulate job creation and income generation in the Northern Province.	Project - EC procedures
Urban DVP Support to the Ethikwini Municipality	South Africa	2003	July 2008	35.00	To strengthen the Ethikwini Municipal Authority (EMA)'s capacity to provide basic services and to stimulate job creation and generation of income by introducing area-based management and development practices in five selected learning areas.	Sector budget support
Local economic development in KwaZulu-Natal	South Africa	2003	July 2009	37.00	To achieve equitable economic growth starting initially in selected learning areas and then replicating local economic development across the province.	Project - EC procedures
URB-AL II	South America	Dec. 2000	Dec. 2008	50.00	Développer des liens directs et durables entre entités locales européennes et latino-américaines en promouvant la diffusion, l'acquisition et l'application des meilleures pratiques des politiques urbaines.	Grants to local authorities & NSA EU/Latin America
Municipal Administration Modernisation	Syria	July 2004	Dec. 2008	18.00	Improved urban management in six cities of the Syrian Arab Republic.	Project - EC procedures
Support to local government grant scheme	Tanzania	Jan. 2007	July 2008	22.70	The project will assist the government in achieving the objective of the grant system of creating a uniform, transparent and performance-based system to channel development resources to the local government levels in order to improve capacity as well as service delivery.	Pool fund mechanism
Support to Decentralisation Programme	Uganda	2006	Dec. 2009	10.00	To improve the capacity of local governments to ensure effective and sustainable service delivery. To empower local populations to demand better services and to strengthen mechanisms of communication and downward accountability towards lower local governments and civil society.	Project - EC procedures + grants to third parties (local authority association)
Developing Communities Programme (ZDCP) PHASE II	Zimbabwe	Jan. 2004	Dec. 2008	8.00	To improve the livelihoods of poor and disadvantaged rural and urban communities and strengthen the capacities of non-state actors in service delivery, policy research and advocacy through coordinated poverty-focused processes and projects.	Project - EC procedures

Annex 2

Thematic note on gender in public administration reform and decentralisation

Selected sections reproduced from: EC (2003) 'Briefing Note on Mainstreaming Gender Equality in Decentralisation, Public Administration Reform and Local Development' Brussels: European Commission

More information:
http://ec.europa.eu/europeaid/projects/gender/resources_en.htm

I. INTRODUCTION: SOME DEFINITIONS

This brief concept paper focuses on ways to address inequalities based on gender differences in development projects/programmes focussing on decentralisation, public administration reform and local development, and provides some practical suggestions for gender mainstreaming. It is essential at the outset to clarify the meaning of some key concepts involved and their inter- relationship.

(a) Democracy, Good Governance and Decentralisation.

The definitions given below demonstrate that concepts of Democracy, Good Governance and Decentralisation are inextricably intertwined. At the heart of all of these concepts lies the notion of eliminating inequalities based on a variety of conditions (socio-economic class, rural/urban milieu, race, gender, age) and promoting equality of participation and access, and control in all spheres.

Democracy

Democracy is a form of government under which the power to alter the laws and structures of government lies, ultimately with the citizenry. Under such a system, legislative decisions are made by the people themselves or by representatives who act through the consent of the people, as enforced by elections and the rule of law (INSTRAW 2005 see Reference Materials listed page 20)

Decentralisation

The term "decentralisation" ….meaning the transfer of power, responsibility and resources from central to regional and local governments…. is seen as one way to improve governance by bringing decision-making closer to the people affected by the decision (and this enhancing empowerment, access and accountability). Decentralisation is a multi-faceted concept, coming in a variety of different strengths (deconcentration, delegation, devolution) and taking different forms (administrative, fiscal, political), a combination of which are likely to occur in a decentralisation process. Decentralisation is a way to promote a more democratic and participative society. At the same time a democratic and participative society is an important and favourable condition for democratic decentralisation. With decentralisation the local level of governance is taking on increasing importance as a service provider and point of access to the political system and is thus a key arena in the struggle for women's political empowerment. Local government has the possibility to be an important point of access to the political system for women, and serves as the "first rung on the ladder" (INSTRAW 2005 see Reference Materials listed page 20)

Governance

Governance concerns the state's ability to serve the citizens. It refers to the rules, processes and behaviour by which interests are articulated, resources are managed, and power is exercised in society. The way public functions are carried out, public resources are managed, and power is exercised in society. In spite of its open and broad character, governance is a meaningful and practical concept relating to the very basic aspects of the functioning of any society and political and social systems. It can be described as a basic measure of stability and performance of a society.

As the concepts of human rights, democratization and democracy, the rule of law, civil society, decentralized power-sharing, and sound public administration, gain importance and relevance as a society develops into a more sophisticated political system, and governance evolves into good governance. (Communication on Governance and Development, October 2003 COM (03) 615 see Reference Materials listed page 20)

The notion of eliminating inequalities is also central to current ideas about development and poverty eradication. Development is no longer to be measured only by national figures on economic growth but also takes account of the equal distribution of benefits amongst the beneficiary population at all levels. Poverty is also understood not simply as lack of income and financial resources, but as also the result of inequality of access to all the benefits and resources societies have to offer. Good governance is essential for the achievement of development and poverty reduction goals as it concerns the state's ability to serve all its citizens impartially and therefore decentralisation, public administration reform and local development, as essential components of good governance, are key elements in achieving that goal. Development, poverty and gender

> **Development, Poverty and Gender**
>
> The main objective of Community development policy is to reduce and eventually to eradicate poverty. Poverty, however, is understood not simply as a lack of income and financial resources, but also as encompassing the notion of inequalities in access to and control over the material and non-material benefits of any particular society. ….An important determinant of inequality in access to and control over societal resources and benefits is gender. Therefore, redressing gender inequalities is an integral part of Community development policy, strategy and implementation
>
> (Ref: Toolkit on Mainstreaming Gender Equality in Development Cooperation (2005) page 7)

(b) Decentralisation, Public Administration Reform (PAR) and gender equality

Public Administration Reform is defined by the EC as the search for public service structures that respond to the needs of all citizens, and deliver appropriate goods and services efficiently, responsibly and impartially. PAR is also a response to a growing demand from citizens to authorities not only for better service delivery but also for increased participation in the decision-making process. Decentralised PAR as part of the process of good governance involves decentralisation of power, responsibility and authority to municipal and local levels local levels, accompanied by a more inclusive process of client consultation and participation.

Public Administration Reform which is conducted with respect to national commitments to gender equality must ensure that women and men will have equal access to all functions in the reformed structure and that promotions, salaries and benefits follow equal opportunities principles; that resources will be managed for the benefit of women

and men such that the goods and services to be delivered through this structure will be equally accessible to women and men, and will cater for their diverse interests and needs; and that women and men will be represented in the processes of consultation which guarantee accountability.

(c) Decentralisation, local development and gender equality

Decentralisation is recognized to be a process which involves the transfer of a range of powers (decision-making, revenue-raising etc) responsibilities (service delivery) and resources (financial, human, administrative) from higher levels in political systems (central governments) to authorities at a lower level.

Decentralisation places more power and resources at a level of government which is closer to and more easily influenced by citizens. Support to decentralisation should aim at enhancing the State's capacity to accelerate local development and at strengthening the voice and power of municipalities and grass-roots communities in the fight against poverty.

Most discussions about decentralisation focus on the aspect of vertical decentralisation namely the transfer of power, responsibility and resources from central to regional and local levels. But an equally important part of the concept of decentralisation as a part of good governance is the notion of promotion of a more democratic society where decision-making is made more participatory through being brought closer to the people affected by the decision.

The term gender equality denotes equality of access by women and men, boys and girls to the various material and immaterial assets and resources of their society. Decentralisation (as a part of good governance) which respects principles of gender equality involves not only the vertical transfer of power, responsibility and resources but also ensures a more inclusive horizontal process that ensures that power, responsibility and resources are equally shared by both women and men. Decentralisation is also a process that cross-cuts different sectors of activity. Whilst the reference here is primarily to decentralisation of administrative issues, the decentralisation process is also reflected in more decentralized service delivery in health, education, agriculture, water and sanitation etc.

Decentralisation and local development have been shown to open up new possibilities to stimulate women's participation in local decision-making processes, though this cannot be taken for granted as the traditional association of women with the private and domestic sphere of activities can hinder their participation in public life. Nevertheless, global figures show that in the local

public sector, the presence of women in decision-making positions is higher than at the national level.

Decentralisation does not automatically mean that good governance practices are being transferred. Bad governance practices such as poor financial management, corruption and nepotism can also be decentralized. Similarly decentralisation may result in such "reforms" such as the introduction of water-users fees which may place a new burden on the local community. This burden may or may not be equally shared by women and men.

Whilst the focus of a particular local development intervention may be on capacity building at municipal or local levels, local level development presupposes a high level of political commitment to and ownership of the process by the central government. The process of orderly de-centralisation naturally starts at the centre.

(d) Public Administration Reform and Local Government

Decentralised Public Administration Reform requires that capacity to deliver better and more the appropriate services also be strengthened at central /regional/municipal and local levels, and that consultative mechanisms are developed at these levels also. As stated earlier the process requires the establishment of mechanisms to ensure ongoing client consultation.

II. GENDER ISSUES IN DECENTRALISATION

The process of decentralisation involves potentially a large number of activities not all of which may be included in all projects /programmes. However all of the activities have gender equality implications

(a) Establishment of the Policy and Legal Framework for Decentralisation.

This activity entails the development of civil service decentralisation policy and approach detailing which powers, responsibilities and authorities are going to be de-centralized, and to what levels; and which details the budgetary, training and capacity-building, down-sizing and other implications of this decentralisation.

Gender Issues

National commitments to gender equality (e.g. to CEDAW, Beijing PfA or MDGs) should be reflected in decentralisation policies i.e. the decentralisation process should be seen as an opportunity to redress existing gender-based occupational segregation by ensuring that men and women have equal opportunities for employment in the new system. Equal access to support and services should also be guaranteed through establishment of gender budgeting and gender audit exercises to ensure that services provided are equally accessible to men and women, and address their different interests and needs.

In the course of establishing the decentralised system it may be discovered that gender-disaggregated data is inadequate to determine, for example, where men and women are currently employed. Their current place in the structure will also determine how they are affected by downsizing of central government structures.

(b) Establishment of Decentralisation Secretariat and human resource management plan

The Decentralisation Secretariat is in charge of overall process, and responsible for developing overall human resource management, planning and budget for decentralisation process.

Gender Issues

Code of conduct for officials should reflect the importance of observing principles of gender equality and equal opportunities.

Recruitment to new positions at all levels and in all categories must reflect equal opportunities principles.

Special measures must be put in place to ensure that women are fully represented in decision-making and higher functions. Remuneration, pensions and benefits should reflect equal opportunities principles as well as reflecting different parental responsibilities of women and men (e.g. provision for maternity leave should be assured, as well as parental leave after the birth of the child).

C: Establishment of Training Unit responsible for development and implementation of training and capacity building at all levels.

Gender Issues

Training courses must be established on gender-sensitive principles in that they are equally accessible to women and men in terms of timing, location, eligibility criteria.

Trainers and supervisors must be trained in gender equality issues. Training must be provided on gender equality issues particularly within the context of decentralisation.

Skills and vocational training must address and modify gender-based occupational segregation by encouraging women and men to follow non-traditional occupations.

Gender equality issues are of concern in the management, supervision, in selection and gender sensitivity of training staff, as well as in accessibility of training and in the training content. Training must equally accessible to men and women (in terms of timing location, cost, eligibility criteria), and encourage both to take on non-traditional occupations, in order to break down streaming of women into particular sectors and occupations which normally results in their over-representation at lower and lower paid levels of the occupational structure. Does the training system allow for the re-training of women who are re-entering the labour force after maternity leave or other family care functions. Training should be provided in gender equality issues in local level development planning and participatory budgeting, as well as in setting up participatory client consultation mechanisms.

(d) At municipal and local levels, assessment of current capacity to perform new functions which have been decentralised

Gender Issues

The assessment needs to show what positions are occupied by women and by men in the current structure. Assessment needs to test the level of gender equality awareness in terms of differential access and control by men and women of resources which affects development planning, budgeting etc.

(e) Establishment of participatory client consultation mechanisms with civil society to ensure participation throughout the planning and budget cycle

Gender Issues

Systems of consultation with the clients or beneficiaries of the system throughout planning budgeting implementation evaluation cycle must ensure equal representation and voice of women and men throughout

III. GENDER ISSUES IN PUBLIC ADMINISTRATION REFORM (PAR)

Typical PAR project activities and gender equality issues to be addressed are as follows:

(a) Redefinition of function and structure of civil service which would involve taking on new functions and shedding old functions through "down-sizing" certain jobs

Gender Issues

Gender-based occupational segregation usually means that women are over-represented at lower levels and in certain functions in the civil service structure.

The planned "down-sizing" may thus impact differently on women and men .If lower level jobs are cut more women will be affected. This may depend upon who is taking the decisions as to which jobs are less vital. New functions being created must be equally accessible to women and men women.

(b) Redrafting normative legal framework for reformed civil service

Gender Issues

Does the new normative legal framework reflect national commitments to gender equality as expressed through CEDAW ratification, Beijing Follow-up, ILO Conventions100, 111, and 140 which provide the international normative framework for gender equality in the labour market; ILO Conventions No. 3 and 103 contain the major provisions for Maternity Protection.

(c) Developing code of ethics for reformed civil service, to be reflected in behaviour, performance, written and verbal communication

Gender Issues

New codes of ethics insist upon the unacceptability and illegality of gender discrimination in any form in the workplace(recruitment procedures, sexist language sexual harassment); mechanisms should be in place for ensuring conformity to this code of ethics , and for handling grievances about violations e.g. ombudsman's office, established grievance mechanism

(d) Developing new human resource management policy with clear job descriptions, competency-based recruitment, evaluation and promotion procedures; targets and specific actions for women established to ensure their representation

Gender Issues

Principles of equality of opportunity and non-discrimination must be embeddedm in the new system with special targets and specific actions introduced to ensure that women are represented at all levels, including in decision-making levels.

Establishment of flexible systems of working (flexi-time, working at home, job-sharing etc) to accommodate women's family responsibilities. Regular gender audits should take place to show that targets for gender equality and non-discrimination are being met.

Competency –based procedures offer good opportunities to ensure equal pay for work of equal value, particularly in countries where women have traditionally less access to higher and post-graduate education.

(e) Developing scales of remuneration, benefits, pensions

Gender Issues

Are salaries, pensions benefits the same for men and women who have the same responsibilities, with additional recognition of women's extra maternal and family responsibilities.

(f) Office management system; mechanisms for decision-making, supervision

Gender Issues

Are women and men represented at all levels of the system including at senior management and decision-making levels. Is training on gender-sensitive management provided. Are there ombudsman or other systems in place to guarantee redress to all staff against abuse of the ethical code. Are women and gender equality interests represented in social dialogue at the institutional level; in the management structure of unions such that gender equality issues are discussed in collective bargaining processes.

(g) Budgeting and financial management

Gender Issues

Does the budget and financial management process reflect equally the possibly different priorities and interests of men and women, and reflect gender equality goals in the ways that funds are allocated end revenue generated. Are women and men equally involved in the budget process.

(h) Staff training programme

Gender Issues

Gender equality issues are of concern in the selection of gender sensitive training staff representing both women and men; in the content of the training, and in the organisation of training to ensure its accessibility to both women and men in terms of timing, location cost, criteria for eligibility, child-care facilities etc. The training system should provide for life-long learning and re-training of women who have temporarily left the workforce for maternity leave or for other family care functions.

Training should encourage both men and women to take non-traditional occupations and so work towards elimination of occupational segregation which normally results in women's over-representation at lower, and lower paid levels of the system

(i) Transparency and accountability towards the larger public

> **Gender Issues**
>
> Client and community consultation mechanisms need to ensure the equal representation and participation of women and men as individuals and in groups in the accountability mechanisms established as part of PAR the objective of which is the creation of public service structures that respond to the needs of citizens and deliver goods and services in an efficient responsible and impartial manner.

IV. GENDER ISSUES IN LOCAL DEVELOPMENT

Local development typically involves a number of activities each of which has implications for gender equality.

(a) Assessment of current capacity at local level to perform new functions and to manage devolved tasks

> **Gender Issues**
>
> Assessment should also look at current patterns of gender-based occupational segregation to ascertain whether women are adequately represented as local government officials, and if not how the situation can be improved (through establishment of special posts for women, public education as to sharing of parental responsibilities, special training courses etc).

(b) Creation of new functions and posts at local level to manage devolved tasks

> **Gender Issues**
>
> Special efforts should be made to reach out to women candidates in advertising posts. A quota system could be introduced in the short-term to ensure that women are represented.
>
> Equal opportunities principles should be followed in recruitment and promotion and in terms of salaries and benefits. It is considered that a "critical mass" of at least 30% of an under-represented group (such as women) is needed to ensure that they have a voice.

(c) Creation of a system for local development planning, budgeting and implementation established which includes capacity for:

i) Situation analysis

> **Gender Issues**
>
> A situation or needs analysis of the beneficiary population would take into account causes and consequences of existing gender inequalities based on traditional gender roles and patterns of occupational segregation. Family responsibilities may currently prevent women from participating in community consultations. Civic education programmes can begin to address this issue, as well as special efforts of local level officials (female and male) to reach out include women.
>
> For example, a patriarchal inheritance system may mean that women do not inherit property in their own right and therefore lack collateral to borrow money for agricultural and business activities. Special credit and loan guarantee schemes for women may need to be introduced under the project/programme
>
> In many country situations, women are not able to benefit from services which are delivered at a location and time which conflicts with family responsibilities, and requires greater mobility than they normally possess. This information should affect the planning of the delivery of new services. In order that women and men have equal access (e .g. mobile services, services which respect time schedule of women, advocacy of shared parental responsibilities to give women more time.

ii) Budgeting

> **Gender Issues**
>
> Does the budget and financial management process reflect equally the possibly different priorities and interests of men and women, and reflect gender equality goals in the ways that funds are allocated and revenue generated. Are man and women participating in discussions about the budget both as local level development officials and as part of the beneficiary population. Local level budget initiatives are very helpful in introducing transparency and accountability at this level. It can sometimes happen that decentralisation results in the introduction of fees and taxes at local level (e.g. user fees for water, market and road taxes, taxes on consumption goods etc) which impact differently on men and women

iii) Project appraisal and identification

Gender Issues

Are the Committees responsible for project identification and appraisal aware of the gender inequalities existing in the beneficiary population, and of the need to redress those inequalities by for example selecting projects in support of special initiatives for women with respect to access to credit; ensuring equality of access to activities which involve both men and women such as vocational training; or by advocating sharing of parental and family responsibilities between men and women.

Committees established for project appraisal and identification should contain both women and men, and they must evaluate not only project content but the way it was developed i.e. whether or not it was developed in consultation with both men and women.

(c) Creation of systems for demand-driven community based service delivery

Gender Issues

Are services equally accessible to women and men; do they address their different needs and interests.

Services to be delivered at the local level must be equally accessible in terms of time, location and cost to women and men, as well as catering for their different needs. Both women and men must be represented in different levels and different functions of service delivery systems to ensure that both women and men can be reached e.g. by agricultural extension workers, nurses and doctors, officials of credit institutions etc.

(d) Creation of systems for community outreach and consultation throughout the programme cycle

Gender Issues

Mechanisms of consultation with the clients or beneficiaries of the system must be established and ensure equal representation and voice of women and men throughout the project/programme cycle. Local level development officials, both women and men must make special efforts to see that women, and women's organisations are included in the consultative process, and are allowed to speak, and that their views are given equal weight in the decision-making process.

(e) Training and capacity-building to perform all of the above mentioned tasks

Gender Issues

Training for the new skills required for implementation of local level development should include training in gender equality issues involved in local level development planning participatory budgeting, setting up participatory client consultation mechanisms etc.

Training needs to be accessible to staff at all levels and of both genders, and should include training modules on women's rights and gender equality issues. Training should avoid reinforcing traditional gender stereotypes of "appropriate" male/female activities. In situations where women may have lower levels of formal education candidates work experience as well as formal educations should be considered, and "foundation" courses should be organised to bring candidates with less formal education up to the required level.

V. MAINSTREAMING GENDER EQUALITY ISSUES INTO THE LOGFRAME

The project Logframe which summarizes and organises the project activities also reflects the mainstreaming of gender equality.

The key questions to be posed and answered in developing a gender mainstreamed Logframe are to be found in the "Gender Mainstreamed Logframe" (EC Toolkit Section One, Chapter Six at 6.7.).

	A. Project Description What does the project want to achieve?	B. Indicators How can we tell if we have achieved it?	C. Source of verification Where can we find information that will tell us if we have achieved it, and to what extent?	D. Assumptions What else should happen if we are to succeed?
1. Overall Objective	Does the wider policy objective to which this project contributes address gender equality issues? Are there gender issues which will be impacted by or have influence on the wider objective and its contribution	What impact indicators can verify achievement of gender related issues in the Overall Objective?	Are the data for verifying the Overall Objective sex-disaggregated and analysed in terms of gender? What gender analysis tools will be used (e.g. in impact assessment)?	What are the important external factors necessary for sustaining an Overall Objective that is gender-sensitive.
2. Purpose	Does the purpose clearly state the stakeholders/beneficiaries broken down by sex? Are any measures at institutional and policy level which address gender equality specified? Does the project have outcomes and benefits which may be different for women and men? Does the project address sex-specific as well as gender mainstreaming issues? Are practical and strategic needs being addressed?	What outcome indicators can verify achievement of these purposes?	Are the data for verifying the project purposes sex-disaggregated and analysed in terms of gender? What qualitative information is needed? What gender analysis tools will be used (e.g. Rapid Rural Appraisals, focus groups etc.)?	What are the important external factors that should be in place to achieve the project purpose?
3. Results	How will the results that the project delivers, take gender roles and relations into account? Are project results specified separately for men and women?	What output indicators will be needed to verify the results of the project?	Are the data for verifying project results sex-disaggregated ? What gender analysis tools will be used (e.g. in participatory field evaluations)?	What are the important external factors necessary for achieving project results?
4. Activities	Do activities reflect gender differences in roles and responsibilities (access to/control over material and immaterial resources)?	Inputs: What goods and services do project beneficiaries contribute to the project? Are contributions from women as well as men accounted for? Do external inputs account for gender differentials in access and control?	Are the data for verifying project activities sex-disaggregated and analysed in terms of gender? What gender analysis tools will be used (e.g. in monitoring the activities)?	What are the important external factors necessary for achieving the activities and especially ensuring the continued engagement of men and women participants in the project.

Annex 3:

Assessing risks and opportunities with decentralisation

Potentiel opportunities and risks with decentralisation and local governance	
Opportunities	**Risks**
Better service delivery: • more adequate to local needs • more flexible • more innovative • cheaper • mobilising the comparative advantages of local enterprises and the local non-profit sector • local resource mobilisation (through taxation) • downward accountability mechanisms	**Dangers for service delivery:** • mismatch between mandates, capacities and resources of local governments • rolling back ('dumping') economic and particularly social functions of the state • local actors will not be independent enough and motivated enough to take responsibility for risky undertakings • decentralisation of corruption • untamed spending • blurred accountability lines
Local democratisation: • empowerment of (poor) people • integrating people's needs and interests • giving civil society organisations and local enterprises the freedom to act • creation of legal and institutional frameworks for the participation of local actors • training ground for a participatory/democratic culture, negotiation capacity and conflict settlement • granting a certain autonomy and political integration to minorities	**Local politics and 'bad governance'** • the overall legacy of coercive local government • political culture may not be conducive to representative democracy and accountable public management • elite capturing of the process • poor people may refrain from promoting their interests • local politicians may be responsive only to the local needs of their defined constituency • accountability may be attenuated if local elections are not viewed as important and produce low turn-outs
National integration: • improved spatial coherence and equity of development and poverty-reduction efforts • dispersion of political power in a vertical way • enhanced intergovernmental cooperation • national diversity can thus be realised in national unity	**New tensions - moves for separation:** • inter-jurisdictional disparities • institutionalising factions along political party/ethnical lines • reproducing discriminatory policies of the ruling party • tensions between the different layers of government (central, regional, local) • demands for far-reaching forms of autonomy (regionalisation)
Source: Adapted from Steinich (2000: 5).	

Annex 4:

Some research findings on decentralisation effects

RESEARCH AREA	MAIN FINDINGS
Link between Decentralisation and Poverty Reduction based on a comprehensive review of experiences in 19 countries, carried out by the OECD Development Centre in (2004)	• While in theory decentralisation can be a powerful tool to initiate improvements in instruments and policies for the poor, the reality looks less promising • In only one-third of the analysed cases, has decentralisation actually led to improvements in poverty reduction • In countries where the state lacks the capacity to fulfil its basic functions and in environments with high inequalities at the outset, there is a definite risk that decentralisation will increase poverty, rather than reduce it • Outcomes are largely influenced by country specificities and as well as by the process design
Impact of Decentralisation on Corruption based on an overview of the literature on decentralisation, corruption and government accountability, carried out by P. Bardhan and D. Mookherjie (2005)	• The overview focuses on the question of whether decentralisation can be a useful tool to reduce corruption or might corruption increase as political power shifts downwards • Effects of decentralisation on corruption tend to vary widely from one context to another • There is growing evidence that a number of institutional safeguards are effective in limiting capture of local governments by elites, including literacy and information campaigns, minority reservations, mandated village meetings, civic participation mechanisms and monitoring by upper level governments
The Promises of Decentralisation for Rural Development based on comparative research done on the political-economics of decentralisation, in the framework carried out by James Manor under the auspices of the World Bank (1999)	• In this particular sector, the promises of decentralisation tend to vary substantially from 'considerable', to 'modest' and 'little' according to the type of objective pursued • Decentralisation for rural development has 'considerable' promise for increasing the flow of information; promoting greater participation and associational life; making development projects more sustainable; enhancing transparency and accountability; fostering political renewal • Decentralisation has at least some 'modest' promise for a host of objectives such as changing adverse policy environments for agriculture; reinforcing central government commitment to rural development; assisting women; scaling up successful pilot projects; promoting cooperation with NGOs; reducing corruption, etc. • In some areas, decentralisation has 'little' promise: alleviating poverty which arises mainly from disparities within regions and localities; reducing overall government expenditure; mobilising local resources; promoting planning from below; promoting community participation in development

Annex 5:
Diversity of entry points for EC support

Entry point	Focus	Examples
Policy support and institutional development	• Overall support to the formulation, implementation and monitoring of a national decentralisation policy. • Projects and programmes targeting policy and institutional reform at the macro country level as well as local government capacity building (including through budget support modalities)	• Integrated EC support to administrative reform and decentralisation as well as to the regions in **Mali** • Sector support programme to the decentralisation policy in **Honduras**
Good governance including local governance	Support to local democracy and elections; enhanced participation of local actors in policy processes; empowerment of local governments; civil society strengthening	• Capacity building for pluralistic democratic structures at the commune level in **Cambodia** • Support to institutional development in the framework of democracy and rule of law in **Democratic Republic of the Congo** • Support to the local government capital development grant system (fiscal decentralisation) in **Tanzania**
Decentralisation of services	Support to the decentralisation of services in health, education, water & sanitation, (rural) infrastructure and transport sector, generally related to sector reform programmes targeting poverty alleviation. It also builds local authorities' capacity to deliver, manage and maintain services. In some countries, budgetary support or capital investment facilities are provided to municipalities	• Decentralisation of health budget management to the provincial level in **Thailand** • Supporting pro-poor service planning and delivery in **Kenya**
Local (regional) development and rural development	Capacity building activities to improve local and rural government structures' ability to promote participatory community planning and rural economic development. In some of these programmes particular attention is given to spatial planning and area-based development	• Integrated rural development in the Northern Uplands of **Vietnam** • EU support to poverty reduction through local development in **Jordan** • Programme d'Appui aux Communes et Organisations Rurales pour le Développement du Sud in **Madagascar**
	Local economic development, urban development and community participation as well as support to decentralised actors (including local authorities)	• Programme coopération decentralisée in **Niger**
Decentralised cooperation[50] and multi-annual micro-projects	Support to decentralisation in countries recovering from conflict (with a strong governance focus)	• Successive multi-annual micro-project programmes in **Uganda** • Decentralisation programmes in S**ierra Leone** and **Burundi**
	Improvement of sustainable urban management in cities by enhancing local good governance and administration, urban growth planning and the efficiency of key services	

[50] The EC concept 'decentralised cooperation' should not be confused with the French notion of 'cooperation décentralisée' (which refers to twinning arrangements between European local and regional governments and their counterparts in the South). In the 1990s, the EC developed the decentralised cooperation approach as a new way of doing cooperation by involving all relevant actors in the design and implementation of programmes and projects. It reflects the 'multi-actor' approach to development that is now mainstreamed (e.g. in the Cotonou Agreement). For background information see: European Commission, 1999. Operational guide to decentralised co-operation.

[51] The EC has developed "Guidelines for Sustainable Urban Development" providing both guidance on the process to be followed to provide support and on specific urban themes and issues.

Annex 6:

Tools for political, institutional and organisational analysis

DFID Sourcebook (2003). Conducting Institutional and Organisational Appraisal and Development. Guidelines for DFID and Sourcebook. **The sourcebook is also available on the Internet at www.dfid.gov.uk/Pubs/files/prominstdevsourcebook.pdf**

The purpose of these DFID guidelines is to help the reader identify any institutional problems that inhibit organisational improvements, and to work out how to make the necessary changes. Although the guidelines are based on DFID experiences and have been written in a DFID context, they are nevertheless of interest to all those involved in institutional development. The guidelines are complemented by a sourcebook containing a number of tools.

FAO participation website: www.fao.org/Participation

This website, operated by the FAO's Informal Working Group on Participatory Approaches and Methods, contains a great deal of detailed information on participatory tools, methods and approaches. This is presented in the form of one-page overviews (i.e. description, source, purpose and applications, project phase, project level, references and links to further information). It also contains links to many other relevant sites, as well as descriptions of lessons learned from practical experience with the tools presented on the website.

Nauheimer, Holger. *Change Management Toolbook.* See www.change-management-toolbook.com/

The Change Management Toolbook focuses mainly on organisational development and contains useful hints on the broader process of institutional development. It offers a range of methods and strategies for use during different stages of personal and organisational development. The site is inspired by the 'learning organisations' philosophy expounded by Peter Senge. It contains references to a large number of books on change management.

ECDPM/ Netherlands Ministry of Foreign Affairs. 2004. *Institutional Development: Learning by Doing and Sharing. Approaches and tools for supporting institutional development.* Draft Booklet. See www.ecdpm.org

This booklet aims to inform practitioners and help them improve their skills in facilitating institutional development initiatives. It emphasises use of a process-based approach when working on institutional development and recognises the need to facilitate mutual learning processes. Several of the approaches and tools presented are accompanied by accounts of practitioners' experiences. The latter make practical recommendations and explain the circumstances under which the tools can be used.

EuropeAid Aid Delivery Methods. 2005. *Institutional Assessment and Capacity Development.* Concept Paper. See http://ec.europa.eu/europeaid/reports/concept_paper_ final_051006_en.pdf

(3) How to assess the country-regional context?
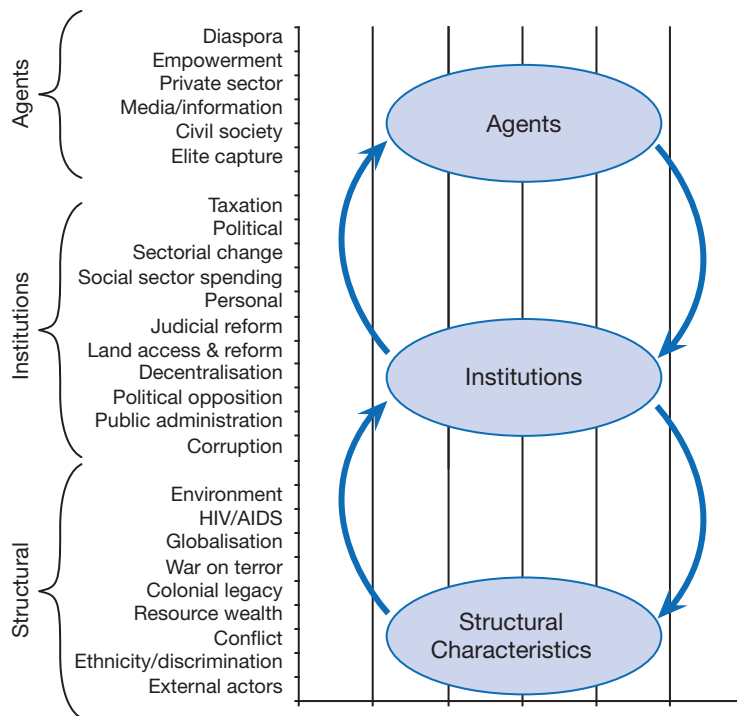
Drivers of Change Analysis

A tool to gain insight into the dynamics of a country, the key players, structural characteristics and institutions is the "Drivers of Change Analysis" which DFID has developed. It aims to better understand the political economy of poverty reduction and change in developing countries. It directs attention to the underlying and longer term factors that affect the political will and institutional capacity for reform in different countries, as well as factors that affect the incentives and capacity for change that are likely to benefit the poor. We summarise the dimensions of the Drivers of Change Analysis in the figure below.

The following figure describes the most important drivers of change that were identified during 13 different country studies, and which are mentioned along the Y-axis. These 26 drivers of change have been subdivided into three categories, these being 'agents', 'institutions' and 'structural characteristics'. The key assumption of the study's theoretical approach, which is also visualised in the picture, is that the impact of agents on structural characteristics, and vice versa, is mediated through institutions. Consequently, the analysis that has been done in the 13 countries has focused on formal and informal rules, power structures, vested interests and incentives within these institutions.

DFID has developed and implemented this political economy analysis for the main purpose of identifying the political institutions, structures and agents that can act as key levers to enable pro-poor change. These key levers, or drivers of change, can be used to improve development intervention strategies and increase their effectiveness.

For more information see: www.gsdrc.org/go/topic-guides/drivers-of-change

Drivers identified in 13 Study Reports

Source: Freckleton, A. (2005) 'Drivers of Change. December 2005 presentation to the World Bank'
Department for international Development: UK

Annex 7:

Capacity building in support of decentralisation

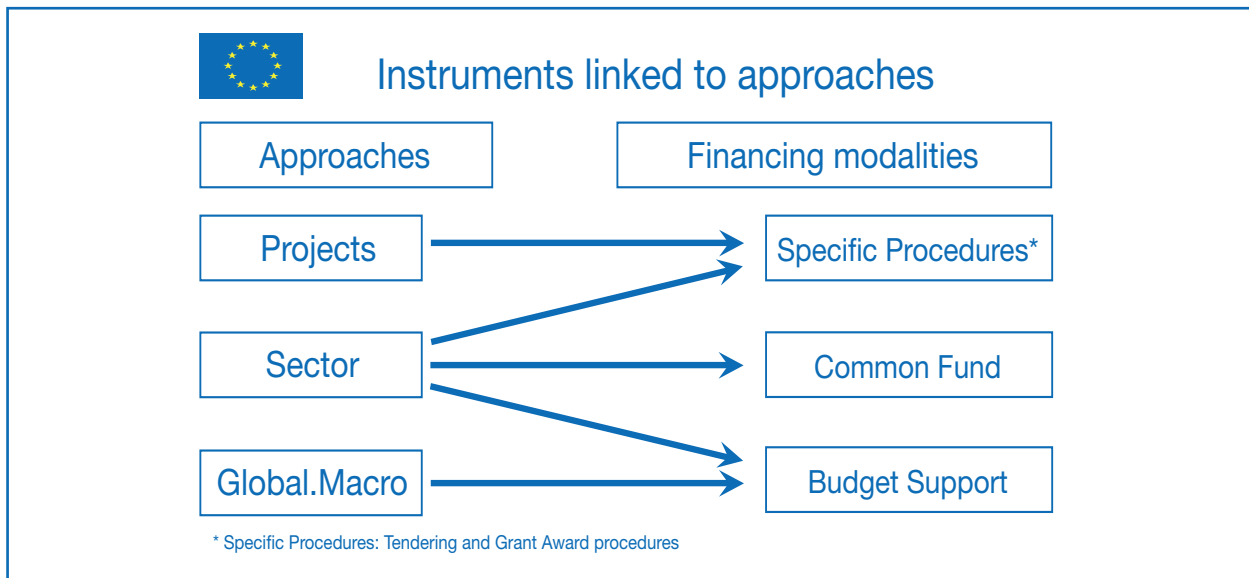**Improving the effectiveness and impact of capacity building activities**

Substantial funding is usually set aside for different forms of capacity building related to decentralisation and local governance. However, experience (shared with other donor agencies) suggests that the overall effectiveness and impact of this support often leaves much to be desired. Four major challenges arise in this context:

- Avoid fragmented ad-hoc approaches. This lesson follows logically from the need to see decentralisation as an 'open system'. Much remains to be done to properly frame EC-supported capacity building activities in a coherent, long-term, institutional development strategy. Specific areas of attention include the need to (i) fully integrate the political nature of capacity development; (ii) respect the legitimate role of the different local actors throughout the project cycle (e.g. in the division of roles between central and local governments); (iii) combine support to government agencies and civil society actors; (iv) to improve methods and tools used to induce organisational change (e.g. within local governments).

- Adopt an 'empowerment' approach to institutional development. In cases where such an approach has been adopted, this has led to impressive achievements in building local government capacity. In practice, it puts a premium on (i) starting from where the local governments are (rather than imposing standard formula for planning and management); (ii) accepting that capacity building emerges from a change process that will be incremental, unpredictable and risky; (iii) applying basic qualification criteria (willingness to change); (iv) injecting discretionary capital funds into local governments (so as to promote learning by doing); (v) incentives for good performance and penalties for poor or non-performance; and (vi) medium to long-term horizons

- Focus more on the 'demand-side' for capacity building support. One recurrent criticism of capacity building initiatives is that they are too 'supply-driven' (i.e. primarily conceived, designed and implemented by donor agencies). The need to better map and prioritise the 'demand side' for capacity building is now widely recognised. The task at hand is to transfer responsibility for identifying capacity needs to the actors themselves (e.g. local governments).

- Give responsibilities to local structures. Following the Paris Declaration, the EC wants to reduce and finally abolish PMUs and shift to a more diverse set of technical and management support. Questions which go along with this policy are to what extent the support can be provided through existing (government) institutions and whether there is a need to (temporarily) work through other structures attached or even outside an institution.
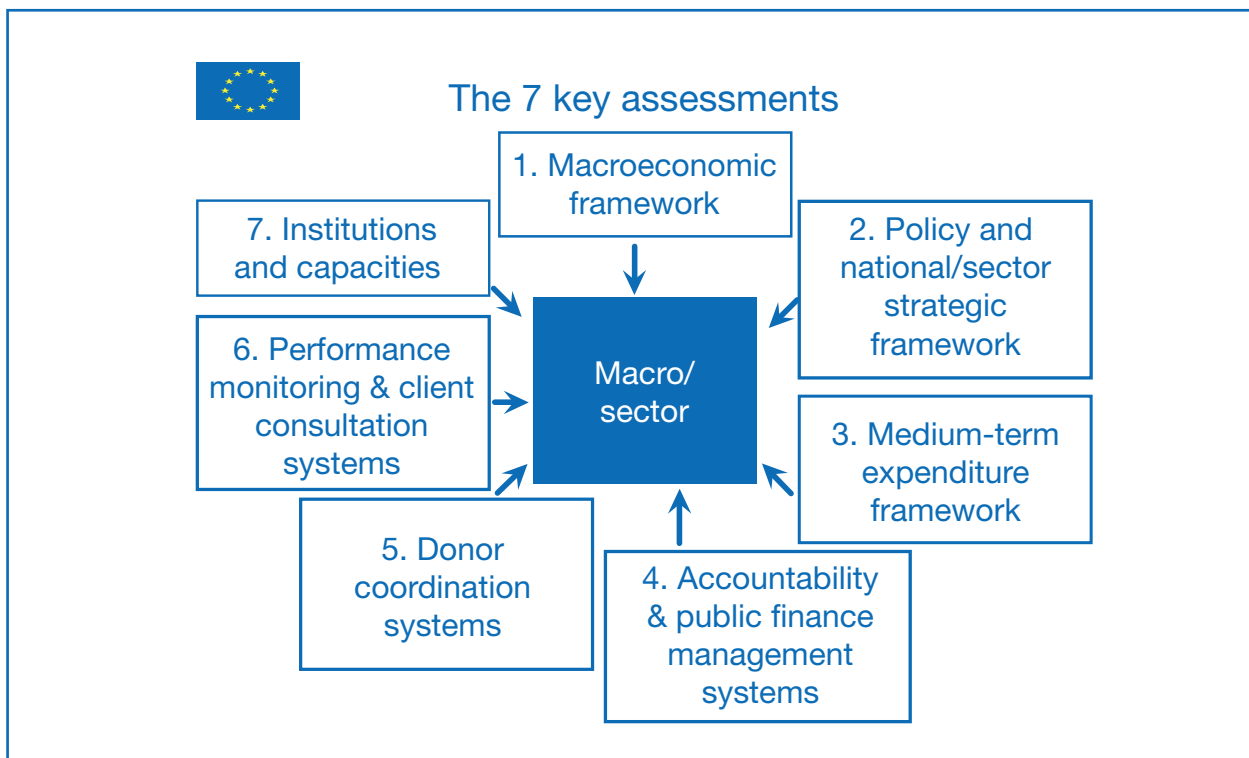
For further guidance see the EC 'Institutional Assessment and Capacity Development Concept Paper' (http://ec.europa.eu/europeaid/reports/concept_paper_final051006_en.pdf)

Annex 8:

Financing Modalities and the Seven Key Assessments

Instruments linked to approaches

Approaches	Financing modalities
Projects	Specific Procedures*
Sector	Common Fund
Global.Macro	Budget Support

* Specific Procedures: Tendering and Grant Award procedures

Decentralisation and Local Governance

The 7 key assessments

1. Macroeconomic framework

2. Policy and national/sector strategic framework

3. Medium-term expenditure framework

4. Accountability & public finance management systems

5. Donor coordination systems

6. Performance monitoring & client consultation systems

7. Institutions and capacities

Macro/sector

Decentralisation and Local Governance

Annex 9:

Managing multi-actor and multi-level design processes

Tanzania - The challenge of linking decentralisation and sector support through multi-actor policy dialogue during the design phase

In the 9th EDF, the EC will support the Education Sector Reform Programme of Tanzania with untargeted sector budget support complemented by an institution-building component. The financing proposal intends to strengthen decentralisation of service delivery in Basic Education with the following expected results: (i) harmonisation of all financing education flows to local government authorities (LGAs); capacity building to allow LGAs to abide by all financial, technical and professional standards as set forth by the Ministry of Education; (iii) improving financial management (especially reporting on expenditures), including procurement methods and practices; (iv) ensure greater accountability at local level. Mainstreaming decentralisation in the education sector dialogue is on the agenda of the Education Development Partners Group.

The identification and formulation of the proposal was realised in a context where the government has taken full ownership of the development process and urged development partners to follow the harmonisation and alignment agenda closely.

The preparation of such a proposal is not easy in as complex an institutional set-up as the Tanzanian education sector. Actors involved were as follows:

- the Ministry of Education and Vocational Training, which is responsible for policy and standards for primary, secondary, vocational and teacher education, as well as the delivery of secondary, vocational and teacher education;

- the Prime Minister's Office, which is responsible for the coordination of the sector and of the delivery (funding and monitoring) of primary education through its department in charge of regional administration and local government (PO-RALG);

- the Ministry of Finance, to promote the strengthening between sector budget processes and the fiscal decentralisation;

- local government administrations;

- associations of local authorities;

- the Tanzanian education network (an NGO membership organisation);

- a multitude of development partners.

Participation from the decentralised level was limited as (i) local government administrations are seen as a part of government, a viewpoint which exists among government and many development partners and (ii) local government administrations are not highly involved in the policy debate, as the Association of Local Authorities in Tanzania until now has not been an active partner in the education policy dialogue.

Source: Contribution to third D-group discussion – Sector Support in a Decentralised Context.

Annex 10:

Performance indicators for sector budget support in Jordan, Honduras and Mali[52]

1: EU support programme for Poverty Reduction through Local Development in Jordan

General Conditions for the whole duration of the support programme
a) Viable macro-economic framework b) Reliable Public Finance c) Monitoring of poverty indicators and ensured access to raw data and analysis of the Household Income and Expenditure Survey d) Maintained commitment for a decentralisation process facilitating local development

Objectives/Results	Indicators determining the first Installment
Donor/stakeholder Coordination ensured by the Government.	A donor/stakeholder coordination mechanism around poverty reduction and local development has been put in place.
Coordination amongst the main national level actors ensured and attainment of results followed-up.	A Steering Committee has been installed at central level, with EC as observing member, and institutional arrangements defined for guidance, support and monitoring of the action plan for poverty reduction through local development.
A Government strategy on local development for poverty reduction has been elaborated.	A concept document and a one-year work plan for poverty reduction through local development has been discussed and approved by Steering Committee.

Objectives/Results	Examples of indicators determining the second installment	Examples of indicators determining the third installment
Donor/stakeholder Coordination ensured by Government.	At least two coordination meetings took place since the signing of the financing agreement.	At least three coordination meetings took place in 2005.
Municipalities, local actors and Governorate Development Units are enabled to facilitate local development processes and to engage in local social and economic development.	A training programme on local development and poverty reduction has been developed and has been launched covering selected municipalities and governorates (see 2.2.1).	A training programme on local development and poverty reduction has been completed and its results assessed.
Local development strategies and plans geared at poverty reduction are designed at municipality level in selected municipalities.	At least 18 municipalities in at most Governorates (selected in an open and transparent manner on the basis of poverty and ability criteria) have confirmed their willingness and started the process to work out Local Development Strategies (LDS) and Plans (LDP) reflecting local communities' needs and priorities and focusing on poverty reduction.	Local Development Strategies (LDS) and Plans (LDP) reflecting local communities' needs and priorities and focusing on poverty reduction are adopted in at least 15 municipalities reflecting their LDP in the 2006 budget.

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[52] Additional information regarding the conditions of disbursement, quantification of indicators, calculation method, objectives per year, sources, etc. can be found on EuropeAid intranet (http://www.cc.cec/dgintranet/europeaid/activities/thematic/e4/public_admin_reform_decentralisation/index_en.htm)

Increased investment in quality social and economic services in accordance with the defined local development strategies and plans.	Poverty relevant projects proposed by the GTZ "Poverty Alleviation through Municipal Development" (PAMD) pilot municipalities in the priority framework of their local development plans have been funded for a value of at least €1.5 million.	The 2005 budget provision for the priority projects has been executed for at least 90% in line with the proposals from the selected municipalities.
Improved capacities at Governorate level to coordinate and facilitate local development (all Governorates).	An action Plan for Governorates Capacity Building for local development and poverty reduction has been developed in accordance with the Governorates Development Strategy and its implementation has started (All Governorates).	Monitoring systems have been installed to follow-up on poverty indicators (all Governorates) and on the output of local development plans (selected Governorates).
Mechanisms for municipal financing have been revised and municipalities obtain more fiscal competencies.	A study on municipal financing and fiscal empowerment of municipalities has been conducted.	Direct collection of property taxes by 24% of municipalities.
Increased budget transfers from the central level to municipalities.	Common transfers from the central level to municipalities remain at least at the same amount in the 2005 budget compared with the 2004 budget.	Transfers from the central level to municipalities are executed as budgeted at 31.12.2005.
Medium-term expenditure frameworks for municipal financing have been elaborated.	Concept for a three-year expenditure framework for municipal financing has been worked out.	Three-year expenditure framework for municipal financing has been worked out and is reflected in the 2006 budget.

2: Programme in support of decentralisation in Honduras

Below an indicative list is provided of the main result indicators that will be used for bi-annual reporting on the evolution of the decentralisation process

Intervention logic	Result indicators
General Objectives: Contributing: - to poverty reduction and - Establishment of a modern and efficient public administration.	1. 5% annual reduction in the number of municipalities in groups C and D under the level of 0.5000 in the HDI (UNDP) 2. A Municipal Civil Service Law approved
S**Specific Objectives:** To achieve an effective process of decentralisation and municipal development.	3. In relation to the current regulation of the 5% transfer of the national tax income, the Honduras Government should have transferred to municipalities by Dec 2005, 4%, 5% by Dec 2006 and so on. 4. Substantial improvement of the legal framework: (4a)Approval of the regulations for the Territorial Organisation and Drinking Water and Sanitation Laws approved by Dec 2005. (4b)The Municipal Finances draft Law submitted by Dec 2006 and approved by June 2007. 5. Increased by 30 annually the number of Municipalities in groups C and D, that have at least a simplified land registry (cadastre).
Result 1: Central and municipal governmental institutions strengthened for an efficient and effective management.	6. 20% of municipalities in C and D group have been audited by the TSC by Dec 2005, 50% by Dec 06, and 80% by Dec 2007. 7. At least 100 Municipalities are using the Budget methodological manual approved by the SGJ by Dec 2005 (150 in 2006, 200 in 2007, and 250 by 2008). 8. 80% of the C and D group municipalities have participated in the SGJ's municipal training program with al least 2 elected people and 2 from the technical area. They must have participated in at least 2 training courses organised in the first 18 months.
Result 2: Effective systems of citizens participation in the decentralised public management established and strengthened.	9. 90% of the Strategic Plans for inter municipal and municipal development have been elaborated with the effective participation of organisations from the civil society and approved in open municipal sessions. 10. 20% of the C and D municipalities have a social auditing of their budgetary process by Dec 2005, 50% by Dec 2006 and 80% by Dec 2007.
Result 3: Conditions that stimulate the local social and economic development are established within the framework of the regional, inter municipal and local territorial organisation.	11. 50% of the C and D municipalities are part of some inter institutional mechanism to provide public service by Dec 2006, 70 by Dec 2007 and 80 by Dec 2008. 12. 10% of the C and D municipalities have integrated the territorial organisation approach in their Strategic Plan for Municipal Development (PEDM) by Dec 2005, 25% by Dec 2006 and 50% by Dec 2007. 13. A local trust fund (FODEL) has been established to support the municipalities in the implementation of the PEDM; directed to finance social infrastructure and service projects; as well as local productive projects, to provide financial and not financial services to rural micro enterprises with funds available on Dec. 2005.

3: Programme d'Appui à la Reforme Administrative et à la Decentralisation (PARAD), Mali

Champs d'indicateurs	Indicateurs
Acceès de la population aux services de base des CT	1. Villages disposant d'au moins un point d'eau potable fonctionnel
	2. Consultations prénatales % femmes ayant une consultation pendant leur grossesse Nombre moyen de consultations prénatales/femme
	3. Scolarisation des filles

Politique de décentralisation	4. Qualité de la gouvernance locale
	  % de sessions ordinaires tenues
	  % de PV élaborés et transmis à la tutelle
	  % de comptes administratifs produits

	5. Ressources propres des CT par habitant
	6. Transferts de l'Etat aux CT

Interdépendance décentralisation – déconcentration	7. Assistance à la maîtrise d'ouvrage
	  % des CT ayant accès à une assistance
	  % des CT satisfaite de l'assistance

	8. Déconcentration budgétaire des ministères
	9. Déconcentration des personnels des ministères
Réforme de l'Etat	10. Mise en service de 31 recettes perceptions
	11. Informatisation de l'administration
	12. Délais de passation des marchés publics

Reproduced from: Casas, C. (2006) 'Suivi évaluation des appuis budgétaires sectoriels àla décentralisation et àla réforme de l'Etat: l'exemple du PARAD au Mali'. Séminaire sous-régional «renforcer les capacités pour le suivi et l'évaluation de la décentralisation et de la gouvernance locale en Afrique Occidentale : échange d'expériences et apprentissage» 17 et18 mai 2006, Bamako.

Annex 11:

Examples of indicators used in EC Decentralisation support programmes
[work in progress]

No.	Indicator	Type	Comments	Source
Objective 1: Promote legal reform enabling decentralisation				
1	# of proposals to review laws and regulations enabling decentralisation	Outcome	Indicators for both proposals and changes in legislation are needed, as the legislative process can be time-consuming	review of parliamentary documents
2	# of laws and regulations reviewed and/or created enabling decentralisation	Outcome	Indicators for both proposals and changes in legislation are needed, as the legislative process can be time-consuming.	review of government documents and legislation
	Comment: It is also useful to observe the evolution over time of the ratio of # of proposals to # of legal changes to see how performing and flexible the legal system is.			
Objective 2: Enhance human, administrative and financial capacities of actors involved in the decentralisation process				
3	% of local government staff having benefited from capacity building actions	Output	indicates the scope of capacity building actions	programme/ project reports
4	% of all local government staff having completed capacity building actions who say they are using the acquired skills in their job	Outcome	indicates if capacity building actions have enhanced the capacities of local staff; at the same time means of improving capacity building actions	post-training survey or sample survey, 6 months after training
5	% of national budget transferred to local authorities	Output	indicates the willingness of central governments to transfer responsibilities to local governments	financial records of the central government
6	% increase in locally generated revenues	Outcome	measures the local governments' capacity to operate	financial records of local governments
Objective 3: Increase the quality and supply of basic local services				
7	# of basic local service infrastructures constructed and/or rehabilitated that are managed by local authorities	Output	measures to which degree local governments manage local public infrastructures	project/programme reports
8	# of personnel transferred to local level, as compared to # foreseen in the legislation	Outcome	measures to which degree local governments manage local public infrastructures	TBV
Objective 4: Enhance local democratic governance and accountability				
9	% of local development plans, by targeted local governments, designed with participatory approach	Output	indicates the degree of citizen participation	review of local development plans; eventually
10	# of local governments, as compared to total, that undertake procedures to enhance municipal management transparency	Outcome	indicator for local governments' accountability; actions can be dissemination of financial reports & budget, dissemination of summary of council meetings,...	interviews with NGOs, media interviews with local government officials
Objective 5: Support local development				
11	# of persons having benefited from local capacity building actions to promote income generating activities, as compared to active population of the region targeted by the programme (UNIT: Disaggregate by sex, age and where appropriate by other targeted groups (minority groups,…)	Output	measures the scope of capacity building actions to promote income generating activities	programme/ project reports

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http://www.oecd.org/dataoecd/40/19/33648213.pdf#search=%22Decentralisation%20and%20Poverty%20Reduction%20OECD%20development%20centre%202004%2019%20countries%22

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Robertson, W. (2002) 'Overview of Decentralisation Worldwide: A Stepping Stone to Improved Governance and Human Development' Prepared for the 2nd International Conference on Decentralisation: Federalism: The Future of Decentralizing States? 25–27 July 2002 Manila, Philippines New York: UNDP
http://www.undp.org/governance/docs/DLGUD_Pub_overview-decentralisation-worldwide-paper.pdf#search=%22overview%20of%20decentralisation%20worldwide%20a%20stepping%20stone%20to%20improved%20governance%20and%20human%20development%22

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Useful resources on support to decentralisation and local governance

A: General resources on decentralisation and local governance

B: Main concepts and the 'open-systems' approach

A1: Websites in English:

USAID pages 'Promoting Democracy and Good Governance':
http://www.usaid.gov/our_work/democracy_and_governance/

AfriCities:
http://www.africites.org/index_eng.php

The Commonwealth Local Government Forum (CLGF)
http://www.clgf.org.uk/

Municipal Development Partnership for Eastern and Southern Africa
http://www.mdpafrica.org.zw/

A2: Publications in English:

Manor, J. (1999) 'The Political Economy of Democratic Decentralization.' Washington DC: World Bank

Manor, J. (undated) 'Civil Society and Democratic Decentralization: The Increasing Importance of User Committees' Institute of Development Studies (IDS)
http://www.ids.ac.uk/ids/civsoc/PolicyBriefs/policy3.doc

Olowu, D. (2001) 'Decentralization Policies and Practices under Structural Adjustment and Democratization in Africa' United Nationals Research Institute for Social Development (UNRISD):
http://www.unrisd.org/unrisd/website/document.nsf/(httpPublications)/543FFCD9808693FD80256B5E003B4E1E?OpenDocument

A3: Websites in French:

PDM Net
www.pdm-net.org

A4: Publications in French:

Publication section l'Agence française de développement:
http://www.afd.fr/jahia/Jahia/home/publications

B1: Websites in English:

UNDP website on decentralisation, local governance and urban/rural development:
http://www.undp.org/governance/sl-dlgud.htm

World Bank pages on public-sector governance:
http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPUBLICSECTORANDGOVERNANCE/0,,menuPK:286310~pagePK:149018~piPK:149093~theSitePK:286305,00.html

B2: Publications in English:

Institute of Development Studies (IDS) Law, Democracy and Development papers:
http://www.ids.ac.uk/ids/law/lawwps.html

Smoke, P. (2001) Fiscal Decentralization in Developing Countries: A Review of Current Concepts and Practice. United Nationals Research Institute for Social Development (UNRISD):
http://www.unrisd.org/unrisd/website/document.nsf/(httpPublications)/CB00CBC1DB0E8E1E80256B5E003BFC1C?OpenDocument

B3: Websites in French:

Cités Unies France
www.cites-unies-france.org

Le CERCOOP (Centre de ressources pour la coopération décentralisée en Franche-Comté)
http://www.cercoop.org/default.htm

B4: Publications in French:

Télescope: L'observation de administration publique (2004) 'La décentralisation administrative en Afrique subsaharienne'
http://www.observatoire.enap.ca/observatoire/docs/Telescope/Volumes6-11/v11.n3Afrique.pdf

Brunel, F. 1997. La décentralisation en Afrique subsaharienne. Paris: Sécrétariat d'État à la Coopération-Direction du Développement

C: Understanding the decentralisation arena

C1: Websites in English:

SNV World pages 'Responsive and Accountable Local Government':
http://www.snvworld.org/irj/portal/anonymous?NavigationTarget=navurl://684ac67cca5ca0310e44f563a610d29c

SNV Western and Central African homepage:
http://www.snvworld.org/irj/portal/anonymous?NavigationTarget=navurl://5bb4b5b4f36828459a5357a433866cb8

Governance and Social Development Resource Centre (GSDRC): http://www.gsdrc.org/

C2: Publications in English:

Bangira, Y. (2006) 'Ethnic Inequalities and Public Sector Governance' United Nationals Research Institute for Social Development (UNRISD):
http://www.unrisd.org/unrisd/website/document.nsf/(httpPublications)/33B0EB7B043EC388C125717E004A064E?OpenDocument

Institute of Development Studies (IDS) Civil Society and Governance Programme Country Research Outputs (case studies and synthesis):
http://www.ids.ac.uk/ids/civsoc/docs/reports1.html

Institute of Development Studies (IDS) Civil Society and Governance Programme papers:
http://www.ids.ac.uk/ids/civsoc/PolicyBriefs/policy.html

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http://www.unrisd.org/unrisd/website/document.nsf/(httpPublications)/37B5E941053B5E8B80256B5E004B5907?OpenDocument

C3: Websites in French:

L'observation de administration publique
http://www.observatoire.enap.ca/fr/accueil.aspx?sortcode=1.3

SURF-AOC: Servir les Bureaux de Pays d'Afrique de l'Ouest et du Centre
http://www.undp.org/surf-wa/indexfr.htm

C4: Publications in French:

SNV/CEDELO 'La décentralisation au Mali: Du discours à la pratique' Amsterdam: Royal Tropical Institute.
http://www.snvworld.org/irj/go/km/docs/SNVdocuments/La%20decentralisation%20au%20Mali.pdf

Dubresson, A. et al. (2004) Décentralisation et gouvernance urbaine en Afrique Subsaharienne. Afrique du Sud – Ethiopie – Nigéria – Tanzanie. Programme de Recherche Urbaine pour le Développement (PRUD):
http://www.isted.com/programmes/prud/syntheses/Atelier_D/Alain_Dubresson.pdf

D: Designing a coherent strategy to (directly or indirectly) support decentralisation

D1: Websites in English:

UNDP website on tools and handbooks relating to governance:
http://www.undp.org/governance/guidelines-toolkits.htm

D2: Publications in English:

European Commission (2005) 'Draft Handbook on Good Governance'. Brussels: The European Commission:
http://ec.europa.eu/europeaid/projects/eidhr/pdf/themes-gg-handbook_en.pdf

Joy, Prof. L. (2003) 'Democratization and Human Rights: A systemic approach' UNDP:
http://www.undp.org/governance/docs/HR_Pub_DecentSystemic.pdf

Levine, N. and Bland, G. 'Decentralization and Democratic Local Governance Programming Handbook' Center for Democracy and Governance:
http://www.usaid.gov/our_work/democracy_and_governance/publications/pdfs/pnach300.pdf

Batley, R., McCourt, W., Olowu, D., Smoke, P., Nickson, A., Therkildsen, O. (2006) 'Public Sector Reform in Developing Countries: Capacity Challenges to Improve Services'. United Nationals Research Institute for Social Development (UNRISD):
http://www.unrisd.org/unrisd/website/document.nsf/(httpPublications)/C9EBAB9BE0AD16E0C1257132004BE9D4?OpenDocument

D3: Websites in French:

Initiative européenne pour la démocratie et les Droits de l'Homme:
http://ec.europa.eu/europeaid/projects/eidhr/themes-governance_fr.htm

E: Implementing decentralisation support

E1: Websites in English:

Website on joint-evaluations of coordination, complementarity and coherence of European development policy and operations:
http://www.three-cs.net

Website dedicated to the Paris Declaration
http://www.aidharmonisation.org

E2: Publications in English:

Lehtinen, T. (2003) 'The Coordination of European Development Cooperation in the Field: Myth or Reality?' (ECDPM Discussion Paper 43). Maastricht: ECDPM
http://www.ecdpm.org/dp43

Copenhagen Development Consulting (CDC) (2005) 'Evaluating Co-ordination and Complementarity of Country Strategy Papers with National Development Priorities.' Amsterdam: Aksant Academic Publishers.
http://www.three-cs.net/3cs_publications

E3: Websites in French:

Efficacité de l'aide
http://www.diplomatie.gouv.fr/fr/actions-france_830/aide-au-developpement_1060/enjeux-internationaux_5157/efficacite-aide_5161/index.html

E4: Publications in French:

Déclaration de Paris sur l'efficacité de l'aide au développement
http://www1.worldbank.org/harmonization/Paris/ParisDeclarationFrench.pdf

F: Evaluating progress achieved with decentralisation

F1: Websites in English:

Development Assistance Committee Evaluation Resource Centre:
http://www.oecd.org/document/63/0,2340,en_35038640_35039563_35067327_1_1_1_1,00.html

The Pelican Initiative – A Platform for Evidence-based Learning and Communication for Social Change:
http://www.dgroups.org/groups/pelican

MandE website with useful resources on evaluation:
http://www.mande.co.uk/

F2: Publications in English:

Sebahara, P. (2004) 'Monitoring and evaluation of support for decentralisation and local governance. A case study on Burkina Faso.' (ECDPM InBrief 7) Maastricht: ECDPM
http://www.ecdpm.org/inbrief7

Impact indicators for European Initiative for Human Rights and Democracy
http://ec.europa.eu/europeaid/projects/eidhr/pdf/impact_indicators_channel_en.pdf

F3: Websites in French:

Development Assistance Committee Evaluation Resource Centre – French website:
http://www.oecd.org/document/25/0,2340,en_35038640_35039563_36382233_1_1_1_1,00.html

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Sebahara, P. (2000). 'Acteurs et enjeux de la décentralisation et du développement local. Expériences d'une commune du Burkina Faso.' (ECDPM Discussion Paper 21). Maastricht: ECDPM.
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