

Workshop on “Decentralisation Reforms, Local Governance and Local-Territorial Development (Brussels, 13-17 April 2015)

SUMMARY OF THE MAIN MESSAGES

Sixty participants representing EU delegations (from across the world) and various DEVCOunits (beyond DEVCO B2) gathered for a 4,5 day seminar to discuss recent trends in thinking about decentralisation and development. The huge attendance was not an accident. Over the past years, DEVCO organised several (regional) workshops on the topic, thus building a community of practitioners. This time the aim of the seminar was to co-produce a shared vision on (i) how to use decentralisation as an instrument for improving development and local democracy outcomes; (ii) what it means to adopt a local/territorial perspective to development and on how to promote it in hugely varying country contexts.

Emerging new thinking on decentralisation and territorial development

1. In May 2013 the EC issued a landmark Communication on “*Empowering local authorities in partner countries for enhanced governance and more effective development outcomes*”. The title reflects the **new ambition of the EU** to fully recognize the developmental role of local authorities –as expressions of local political constituencies in a given territory- and to support decentralization as an instrument for better results. The Communication identifies a wide range of proposals to implement this agenda, including fostering local development through a territorial approach, using either geographic or thematic instruments.
2. The **concept of territorial development is not new**, yet it is receiving growing attention from policy-makers, practitioners, researchers and donors. Many factors contribute to this, including (i) processes of rapid urbanization across the globe; (ii) the high social and political costs associated with uneven development (e.g. raising inequalities, conflicts, etc.) as well as (iii) the limits of traditional, top-down and centralized approaches to development. Yet the **track record** of implementing territorial approaches has been mixed so far. Efforts to promote spatially oriented and horizontally coordinated development within a given territory are often based on unrealistic premises or slip into a ‘hyper-local perspective’. They have often paid insufficient attention to the essentially endogenous nature of local development or to the role of territory as an active ingredient, not a passive receptacle of development.
3. The track record of decentralization reforms in the developing world –and of donor (EU) support to such processes- is equally mixed. More than two decades have passed since a **new ‘wave’** of decentralization swept across the globe. This has profoundly affected the institutional landscape of the countries involved, amongst others by creating local authorities with growing (legally enshrined) roles and responsibilities, political authority and fiscal means. It has also provided a framework for unleashing local development dynamics and using the local level as a **‘laboratory’** for testing out and institutionalizing over time new democratic and governance practices (e.g. participatory budgeting or social accountability). Yet in most countries, the reforms bumped into major obstacles, leading to a wide gap between discourse and implementation, a stalemate of the process or recentralization policies. Experience also suggests that decentralization does not automatically lead to increased autonomy for local authorities or to improved development outcomes. All this confirms the essentially political nature of the reforms. Decentralization is primarily driven forward by ‘politics’, not by development considerations.
4. The **EU** also went through a **learning curve** with regard to supporting decentralization reforms and local development. From the 1990s onwards, the EU engaged in this policy domain, using a variety of ‘entry points’, approaches (top-down or bottom-up), budget lines and aid modalities while mobilizing increasing amount of funds. This was done in the absence of a clear policy framework, including on the role of local authorities. From 2005 onwards, the EU invested in strengthening its knowledge base¹, building relations with local authorities

¹ This led to the publication in 2007 of a Reference Document on “Supporting Decentralization and Local Governance in Third Countries”.

(through their national/regional associations) or evaluating the support provided thus far². This culminated in the formulation of the abovementioned landmark Communication regarding local authorities (2013) which calls for a more political and development-oriented approach.

5. The various lessons learnt with decentralization reforms and territorial approaches to local development have fostered fresh thinking on how best to support these processes. **Key features of the emerging new paradigm** regarding decentralization and local development include:

- ✓ The adoption of less 'technocratic' approach in favor of support strategies that fully take into account the central role of politics.
- ✓ A move away from traditional concerns with functional and fiscal reassessments to a broader definition of decentralization as the empowerment of people through the empowerment of their local government.
- ✓ The recognition that local authorities have a dual mandate –a '*specific mandate*' to help implementing national policies (as the local branch of central government) and a '*general mandate*' to promote local development in an autonomous and accountable way (as political representative of a community of citizens).
- ✓ The importance (from a democratic perspective) of having local authorities of a '*government type*' (i.e. acting as political bodies that formulate and implement local public policies) as opposed to local authorities of a '*managerial type*' (i.e. limiting their role to executing national policies).
- ✓ The expected benefit of the reform is not only 'allocative efficiency' but also to mobilize additional resources at local level.
- ✓ The need for an integrated, 'territorial perspective' on local development

Implications of this shift for EU strategies, approaches and roles

6. Based on this update of recent trends in thinking and practice, participants sought to analyze the implications of the new paradigm.

Embracing a territorial approach to local development (TALD)

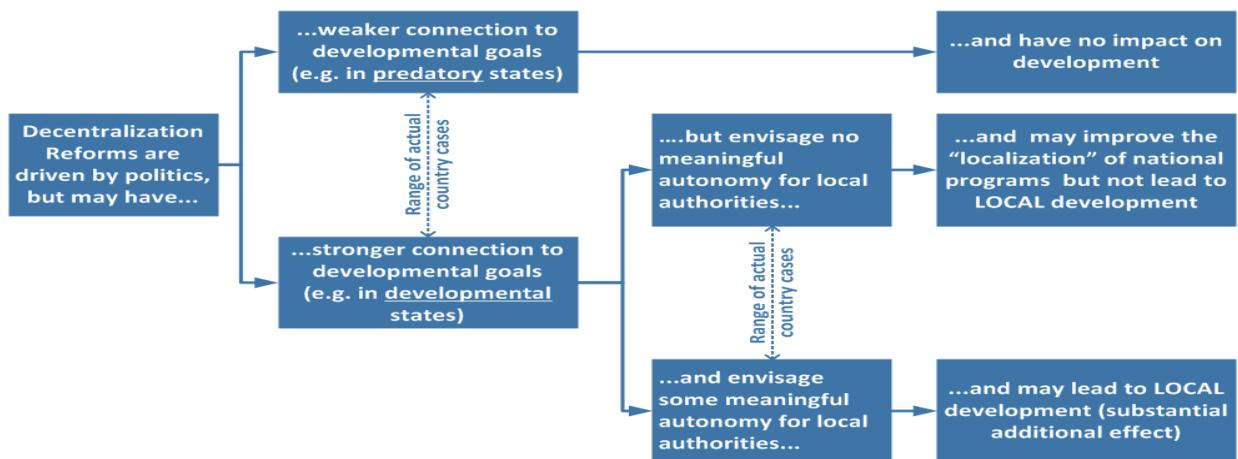
7. There was a consensus on the need to explore the potential of TALD processes, driven by local actors, underpinned by strong local economies, coordinated by autonomous and accountable local authorities and strengthened by effective linkages with the wider intergovernmental system. This are seen to be a much more promising vehicle to ensure a ***link between decentralisation and development*** outcomes.
8. When considering the notion of a TALD, it is important to understand the word '*local*' not just as the designation of a particular scale ('*where*' development takes place) but of a ***focus on 'how' and 'by whom'*** development is promoted. The '*how*' question refers to the need to mobilize the potential and resources *within* the territory through enabling political and institutional mechanisms of governance and administration at different levels. The '*who*' question stresses both the importance of empowered local authorities (to facilitate territorial approaches), the genuine participation of all relevant actors in a given territory and the existence of effective relations between different levels of governance.
9. Integrating these new elements brings along an ***extended notion of 'territorial development'*** as spatially coordinated local development that leverages the interaction of actors operating at multiple scales of development planning and administration. Based on the above definition of territorial development it is possible to identify the ***key dimensions of a 'territorial approach to local development'*** including:
 - (i) the *endogeneity* of local development (which implies empowering LAs with the autonomy needed to reach out to a wide range of local actors, mobilize and leverage local resources);
 - (ii) the *integrated* nature of local development (amongst others to overcome sectoral fragmentation of development interventions);
 - (iii) the *multi-scalar* nature of local development (requiring effective mechanisms of dialogue, negotiation and collaboration of different actors at different levels);

² In 2011 a strategic evaluation was concluded on EU support to decentralization. It basically concluded that EU support was more effective when part of a comprehensive public sector reform process and incorporated the political dimensions of decentralization.

(iv) the *incremental* value of local development on the condition that local actors have the space and capacity to develop own initiatives (through adequate decentralization policies) and mobilise additional local resources.

10. Another key imperative in a TALD is to make a clear distinction between the '**political agenda**' behind decentralisation reforms (which generally is the key driver) and the possibility of attaching a coherent '**development agenda**' to the reform process -so as to create the conditions for decentralisation to generate tangible development outcomes that benefit citizens. Figure 1 below illustrates why this distinction is important.

Figure 1: Many decentralization reforms do not promote Local/Territorial Development because they were neither initiated nor designed to do that



11. A less evident but equally important dimension of TALD processes was extensively discussed, i.e. the need to promote **local democracy**. This is not simply a good governance issue, but a key condition to ensure an equitable distribution of the resources at local level³. For the EU this means addressing upfront three critical questions:

- ✓ Actors/Authorities – who do you ‘choose’ to partner with?
- ✓ Powers – which powers do you need in the local arena for responsiveness, for active citizenship and for applying the principle of subsidiarity between levels of governance
- ✓ Accountability – which accountability mechanisms matter?

12. The message is clear: in order to ensure a virtuous circle between decentralization and development, there is a need for a clear national policy for local development. Such a national policy has several dimensions or '**building blocks**'. First, critical improvements in the local development management system linked to (i) the scope of action/generic mandate of LAs; (ii) planning systems that bridge the local-national divide; (iii) the availability of a diversified set of financing instruments; and (iv) innovative implementation modalities that promote civic engagement and mobilize community and private sector resources. Second, a set of supportive policy and institutional changes at national⁴ and subnational level⁵, required for ensuring sustainability of TALD processes.

³ See the power point of Jesse Ribot with further guidance on how to operationalize these key democratic principles that ideally underpin TALD processes with a view to ensure equitable development outcomes.

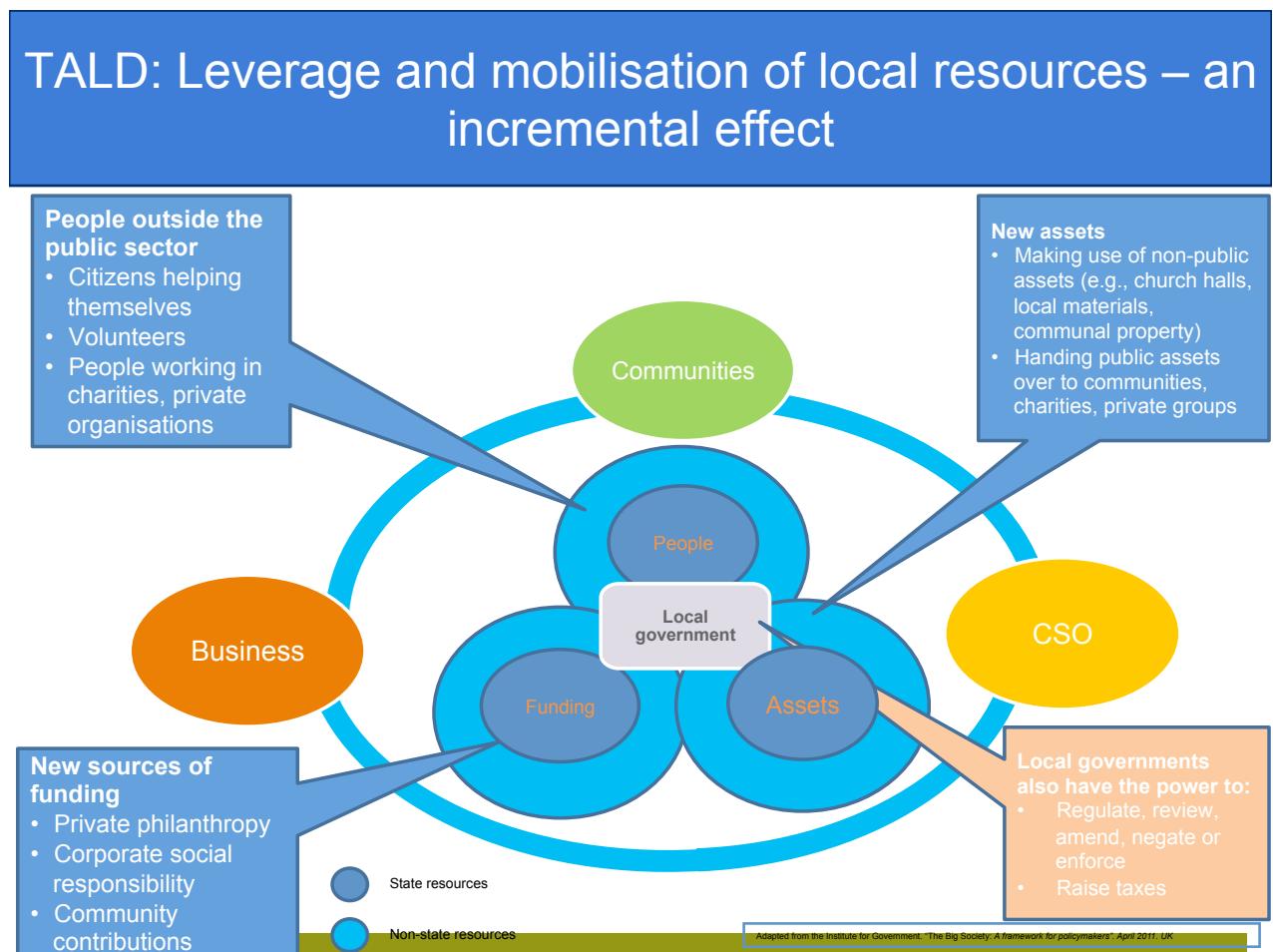
⁴ These include (i) development-friendly decentralization reforms (that extend the autonomy/accountability of LAs); (ii) a national urban agenda and (iii) a rural development policy (stressing spatial integration of sectors and urban-rural synergies).

⁵ Key ingredients are (i) effective mechanisms for intergovernmental cooperation; (ii) local leaderships and capacities and (iii) active citizenship and public-private partnerships.

The relative importance of these building blocks and their suitability as entry points for systemic reform and external aid, are highly context-specific. The adequate approach in a given territory may be revealed only by a careful political economy analysis of the incentives faced by the different stakeholders. In practice, there will also be situations whereby the overall baseline is so weak that the adoption of a TALD policy is unlikely to emerge.

Joint action as the key to successful TALD processes

13. In order to operationalize support to TALD –either through thematic or geographic instruments⁶- it is important to agree on the “**DNA**” of such an approach. Figure 2 visualizes these key ingredients of genuine TALD processes, articulated around the principle of ‘joint action’ between a variety of local public and private actors with a view to formulate and implement a vision on how to develop in a sustainable way the territory. This includes identifying effective ways and means to promote local economic development⁷.
14. It was also agreed that TALD initiatives are inevitably complex and long-term processes, requiring effective drivers and facilitators. In this context, it is crucial to understand the **potential comparative advantages of (elected) LAs in promoting TALD**. Contrary to other actors, they display a number of assets such as: (i) a ‘general mandate’ to take initiatives for and on behalf of their local constituencies; (ii) a political legitimacy to assume responsibility for coordination and integration of the activities of various local actors; (iii) a normative capacity through regulatory measures; (iv) the potential to be responsive and accountable to local demands; (v) a high degree of stability as a permanent feature of the local institutional environment.



⁶ Different plenary sessions and tutorials were dedicated to discussing the added value as well as the limitations of using these various instruments (separately or in a combined form) in support of TALD (see power points and final summary presentation).

⁷ Tutorials were dedicated to the topic of how to promote local economic development in a given territory.

15. TALD processes with such a 'DNA' are seen to have major **assets** including to (i) start from local potentialities; (ii) build local coalitions to think through a suitable development trajectory for the territory (based on the specific comparative advantages of the place); (iii) mobilize local resources (public and private); (iv) integrate sectors within a spatial approach; (v) work out a balanced set of intergovernmental arrangements and (vi) link up with domestic/global markets.

Changing ways of thinking and operating

16. Business as usual approaches will not help when engaging in bottom-up, long term processes of territorial development. Building on good practices that are already visible in EU-supported programmes, participants identified the type of '**software' needed to promote TALD**:

- ✓ Putting citizens at the centre of TALD processes as democratic actors and drivers of local resource mobilization/wealth creation
- ✓ Acknowledging the catalyst role of autonomous and accountable local authorities in TALD processes
- ✓ Facilitating an effective engagement of local authorities in domestic policy processes that affect them and ensuring their effective participation in EU-supported sector operations⁸
- ✓ Accepting that empowerment of local authorities takes time
- ✓ Accepting the non-linear nature of decentralization reforms and seizing windows of opportunities
- ✓ Promoting the use of 'political economy analysis' with a view to understand the interests, incentives, demand side as well as the progressive scope for reform⁹
- ✓ Making a creative use of policy dialogue and the various EU instruments
- ✓ Acting like an 'artist' (process facilitator) by putting less emphasis on the 'perfect design' from the beginning and more on learning from implementation;
- ✓ Managing risks and expectations.

17. Applying these different ways of thinking and working will not be easy, taking into account the institutional realities currently prevailing at the EU (less human resources, huge administrative demands on staff time, growing risk aversion and pressures for quick results). Last but not least, the seminar triggered a huge demand for **follow-up seminars** at regional level to translate the new paradigm in specific contexts as well as to explore ways and means to use the different EC instruments in a creative and flexible manner.

⁸ This is crucial in countries where the EU does not engage directly in decentralization reforms or local development. In line with the 2013 Communication, there is a need to ensure the smooth integration of local authorities in sector operations to maximize chances of obtaining results and contributing to the empowerment of local authorities. Examples were provided on how to engage local authorities in different sectors such as food security and rural development or natural resources.

⁹ A variety of "frames" and analytical tools were presented allowing EUD to decipher decentralization dynamics in a given country; to explore windows of opportunities and possible triggers to foster territorial development; to ensure a link between decentralization and the promotion of local democracy; and to identify suitable entry points for EC support. These flexible tools should help to design and implement country-specific and tailored approaches to territorial development (instead of applying blueprint models).

