Inclusive participation

Capacity

Ownership

Local Governance and Decentralization

Programme experiences and views from the field

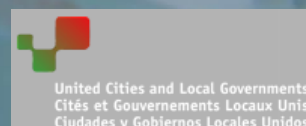Partnership

Responsive services

Adequate resources

Accountability

Economic opportunities

Respect for diversity

UNCDF

UN@HABITAT

United Cities and Local Governments
Cités et Gouvernements Locaux Unis
Ciudades y Gobiernos Locales Unidos

UNDP

Foreword

One of the main roles of the UN Development Programme (UNDP) is to provide knowledge, policy advice, advocacy guidance and technical support in the field of democratic governance. As part of UNDP, the Bureau for Development Policy, through the Democratic Governance Group, is focused on strengthening linkages among international democratic governance principles, related global discussions, and UNDP operational activities at the national and local levels.

The current efforts of UNDP are oriented around supporting the most effective public institutions and ownership at all levels, and assisting the design and implementation of policies and programmes that can contribute to sustainable human development, the achievement of the Millennium Development Goals (MDGs) and the reduction of inequality. The success of these actions depends largely on the quality of national and local governance.

Local governance is the first pillar of this publication. It comprises the systems of values, policies and institutions at the local level by which a society organizes collective decision-making and action related to political, economic, socio-cultural and environmental affairs, through the interaction of local public institutions, civil society and the private sector. Good local governance includes respect for human rights, inclusive participation, administrative and bureaucratic capacity and efficiency, and accountable and responsive governing institutions.

The second pillar of this publication, decentralization, is a political as well as a technical process. Effective decentralization brings decision-making closer to citizens, and can yield programmes and services that better address local needs and demands.

I am glad to present this publication, *Local Governance and Decentralization: Programme Experiences and Views from the Field*, which results from widespread participation in a UNDP network discussion entitled "Towards a Local Governance and Development Agenda: Lessons and Challenges." More than 150 UNDP local governance practitioners, together with colleagues from the UN Capital Development Fund (UNCDF), United Cities and Local Governments (UCLG), the UN Human Settlements Programme (UN-HABITAT), and experts from other international organizations and research institutes, took part in this global discussion at the end of 2007. It broke previous records for participation for UNDP e-discussions, and it made possible the production of this publication, which offers the opportunity to think about the relationships, experiences and challenges in local governance and decentralization that are relevant to our work.

Local Governance and Decentralization: Programme Experiences and Views from the Field aims to summarize and disseminate this interesting e-discussion, and to link people, knowledge products and projects related to these relevant topics, from the local to the global area and vice versa. I hope that it will be useful to a broad audience. Its views, approaches and strategies should contribute to current debates, and lead to more effective support from UNDP, UNCDF and UN-HABITAT in helping societies attain high-quality local governance. Good local governance must be the main vehicle to reach social inclusion, the reduction of inequality and sustainable human development at the local level.

Olav Kjorven
Assistant Secretary-General and Director, Bureau for Development Policy, UNDP

Acknowledgements

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Contributors to the E-Discussion

UNDP Headquarters, Regional Offices, Specialized Centres

Zena Ali-Ahmad, Sub-regional Resource Facility for the Arab States

Joseph Annan, Bureau for Development Policy

Kwame Asubonteng, Johannesburg Regional Centre

Hachemi Bahloul, Bratislava Regional Center

Neus Bernabeu, Regional Bureau for Latin America and the Caribbean

Nadine Bushell, Sub-regional Resource Facility for the Caribbean

Maleye Diop, Johannesburg Regional Centre

Sonia Duran, Sub-regional Resource Facility, Panama

Daniel Esser, Bureau for Development Policy

Nicoletta Feruglio, Bratislava Regional Centre

Mona Haidar, Sub-regional Resource Facility for the Arab States

Arun Kashyap, Bureau for Development Policy

Terry Kiragu, Bureau for Development Policy

Olav Kjorven, Bureau for Development Policy

Bernardo Kliksberg, Regional Bureau for Latin America and the Caribbean

Henrik Fredborg Larsen, Regional Centre, Bangkok

Oksana Leshchenko, Regional Bureau for Europe and the CIS

Deodat Maharaj, Sub-regional Resource Facility for the Caribbean

Siphosami Malunga, Oslo Governance Centre

Jockely Mbeye, Johannesburg Regional Centre

Claudia Melim-Mcleod, Oslo Governance Centre

Lenni Montiel, Bureau for Development Policy

Joachim Nahem, Oslo Governance Centre

Christophe Nuttall, UNDP Switzerland

Hafiz Pasha, Regional Bureau for Asia and the Pacific

Dejana Popic, Regional Centre, Bangkok

Ernest Rwamucyo, Bureau for Development Policy

Timothy Scott, Human Development Report Office

Jurgita Siugzdiniene, Bratislava Regional Center

Momoudou Touray, Bureau for Crisis Prevention and Recovery

Moises Venancio, Regional Bureau for Europe and the CIS

Lara Yocarini, Bureau for Development Policy

UNDP Country Offices

Fredrick Abeyratne, UNDP Sri Lanka

Hassan Ali, UNDP Djibouti

Masood Amer, UNDP Afghanistan

Diego Antoni, UNDP Mexico

Alexander Avanessov, UNDP Armenia

Isabel Aviles, UNDP Nicaragua

Emelyne Bahanda, UNDP Congo-Brazzaville

Ernesto Bautista, UNDP Pacific Centre

Allassoum Bedoum, UNDP Chad

Trevor Benn, UNDP Guyana

Joachim Bonin, UNDP Tanzania

Helga-Bara Bragadottir, UNDP Fiji

Emmanuel Buendia, UNDP Philippines

Bill Chanza, UNDP/UNCDF Malawi

Durafshan Chowdhury, UNDP/UNCDF Bangladesh

Mathieu Ciowela, UNDP Djibouti

Lealem Berhanu Dinku, UNDP Sudan

Herdade dos Santos, UNDP Timor-Leste

Samia El Nager, UNDP Sudan

Khalif Farah, UNDP Somalia

Ernest Fausther, UNDP Lesotho

Bayramgul Garabaeva, UNDP Turkmenistan

Shirin Gul, UNDP Pakistan

Chencho Gyalmo, UNDP/UNCDF Bhutan

Christian Hainzl, UNDP Bosnia and Herzegovina

Rania Hedeya, UNDP Egypt

Cristina Hernandez, UNDP Senegal

Katharina Huebner, UNDP Cambodia

Jean Kabahizi, UNDP Burundi

Rezaul Karim, UNDP Cambodia

Nicolas Kazadi, UNDP Guinea

Joanna Kazana, UNDP Ukraine

Karounga Keita, UNDP Democratic Republic of Congo

Eloi Kouadio, UNDP Congo-Brazzaville

Maribel Landau, UNDP Panama

Benoit Larielle, UNDP/UNCDF Rwanda

Charlotte Laurence, UNDP Guinea

Sascha Le Large, UNDP Comoros

Krenar Loshi, UNDP Kosovo

Paul Lundberg, UNDP Afghanistan

Klodiana Marika, UNDP Albania

Cristina Martin, UNDP Mexico

Israel Jacob Massuanganhe, UNDP/UNCDF Mozambique

Daimu S. Mkwawa, UNDP/UNCDF Tanzania

Paula Mohamed, UNDP Barbados

Subinay Nandy, UNDP China

Eiko Narita, UNDP Fiji

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Acronyms

AMICAALL: Alliance of Mayors' Initiative for Community Action on AIDS at the Local Level

CIDE: Centro de Investigación y Docencia Económicas

FLACMA: Latin American Federation of Cities, Municipalities and Local Government Associations

ILO: International Labour Organization

INICAM: Instituto de Investigación y Capacitación Municipal

IRG: Institute de recherché et débat sur la gouvernance

IULA: International Union of Local Authorities

MDGs: Millennium Development Goals

NGO: Non-governmental organization

OECD: Organisation for Economic Co-operation and Development

OECD-DAC: OECD Development Assistance Committee

SWAPS: sector-wide approaches

UNAMA: UN Assistance Mission in Afghanistan

UCLG: United Cities and Local Governments

UNCDF: UN Capital Development Fund

UNDESA: UN Department of Economic and Social Affairs

UNDP: UN Development Programme

UNESCAP: UN Economic and Social Commission for Asia and the Pacific

UNESCO: UN Educational, Scientific and Cultural Organization

UNFPA: UN Population Fund

UN-HABITAT: UN Human Settlements Programme

UNICEF: UN Children's Fund

UNIDO: UN Industrial Development Organization

UNIFEM: UN Development Fund for Women

UNITAR: UN Institute for Training and Research

UNODC: UN Office on Drugs and Crime

UNV: UN Volunteers

USAID: US Agency for International Development

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Snapshots

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Introduction

UNDP hosts electronic network discussions that serve as virtual global policy forums for development practitioners and researchers to share ideas and experiences. Their contributions showcase the diversities and commonalities in today's world, as a step towards deepening knowledge of solutions to development challenges. This format may be particularly valuable for the twin arenas of local governance and decentralization, which are large and complex, and where diversity can be only as far as the next municipality. The combination of multiple perspectives vividly illustrates that avoiding prescriptive or generalized strategies and paying careful attention to context are essential elements of effective international support.

The richness of current work on local governance and decentralization was on full display during a two-month network discussion that took place at the end of 2007—the source of much of this publication. The discussion, entitled "Towards a Local Governance and Development Agenda: Lessons and Challenges," broke previous records for participation for UNDP e-discussions, with over 153 submissions arriving from dozens of countries in all regions of the world.

Participants used a two-part series of questions to explore how to improve international support to national and local governments aiming for more effective local governance and sustainable local development. They included staff from multilateral and bilateral organizations, comprising a cross-section of UN agencies and the major development banks; as well as academic researchers and representatives of non-governmental organizations (NGOs) from northern and southern countries.

The discussion was hosted by UNDP's Bureau for Development Policy, in collaboration with colleagues from UNCDF, UN-HABITAT and UCLG. The spirit of partnership that prevailed fostered the exchange of perspectives and a renewed sense of how different parties can work together towards reducing some of the fragmentation that has characterized international support for local governance and decentralization, in line with the 2005 Paris Declaration on Aid Effectiveness and other recent international development commitments.

In order to consolidate and continue sharing the knowledge that emerged from the network discussion, this publication brings together some highlights with current research from other sources. UNDP's own resources have been tapped, along with those offered by other organizations with significant experience in this field.

A huge amount has been written about local governance and decentralization. This publication makes no claims to present new research, but it does offer a one-stop overview of the major issues at stake. By incorporating the findings of the network discussion, it has been tailored to the general programming requirements of UNDP and some other international development partners. It may be particularly valuable for programme staff who are new to the organization, have transferred into a new country programme, are returning to local governance and decentralization programming after time away, or work in other programme areas connected to governance. Structured for easy access to key pieces of information, it should serve as a reference guide to basic terms and concepts, and point towards strategic connections and overall directions for programmatic analysis.

n brief, Chapters 1 and 2 outline aspects of decentralization and local governance, respectively, recognizing that these are distinct concepts. Connections between them depend on the national context. Chapter 3 presents principles and entry points for programming, illustrated by country examples from the network discussion. Chapter 4 considers links among levels of government, public reform processes and crosscutting issues. A discussion of different partnership modes follows in Chapter 5, while Chapter 6 briefly lists some of the skills that may be required for teams working on local governance and decentralization programmes. Chapter 7 highlights approaches to monitoring and evaluation.

Woven throughout the text are informational boxes, along with "snapshots" detailing regional or country scenarios and "viewpoints" presenting thoughtful individual perspectives from the network discussion. While some past research on local governance and decentralization has been criticized as too anecdotal, this publication presents country examples in part to illustrate the process of thinking behind effective programmes. Namely, this involves understanding what can be a diverse, constantly changing and interconnected array of variables. These call for flexible and creative support strategies that can adapt to risks, and grasp synergies and emerging opportunities. Programmes can integrate international knowledge, and should be joined to the overall objectives of poverty reduction and human development, but entry points must be found within countries and localities themselves.

Today, the vast majority of governments—up to 80 percent by some estimates—are undergoing one or more forms of political, administrative and/or fiscal decentralization. Understanding of the potential value of local governance as a mechanism for participation and effective development planning continues to grow. As the network discussion clearly revealed, however, these very broad global patterns should not mask hugely disparate perceptions of their usefulness or patterns of implementation.

Political, administrative and fiscal structures arise from national history and tradition, and are sustained by current thinking and patterns of behaviour. Even with committed national or local leadership and support, engagement can be complex and politically sensitive, and as much a process of advocacy as technical advice. The network discussion repeatedly chronicled how progress may not be linear or immediate, but it can evolve over time. Strategic

international support has a role particularly in expanding capacities, sharing knowledge, piloting new methods and systems, cultivating partnerships, fostering leadership, and opening neutral space for national and local debates that build consensus on future directions.

The primary focus of this publication is local governance, an area that has not always received adequate support in international development. This may be due in part to a longstanding emphasis on national level decentralization policies, with the implicit assumption that these lead to effective local politics, planning, service delivery and so on. It is also frequently assumed that building national governance and capacities will be a panacea for local challenges. Experiences suggest that these notions are not automatically valid, however, often because localities do not have the capacities and resources they require. At the same time, even programmes focused mainly on local governance need to recognize national dimensions, especially the potential impacts of policy shifts related to decentralization or other public reform movements.

Another deliberate choice made here is to stress the primacy of local governments in the broader arena of promoting local development. Civil society and the private sector are included in the definition of local governance, given their contributions to service provision, local economic viability, accountability and the extension of democratic debate. But local governments are best positioned to offer participatory mechanisms open to all members of a community. They can manage different interests, channel public funding, foster balanced development, provide policy inputs, and serve as critical links to national governments. Without them, national governance as a whole will falter. Prospects for sustainable human development that reaches a broad cross-section of society will dim.

Local government capacities can admittedly be weak, often much more so than those on the national level. The following chapters draw attention to some of the ways that UNDP and other international development partners can contribute towards helping localities develop their abilities so that they can realize their essential roles in both governance and development.

To Start: 15 Points for Quick Reference

This publication, as a basic introduction to the issues faced by UNDP programme officers working on decentralization and local governance, elaborates on a number of issues and perspectives. For initial and ongoing reference, key points include:

1. Programmes may be geared towards specific local governance and decentralization outcomes, but the overarching objectives remain poverty reduction and inclusive development. Not all programmes have made this connection; it may need to be deliberately underscored in initial analysis, implementation and evaluation.

2. The starting point for local governance and decentralization work is always the careful consideration of local and national specificities, since these determine entry points for support. Political traditions, development models, cultural conventions, and rural and urban particularities are some of the issues to take on board.

3. Local and national ownership is a guiding principle, fostering buy-in, coordination, and appropriate responses to local and national priorities.

4. Local governance and decentralization, while requiring technical support, are primarily political processes. Underestimating their political nature can undercut programme effectiveness.

5. The concepts of local governance and decentralization, at times used interchangeably, are related but different concepts. Decentralization is primarily a national political, legislative, administrative and fiscal process. Local governance covers a full spectrum of local political and human development decisions at the local level, and involves actors such as local government officials, traditional authorities, civil society and the private sector. Local governance can be affected by decentralization processes—for example, if local governments are expected to provide services formerly offered through national institutions.

6. Local governments are central to local governance, even where capacities require concerted strengthening. Civil society and the private sector have important roles, including filling gaps in times of crisis, but they cannot replace government functions and responsibilities over the longer term.

7. Decentralization is not a panacea, although it has been treated as such in some development strategies. It unfolds at different rates, and may be more advanced in some aspects, such as a legal framework, than others, such as fiscal transfers to local authorities. Without appropriate local governance capacities and resources, decentralization can lead to negative outcomes, including imbalances in local political power and shortfalls in services.

8. Local governance and decentralization evolve in a constantly shifting political and social context. Holistic methods of analysis—such as the open systems approach—can yield a sense of how many different elements interact and affect each other. This approach entails prioritizing political analysis; drawing connections across different aspects of local governance and decentralization, as well as to related political and public reform processes; and encouraging coordinated action by development partners.

9. There are many entry points to support local governance and decentralization, including different levels of government and crosscutting issues such as human rights and gender equality. Although the larger picture should be kept in mind, working on one aspect of local governance and decentralization does not necessarily require including or excluding others—this determination should be driven by the national and/or local context.

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10. The development of national and local capacities is key to successful and sustainable local governance and decentralization. There are numerous capacity gaps in these areas; they require moving beyond conventional training approaches. Capacity development strategies should incorporate a broad understanding of how different capacities interact to support or constrain each other; the balance between capacity development supply and demand; connections to policy shifts; variations in political and technical capacities; and the mix of capacities that extends across different levels of government, civil society and the private sector, as well as in their relationships with each other. Interventions may require, but are not limited to, organizational development, knowledge transfer, skills development and attitude change.

11. Decentralization is always a long-term process. Progress towards effective local governance will take time. Programme strategies and expectations for results need to be framed accordingly.

12. UNDP contributes relatively few resources to the decentralization and local governance arenas, but it does offer a multilateral, neutral platform for convening different stakeholders and considering multiple perspectives on what can be politically charged issues. It is well placed to facilitate South-South knowledge exchanges through its experiences in countries facing a range of development situations.

13. Partnership and coordination among national and international actors is particularly important for local governance and decentralization programmes. The scale of the issues at stake can be large, and complicated by the fragmentation that has resulted from many different past interventions and strategies, sometimes even within a single municipality.

14. Multidisciplinary teams can be best placed to implement local governance and decentral-ization programmes that cut across different aspects of development, governance and public administration. These should draw on local and international expertise, and encompass political, technical and coordination skills.

15. Monitoring and evaluation, while guided by UNDP corporate policy, should acknowledge the complexity of local governance and decentraliza-tion programmes, even if they do not capture all aspects of them. Clear results may not be measurable in the short term. Indicators should be chosen with the diversity of local and national realities in mind, with attention to principles such as flexibility, participation and ownership. Local indicators should not simply duplicate national indicators, although they may trace links between local and national processes.

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1 Basic Issues in Understanding Decentralization

UNDP's democratic governance work includes a strong focus on local governance and decentralization. Many UNDP country programmes design strategies to help develop sub-national capacities for policy formulation, service delivery and resource management; increase citizen participation and community empowerment; and reduce the forms of exclusion that prevent women, the poor and other groups from fully participating in local development. UNDP may also assist national efforts to improve the environment for local governance, including through support for decentralization policies, depending on national priorities and contexts.

This handbook draws on the global network discussion on local governance and decentralization hosted by UNDP in 2007. Given the prominence of the decentralization debate in development discussions for some years now, the book opens with an overview of decentralization trends and principles that may provide insights into current thinking and experiences. Subsequent chapters move into a more detailed discussion of assistance for local governance and development. In working on local governance and decentralization, it is essential to keep in mind that decentralization is not a panacea for improving sub-national governance or reducing poverty, although it may under some circumstances contribute to these objectives.

What is decentralization?

Decentralization is a political and technical process that is closely tied to national histories, priorities and capacities. A general description of decentralization is that it involves shifting a combination of political, fiscal and administrative responsibilities from central to sub-national governments, and, at times, civil society and the private sector (see Box 1.1 for definitions of common terms). Decentralization is often described as part of democratic governance. It should enhance the roles that decentralized authorities play in local development, and be conceptualized in terms of its impacts on the capabilities, accountability and responsiveness of local governance.

Perceptions about and experiences with decentralization vary hugely around the world. A starting point for defining what decentralization means in a given national context involves understanding the diverse political, economic, social and cultural elements that will determine its course. On one level, decentralization requires the technical adjustment of laws, systems, institutions and national capacities; because of this, it has commonly been viewed as predominantly a technical exercise. But it is also a deeply political process that can touch the heart of a polity and society, particularly if it goes far enough to realign political privilege and power, and redistribute control over resources.

Box 1.1: **Basic Decentralization Terms**

Some common concepts and definitions are:

Devolution: Considered the most thorough form of decentralization, this involves the formal, usually legal transfer of powers from the central government to local representatives. They are then able to make decisions on an array of public issues and gain access to resources to fund actions accordingly.

Deconcentration: This occurs when the central government creates local units to implement programmes and services funded by centrally assigned resources. The units remain accountable to central authorities.

Delegation: A slightly deeper form of decentralization than deconcentration, this grants some forms of administrative control to local agents that are not necessarily part of the delegating authority. A limited transfer of accountability takes place, although it remains primarily with central authority.

The subsidiarity principle: This emphasizes that public policy decisions should be made as close to the relevant community as possible, with consideration for efficiency in fiscal allocations and service delivery.

Territorial planning: Planning with a territorial or spatial perspective can take place at local, regional or national levels.

It considers the location and distribution of, for example, public service providers, and makes links with resource allocations accordingly.

Amalgamation or consolidation: In countries with a growing number of municipal units, one strategy has been to combine smaller local governments, on the theory that they may be more viable in terms of raising and managing revenues, and providing services.

Fragmentation: This is the opposite of amalgamation, involving localities splitting into smaller units.

Decentralization is often discussed more than implemented, for reasons ranging from the reluctance of elites to cede political power to concerns about the stability of new states. Despite being advocated as a means to achieve better service delivery, lower poverty rates and more participatory governance, decentralization has a mixed track record that mirrors the world's widely disparate political and development circumstances. After several decades of debate and experimentation, it is clear that decentralization may be part of answering the central question of how to reform or modernize a state—or it may not. Deliberating this question must be a nationally owned and adapted process, although it can draw on the accumulated international expertise of the UN and other development partners.

Why are people talking about it?

The push for decentralization in developing countries began in the 1950s, often in the form of institutional reform programmes. Many were limited in their impacts. Local authorities were formed in some cases with no political base or capacity to secure or manage resources. In newly independent countries, attention for many years went towards the establishment and strengthening of central political and public administrative mechanisms. Some authoritarian regimes used the appearance of decentralization reforms to extend de facto central control.

Over the past decade, decentralization has received renewed emphasis as part of a broader process of political and economic reform. This has unfolded against the backdrop of maturing political systems and economic gains for many nations, along with increasing concern about widening disparities within and across countries. Diverse systems of governance have now witnessed greater demands for broad-based political participation, transparency and accountability, the effective and equitable provision of public services, and the protection of human rights. This has been coupled with growing recognition of the value of locally focused development efforts in reducing poverty, and achieving national development objectives and the MDGs.

Decentralization has also featured prominently in discussions about making the state more efficient, including by reducing the size of the central administration; the transformation from command to market economies; the need to manage conflicts stemming from ethnicity and/or geographical lo-

Box 1.2: **Two Reference Points**

Two important documents on decentralization and local governance issues are the European Charter of Local Self-Government and the UN Guidelines on Decentralisation and the Strengthening of Local Authorities.

The European Charter was issued by the Council of Europe in 1985. Member states agreed that local authorities are fundamental to democracy, and that citizens' right to participate in public affairs can be most effectively exercised at the local level. The charter includes provisions defining the scope of local self-government, along with its legal and fiscal aspects.

In 2007, UN-HABITAT's Governing Council approved a set of guidelines that cover governance and democracy at the local level, powers and responsibilities of local authorities, administrative relations between local authorities and other spheres of government, and the financial resources and capacities of local authorities.

The national context: factors to consider

Depending on the national context, decentralization advances in different ways and at varying speeds and degrees. Even within countries, different regions or localities may face unique challenges or have diverse needs. Some countries may have explicit decentralization policies and programmes; others do not, even as the strengthening of local institutions is taking place. The following issues are relevant to decentralization and can help in understanding different national situations.

Existing structures of public administration: In many developing countries, these bear the imprints of traditional systems of authority as well as former colonial powers. French-influenced systems tend to be highly centralized, with a balance between executive and legislative power. Those following the British model are generally less centralized and grounded in the legislative branch. Other influential traditions have arisen from the federal system in the United States, including its relatively strong executive branch. Northern European countries often stress the preeminence of local governments. Vestiges of the Gandhian tradition in India have encouraged local autonomy, while China's history of central control continues despite steps towards decentralized service provision.

A country's past experiences with centralized or decentralized systems will likely influence perceptions of current or future models, and shape political configurations and rhetoric.

Political will: The political dimensions of decentralization make political will one of the most important determinants of its course and sustainability. Political will is influenced by many, often interrelated incentives, especially for decentralization as a complex and long-term process. See Box 1.5 for questions to indicate a general sense of prevailing tendencies.

Laws and policies: These comprise general statutes, including in the constitution, that determine the political apparatus and systems of public administration, as well

cation; the imperative of reaching all members of large populations; economic expansion and the potential of the private sector; and the challenges of responding to rapid urbanization. Other push factors have been pressure from foreign aid donors and the diffusion of political power taking place in some countries through the emergence of multiparty political systems.

Today it is clear that decentralization is not an easy, formulaic or necessarily straightforward process. To deliver on its potential, it must be more than a reshuffling of administrative structures or a statement of political intent. A holistic reform agenda comprises elements such as participatory local governance, accountable and legitimate local government entities, a well-formed definition of the value of local governance in the overall national development process, the careful matching of responsibilities and revenues, a paradigm of sustainable local economic development, and the kind of spatial planning that can capture social and economic synergies between rural and urban areas (see Box 1.2 for two reference points).

One reason for interest in decentralization is that it is a crosscutting process that can affect all the major social development sectors, along with poverty reduction goals, macroeconomic stability, infrastructure investments, and so on. The impacts can be positive or negative, however, as explored in the following pages.

as those more specific to decentralization. For the latter, a national framework may be fully or partially in place to guide the division of responsibilities and revenues, institutional structures, accountability mechanisms, and so on. Common challenges, besides the absence of appropriate laws and policies, include contradictions between different statutes, poor design and insufficient implementation.

Local governance traditions and institutions: Local governance is explored in more detail in Chapter 2. In sum, it encompasses the local traditions and institutions that moderate community affairs, providing services, dispute resolution, mechanisms for community participation, and so on. These traditions and institutions may be formal or informal, and traditional or modern. They should be assessed in terms of their current context and capacities, and their past history. See Box 2.3 for more on strong and weak traditions of local governance.

Drivers of decentralization: Decentralization can be driven from the top, the bottom or both. Proponents can come from the political system, existing government structures, civil society, the private sector, or other national or local groups. Several participants in the UNDP network discussion emphasized the importance of having a "champion" for decentralization who has the political and/or technical capacity to support the advancement of the process (see Box 3.5).

The reasons to pursue decentralization can range from a genuine commitment to local empowerment, to a cynical manipulation of the process as a way to temporarily shore up donor or popular support. Issues such as qualifying for European Union accession may be in play for eastern and southeastern European countries. Political motivations in large part determine the extent of political will, and consequently the suitability and sustainability of decentralization processes.

Design, duress or default: Decentralization can be guided by deliberate political or legal commitments, or prompted under duress, as central authorities seek ways to manage, for example, powerful calls for local or regional autonomy. A kind of decentralization by default takes place when centralized services and other forms of support fail to reach localities and they end up fending for themselves. This can occur through the incapacity or ne-

glect of central authorities, or in conflict situations where a central authority may not exist or may administer only part of a country.

The degree of decentralization: Decentralization processes have been around for decades in some countries; in others, they don't exist. Other variations can be seen in the pursuit of the three levels of decentralization: political, administrative and fiscal (see the following section). These may or may not be well coordinated: A common if undesirable scenario is to decentralize administrative responsibilities without full fiscal decentralization, for example. Differences between policy and practice mean that an administrative model can appear to be decentralized on paper, while in fact it remains centrally operated. Local government structures may be established, but lack genuine local participation.

Current capacities: The political, technical, institutional, administrative, financial and other capacities that affect decentralization may vary across the national and subnational levels, as well as across regions and localities within a country. Other capacity issues relate to civil society groups and the private sector. See Chapter 2 for a more comprehensive treatment of these issues.

The stability of the state: States that are weak or threatened may exhibit centralizing tendencies as state authorities attempt to reassert control. Destabilizing factors can comprise overly fractious politics, internal or external conflict, ethnic or regional tensions, natural disasters and/or poor economic performance.

Population distribution: The distribution of rural and urban populations will influence public policy priorities, national and local planning, and the structure of financing flows. With strong links between rural and urban areas through migration and economic development, many countries need development strategies that straddle both.

Countries that are large, populous and/or diverse have specific challenges in poverty reduction and service delivery that may by nature mandate some level of decentralization.

Types of decentralization

Different aspects of decentralization are complementary and interdependent. Some may be more appropriate than others at various stages of a long-term decentralization process, with choices driven by both technical and political rationales. As decentralization evolves, transfers of power and responsibility may need to be systematically renegotiated or reassessed (as food for thought, see Box 1.3 on an ideal scenario, and Snapshot 1.1 on one national scenario).

Decentralization takes three common forms.

Political decentralization shifts political power and authority to sub-national levels of government. The ingredients can include the separation by law of local and central authorities, the adaptation of public institutions to local contexts, local elections and local autonomy in spending resources.

Administrative decentralization transfers administrative decision-making, resources and responsibilities for select public services to sub-national levels. It can be part of civil service reform, and can be considered the most limited form of decentralization because it involves public administrative systems functioning on behalf of the central government, rather than institutions controlled primarily by localities.

Fiscal decentralization takes place through the reallocation of resources, including those within sector ministries, to sub-national governments. It can comprise both fiscal transfers, and the capacity of sub-national governments empowered to raise and manage their own revenues. Local revenue sources can include: user charges for public services; co-financing systems in which users provide services or infrastructure through monetary or labour contributions; property or sales taxes; intergovernmental transfers of tax revenues from central to sub-national

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Box 1.3: **Effective Decentralization: An Ideal Scenario**

While each country makes its own choices related to decentralization, it can be useful to reflect on what an "ideal" decentralization scenario could look like. Possible aspects include:

Overall

—The national government has shifted a significant measure of new authority to the local level and has clearly demonstrated the political will to decentralize.

—Reforms to the constitution or legal code have been enacted and are being implemented.

The political realm

—Local officials are regularly elected, as required by law.

—Elections are open and fair.

—The political party system allows the participation of local citizen groups and independents.

—Local officials have the authority to pass laws or other legal norms on local affairs.

—New community leadership is able to emerge.

—Local governments have the authority to design and use participatory mechanisms to receive community input.

—Citizen access to government authorities and decision-making processes is legally protected through, for example, access to public documents.

Administration

—The central government has granted local government clearly defined responsibilities that significantly concern communities and generate public interest in local affairs.

—Local governments are accorded functions of fundamentally local scope.

—Local governments take on a variety of

non-traditional service responsibilities, such as assuring primary health care, basic education, public security, public utilities, environmental protection and building regulations.

Fiscal resources

—The central government is taking action to ensure that the local system has access to the resources to match its functions, through intergovernmental transfers and/or local revenue-raising authority.

—Central government officials demonstrate increased concern for the development of locally generated revenue, for preventing inefficiencies or corruption, and for finding alternative means, such as credit markets, for local governments to secure financing.

Source: USAID 2000.

Madagascar's Strong Political Will, Mixed Record on Implementation

In the UNDP network discussion, Trevor Kalinowsky from UNDCF Madagascar described shortfalls in a climate of otherwise positive reforms:

Decentralization has been on the policy horizon in Madagascar for several decades, but mainly as an expression of political intention. There were no steps towards implementation or even well articulated policy statements.

In 2002, the arrival of a new President heralded a shift towards more concerted political will that manifested first in a policy statement on decentralization in 2005, followed closely by a 10-year decentralization and deconcentration implementation plan. It emphasized decentralized levels of government, along with deconcentrated service delivery by central ministries. One innovation was the idea to place special consultants in each ministry to coordinate service delivery with local policy making. Another step was to elevate the Ministry for Decentralization and Territorial Planning to a position directly under the President.

On the surface, all of these developments seem positive. But several challenges have arisen. First, a constitutional amendment eliminated provinces as a layer of government, seen as good by decentralization proponents, but at the same time this increased the central powers of the President. Only 20 percent of the population voted in the elections, mainly in the capital, underscoring the fragility of democracy and limits of public engagement in this decision. Several presidential decrees have followed that have created contradictions in the decentralization process, slowing progress and making the issue a sensitive one.

A second challenge involves the weak capacities of local governments. Many local leaders are poorly educated or even illiterate. Those with better training, often provided by international agencies, tend to move out of local government and into the private sector.

The UN is well positioned to address these issues, which are being incorporated in the current programming framework. UNDP will continue to support the ministry in implementing the national plan, while advocating for creating a permanent system to routinely offer capacity development for local officials. UNCDF is considering a programme to work on local government capacities related to local economic development and land reform, including through block grant financing.

governments; and municipal borrowing. Own source revenues are essential for local autonomy.

Some other aspects of decentralization to consider may be the following.

Divestment transfers public functions to voluntary, non-governmental or private agencies. Transfer mechanisms can run from temporary contracts to the full privatization of service provision.

Integrated decentralization refers to the transfer of tasks or authority to local "multipurpose" institutions that coordinate activities within a given area.

Sectoral decentralization describes the transfer of responsibility for a specific sector or function.

Spatial decentralization is the deliberate diffusion of large, normally urban populations and activities, perhaps as part of a territorial planning exercise.

Finally, there are several ways of looking at the implementation of decentralization policies.

Asymmetric decentralization considers differences between public service sectors and possibly also regions or municipalities. It may make sense to privatize water services in an urban setting, but not in rural communities, for example. Some regions may have a greater capacity to raise and manage local revenues than others. This approach can, however, run into a political problem if there

is a strong demand to treat all sub-national units equally.

Policy synchronization or sequencing refers to balancing the different types of decentralization to achieve maximum benefits. This includes looking at timing—some policies may need to be enacted before others—and implementation capacities. Mistakes are typically made in this process when there is a mismatch in the degree of decentralization of different but interrelated functions. This can occur, for example, when the central government decentralizes a service, but continues to determine all civil service employment policies and stipulates service delivery parameters. Policy synchronization also looks at the nature of a function, the political landscape and administrative capacities. The local provision of health services, for instance, needs to be coordinated with national health concerns such as consistent immunization and the provision of family planning.

Decentralization pitfalls and promises

The evidence for or against decentralization is frequently inconclusive. The economist Remy Prud'homme (1994) refers to decentralization as a potent medicine that if taken in the right doses for the right diseases can heal, but if taken improperly can cause harm.

Certain notions about decentralization have circulated that need to be considered with care. One common assumption, for example, is that decentralization will improve the rate of poverty reduction, since local communities are best equipped to decide what is most suitable for their development (see Box 1.4). Another idea is that decentralization leads to better governance and the more efficient use of public expenditures. These outcomes, however, depend not just on decentralization per se, but

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Box 1.4: **Poverty and Decentralization: How Strong Are the Connections?**

Decentralization can be linked to the commitment to improve governance at all levels, to support democratic practices, and to bolster effective and efficient public administration. This is rooted in the recognition that local democracy and decision-making can provide programmes and services that are suitable for local needs, and will contribute to reducing poverty and achieving the MDGs. Some recent research, however, has questioned whether or not decentralization generally produces these benefits. A recent study by the Organisation for Economic Co-operation and Development (OECD 2004) surveyed 19 countries and found that two-thirds reported somewhat negative or negative impacts on poverty from decentralization.

To date, much of the evidence suggesting that decentralization contributes to poverty reduction has been anecdotal, or specific to

individual country contexts, development conditions or service sectors. Decentralization proponents have generally focused more on overarching issues such as policy and institutional design and the efficiency of service delivery, assuming that poverty reduction would follow. While this can be the case, theoretically, national and local contexts and the many variables at work in decentralization processes are not always connected in a straightforward fashion.

At the same time, economic literature on poverty has said little on how decentralization can achieve poverty reduction objectives through the provision of opportunities and capabilities, and the promotion of participation, security and the rights of the poor and excluded. Economic development and poverty reduction are still widely viewed as central government concerns, although the concept of local economic development is gaining ground (see Box 2.2).

Some attempts are now being made to study the intersections between poverty reduction and decentralization in a more concerted fashion, and to begin defining some of the basic elements of "pro-poor decentralization." For UNDP country programmes, this underscores the need for careful analysis in decentralization advocacy strategies.

The International Monetary Fund (Brixiova et al. 2003) has surveyed research suggesting that a positive correlation can exist between political decentralization and the human development index. Fiscal decentralization may improve performance on health, when accompanied by higher sub-national spending; in particular, infant mortality rates have declined in some poor countries. In contrast, however, infant mortality has worsened in some middle-income countries. A study on education found that decentralization policies *cont.*

Box 1.4: **Poverty and Decentralization: How Strong Are the Connections?** *cont.*

are successful when local governments raise their own revenues, communities exert pressure for decentralization, and there is adequate or quickly developed local administrative capacity.

The OECD survey describes four background variables that need to be analysed for the potential impacts of decentralization policies on poverty: country setting (including population densities, infrastructure and inequalities across regions); the capacity of local actors, and the degree of accountability and legal enforcement; existing social institutions, including relationships with excluded groups; and the political power structure.

The survey also identifies four elements relevant to poverty reduction during the process of decentralizing: the ability and willingness to carry out reforms, transparency and participation, the potential for elite capture and corruption, and policy coherence encompassing both other national reforms and donor initiatives.

The OECD suggests that donors use these criteria to differentiate between countries that are capable of pro-poor decentralization and those that are not. Assistance to the former might involve coordinated budget support, an emphasis on national ownership, and the facilitation of greater communication between central and local authorities, and civil society. Countries with more limited capacity might benefit more from support for deconcentration as a first step towards decentralization, community participation and local capacity development, and further research on the design of pro-poor decentralization strategies.

A paper on fiscal decentralization prepared by the University of Georgia in the United States for the US Agency for International Development (USAID) (Boex et al. 2005) proposes that donors support the sound assignment of expenditure responsibilities in the context of broader poverty reduction strategies, and the development of regulatory frameworks

that might specify service delivery norms to ensure the access of the poor. Tax structures could be strengthened and linked to the benefits provided to local residents, while including measures to protect those with the lowest incomes. Donors could also assist in the analysis of whether or not intergovernmental transfers are consistent with poverty reduction efforts and the pro-poor distribution of finance, and help in strengthening systems as needed. In tandem, local governments might benefit from developing a range of financial planning, budgeting and investment capacities.

The paper underlines that intergovernmental fiscal policy must be thought of as a system, with the different pieces fitting together—making one-off reforms unlikely to be successful. To have the potential to contribute to poverty reduction, fiscal decentralization must be coupled with strong local governance that promotes participation and accountability.

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also on effective local governance, management and development, and surrounding political dynamics.

In a general way, it is possible to describe some of the pitfalls and promises that may be associated with decentralization. These may be important in analysing political ambitions for reform processes, or as part of determining entry points for support. They will likely vary over time, and may need to be factored into short- and long-term programme planning frameworks. See the following section for a discussion on the factors that support successful decentralization.

Pitfalls:
- Shortfalls and inefficiency in service provision
- Widening of disparities, including within and among regions, and between rural and urban areas
- "Elite" capture that perpetuates local forms of exclusion
- Reassertion of traditional forms of discrimination against women or excluded groups
- Loss of confidence when local systems fail to deliver
- Greater difficulty in managing macroeconomic stability
- Reduced fiscal efficiency
- Loss of economies of scale gained from central government provision of services

- Increased opportunities for corruption
- Poor sequencing that shifts responsibilities without resources, or fails to build on the potential synergy of different types of public sector reforms
- Capacity constraints

Promises
- Greater local participation that contributes to political renewal
- Stronger, deeper democracy
- The emergence of local leadership
- Increased accountability, from the ground up
- Greater transparency
- Increased institutional capacity
- More effective service provision
- Services tailored more precisely to local demands and needs
- More efficient use of local resources
- More targeted economic development
- Easing of conflict flashpoints through increased autonomy
- The incubation of pilot projects driven by local communities that can be replicated in other localities

What makes decentralization work?

The technicalities and mechanics of decentralization—designing appropriate structures tailored to national priorities, ensuring that different phases build on each other and developing new capacities—are critical components. But political currents and configurations deserve equal weight. Rhetorically, governments can present many rationales for moving forward with decentralization, including those meant to advance a human development agenda. In reality, political agendas will likely predominate. These may be connected to the legitimacy of the state, the management of different constituencies, the relations between the centre and sub-national areas, electoral processes and political party constellations, among other issues.

Many contributors to the network discussion noted that they worked in countries where political statements are routinely made in support of decentralization, but the process itself only goes so far. Whatever its motivation, genuine political will manifests in concrete ways. Strong political will is generally demonstrated by a clearly stated desire for reform, and actions such as the passage and implementation of legislation. Weak political will appears in lip service to decentralization objectives, the absence of laws and strong vested interests. See Box 1.5 for questions to gauge political will, and Snapshot 1.2 for a regional experience.

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Box 1.5: **Assessing the Depth of Political Will — Some Questions to Ask**

—Is decentralization a top political priority and defined as such in public statements and political platforms?

—Are there prominent political advocates or opponents of decentralization?

—What are other sources of support or opposition—including elite or powerful groups, civil society or other constituencies?

—What is the standing of decentralization compared to other major public policy reforms?

—Is decentralization required in the constitution or by law, or is it an issue of public policy?

—What have been past national experiences with decentralization? Have these influenced the political system?

—What level of support for decentralization exists among sub-national political or other entities?

—How stable is the current political environment? What political risks or

opportunities could come from steps towards decentralization?

—If political power shifts, is support for or opposition to decentralization likely to continue?

—How stable is the macroeconomic context? What are potential economic risks or gains? Could they have a political impact?

—Who could be adversely affected by decentralization, and how might they conceivably respond?

For the Arab States, a Governance Gap = a Development Gap

Snapshot 1.2

Mona Haidar from UNDP's Sub-regional Resource Facility for the Arab States linked policy and institutional reforms:

The governance gap is at the root of the development gap in the Arab region. Bridging the governance gap will be a challenge, but it is also an opportunity.

Historically, the overall model of governance in the region has been one of state-led, state-centered and state-regulated development. Over the past 15 years, exogenous forces have pushed for reform. These include the demands of international organizations such as the World Bank and International Monetary Fund, the establishment of the World Trade Organization, the partnership agreements made with the European Union, and the demonstration effect of the East Asian economies. In a few Arab countries, indigenous factors and self-initiatives have been forces for reform.

The reforms applied have had limited impact on economic and development performance, however; a great deal of this can be explained by governance and institutional factors. Policy reforms can be done relatively quickly, but institutional reform needed for proper policy implementation faces much more resistance. Without correcting institutions, new policies bring little long-run benefit. Beyond that, governance is linked to wealth, power and authority that would shift under decentralization. Major decentralization programmes in the region consequently boil down to capacity-building programmes or light "deconcentration" programmes at best.

Necessary steps forward might include the creation of public, detailed pathways to reform that respond to the specific demands for change made by citizens within their countries; comprehensive legal reform, and the restructuring and reform of various state institutions; the reform of institutions of market-led development; the increased involvement in public debates of civil society and marginal groups, as well as the private sector; and greater government accountability.

Whatever form decentralization takes, its full benefits are reaped when local governance systems are broadly participatory and accountable. They must be equipped with the capacities and funds to respond to local needs and demands, particularly for public services and local economic development.

Other factors that support decentralization include, but are not limited to:

• National consensus

• A balanced distribution of political power

• Appropriately sequenced reforms

• The presence and effective use of human and institutional capacities

• Well-crafted and consistent legislation and policies

• Territorial planning, as required

• Links between national and sub-national levels through policies, and political and government structures

• Synergies with other governance or public sector management reforms

• Careful matching of responsibilities, capacities and resources

• Fiscal systems, whether for local revenue raising or intergovernmental transfers, that factor in local capacities and needs

• Accountability that embraces politicians, civil servants and the general public

• Regular elections

• The willingness to manage human diversity and respond to inequity

Understanding the role of UNDP

The highly politicized and at times sensitive nature of decentralization, along with examples of failed or inadequate decentralization experiments, require UNDP to exercise extra care in engaging on these issues. A number of countries remain explicitly committed to centralized policies rooted in their institutional structures and traditions. Carefully targeted, well-analysed forms of support should accord with national priorities and local realities, and emphasize flexibility and ongoing communication (see Snapshot 1.3 and Box 1.6).

In general, UNDP's strength comes from its reputation as a trusted and neutral multilateral organization. It can assist national and local dialogues on decentralization as a step towards the formulation of new policies and strategies, including by bringing in its institutional expertise and capacity to share knowledge and experiences from diverse sources. UNDP is also charged with upholding the principles of human development and human rights, in-cluding participation, equity, sustainability and account-ability—all of which are essential supports to successful decentralization. Working across sectors and with actors on many levels, UNDP can help countries and communities pursue innovative strategies tailored to their needs. Box 1.7 highlights some of the lessons learned about UNDP's contributions in a past evaluation.

Some contributors to the network discussion underlined that some UNDP country offices may need to examine their overly strong focus on central ministries. This may mean that less work is done with local authorities and civil society groups, and that fewer impacts filter down to sub-national levels.

Close Analysis, Realism and Flexibility

Snapshot 1.3

Michael Soko from UNDP Zambia chronicled experiences with challenges to designing and implementing decentralization programmes:

Incorporation of a realistic situation analysis that takes into account socioeconomic, political and legal challenges and capacities required is a major challenge because in most case only technical issues are addressed. Our experience has been that such a detailed analysis is vital to enable the identification of issues and social dynamics that if unattended to would inhibit full participation of stakeholders.

The correct sequencing of activities can be problematic if a rigid approach to implementation is adopted. We have found it useful to maintain a relatively flexible set of benchmarks that can be continuously adjusted based on new developments in the political environment and social dynamics.

Mismatches frequently crop up among stakeholder perceptions and expectations, policy pronounce-ments, and the understanding of roles and responsibilities of various levels of governments. These are often exacerbated by many years of support programmes that bypassed regular central or local governance structures. For example, communities have been encouraged over several decades to implement civil works such as roads, construction of clinics, water wells, etc. on a self-help basis or through support from donor- or NGO-funded programmes outside the framework of local authorities. This causes communities to have limited or no expectations for services delivered by local authorities.

Finally, multi-donor programmes often have some benchmarks established, but they tend to be unrealistic, especially if the situation analysis was not sufficiently detailed. Correcting this situation, however, can reduce or even stop disbursements to the programme. A possible solution is continuous engagement of all stakeholders and maintenance of an open dialogue.

Box 1.6: Don't Rush...

Decentralization requires a long-term perspective, particularly where political will is low and/or capacities are weak. Network discussion participants highlighted some of the problems when programmes go too fast:

—The rush to implement the latest development trends overwhelms or fails to take advantage of local capacities.

—National and local ownership is reduced.

—Expectations of quick-win results cannot be met.

—Opportunities are missed to build common understanding of decentralization, along with buy in.

—There is not time to research and build on best practices.

—Responsibilities may be assigned before capacities and resources are in place, and without consideration for requirements in different sectors.

—Poor sequencing may diminish efficiency and generate conflicts that will need to be addressed in the future.

Box 1.7: Lessons Learned from a Past Evaluation

In 2000, the German Federal Ministry for Economic Cooperation and Development and UNDP jointly evaluated UNDP's role in decentralization and local governance. They summarized the lessons learned as follows:

On the role and experience of UNDP

The greatest value-added role of UNDP is at the upstream policy level.

UNDP credibility depends on a critical mass of resources.

Decentralization can benefit from international experience.

Credibility depends on having a strategic commitment.

On internal and external partnerships

UNDP effectiveness depends on a broader network base.

The efficiency of decentralization support depends on close donor coordination.

Implementation is greatly enhanced by integrated management.

Local quality depends on a balance of corporate support and local control.

Better integration of United Nations system activity leads to better products and services.

On concepts, methodologies and practices

Decentralization is a highly political and politicized process.

Decentralization, as transformational change, generates resistance.

Decentralized governance implies multiple levels (subsidiarity principle).

Linkages to sustainable human development are difficult to establish.

Ongoing monitoring and evaluation are key to success and learning.

Source: UNDP and the Government of Germany 2000.

2 Aspects of Local Governance: Mapping the Terrain

All countries have some form of local governance, regardless of how centralized or de-centralized they may be. UNDP can assist these sub-national levels (see Box 2.1) as part of its commitment to democratic governance and the achievement of human develop-ment. When local people fully participate in their own governance, they have a voice in deciding on local policies, determining the use of resources and ensuring the delivery of public services—in short, making choices about their human development. UNDP's 2008-2011 Strategic Plan calls for bolstering assistance to countries in the areas of local development and local governance, along with decentralization.

In some countries, local governance may require support within the context of decen-tralization or other public sector reforms, including through the synchronization of lo-cal and national actions. In other states, particularly those where decentralization re-mains a sensitive concept, or the centre has been eroded by conflict or severe capacity constraints, a more targeted emphasis on local governance may be appropriate.

The previous chapter provided an introduction to decentralization; this one covers basic local governance concepts and outlines challenges likely to be encountered in UNDP programming. The last part of the chapter gives slightly extra weight to three issues that were prominent in the network discussion and are important in many pro-gramme countries: special considerations for conflict situations, fiscal issues, and rural and urban contexts. Chapter 3 takes a more concerted look at general strategies for programming in a variety of environments.

Box 2.1: **What Is Local?**

This publication uses the word local to refer to all sub-national levels of governance. These vary in number and structure by country and governance system, but they can include states, provinces, regions, districts, municipalities, counties, sub-districts, parishes, communes, townships, villages or communities.

The term local, while applied in its most general sense here, should not obscure the likelihood that governance issues will vary across different tiers. They may need to be looked at separately and in their interactions with each other.

In addition, while local can refer to a variety of stakeholders, this publication is primarily about local governance and government. It considers other common development actors, such as civil society and the private sector, through their supporting roles.

What does local governance mean?

The following are some common terms.

Local governance is distinct from decentralization, although the two terms are at times used interchangeably. Decentralization is a national level political process that can involve national and local actors, changes in national and local political, legal, administrative and fiscal systems. Local governance covers the broad spectrum of issues and actors that influence local political, economic and overall human development planning and decision-making at the local level. Some of the elements shaping local governance include political patterns, institutional

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Box 2.2: Growing Interest in Local Economic Development

Most developed countries today have strategies to boost local economic development—this has become a core function of many local governments. Comprehensive strategies, and consistent financial and institutional arrangements link the efforts of national, regional and local governments around the objective of local economic development, and recognize the importance of close partnerships with the private sector and communities.

Developing and transitional countries are less likely to have local economic development strategies in place, although there is a growing interest in the potential of this approach to address demands for employment, higher incomes and better services. In the network discussion, Robert Daughters from the InterAmerican Development Bank described how the bank's expanding roster of sub-national clients in Latin America has increasingly requested local economic development support.

Kadmiel Wekwete from UNCDF and Lenni Montiel from UNDP's Bureau for Development Policy highlighted that development of local governance relates closely to local development in general, but especially to local economic development. Local governance has to be seen as catalysing poverty reduction and facilitating local economic development towards achieving the MDGs, with different

local actors joining forces around dynamic, local sustainable development processes.

Local economic development initiatives generally encompass strategic planning to strengthen economic capacities, such as through stronger local regulatory frameworks, a better climate for business investment, improved infrastructure, and equitable access to decent employment for women and marginalized workers. Through territorial approaches, these initiatives can be linked to steps to reduce spatial "poverty traps" that come from geographical isolation, climate, economic restructuring and so on. Traditionally, this type of strategy has been oriented around urban areas; more work needs to be done in capturing its potential for rural, primarily agricultural economies.

In the network discussion, Momoudou Touray from UNDP's Bureau for Crisis Prevention and Recovery pointed out that incomplete decentralization processes hobble local governments in pursuing local economic development. Limited legal empowerment to make critical capital investments, and marginal control over revenues and expenditures drain opportunities to invest in services and infrastructure as an economic stimulus. Touray suggested that support for more evenhanded decentralization of political and fiscal authority and resources should

complement external assistance for local economic development.

Bert Helmsing from the Institute of Social Studies in The Netherlands noted, based primarily on research on Africa, that government officials can resent giving room to businesses, often because they resist losing central control and opportunities for rent-seeking. For their part, entrepreneurs know that state power may be abused. This leads to strategies such as using access to state power for individual gain, or maintaining a low profile so as not to become a victim of predatory action. Zero-sum game perceptions make it difficult for different actors to agree to act in concert to generate positive local economic development outcomes.

Helmsing cautioned against "over-engineering" local governance processes by drawing on particular governance models that view local corporatism suspiciously and pluralism favourably. It may be more desirable to see what actually works on the ground. Which governance configuration actually improves local economic performance? Which has produced positive and reduced negative externalities, and created opportunities for various forms of learning and competence in local economic development policy? From there, further analysis should look at how impacts can become more socially inclusive.

arrangements, accountability mechanisms, the degree of civil society empowerment and capacities for generating local resources.

Local government generally denotes government institutions at the local level, comprising representative bodies, administrative organs and the local branches of the central government. Municipalities and local or district councils are common terms used to refer to local government.

Local economic development describes collective efforts by various local actors to plan and manage sustainable and equitable local human development. This can involve creating institutions and infrastructure, managing resources, and developing local skills (see Box 2.2).

MDG localization involves adjusting local development strategies around achieving the global goals, including through locally adapted MDG targets (see also page 56).

Local development encompasses all of these concepts. It refers to the interactions of local stakeholders to promote human development, in the context of national frameworks and policies that may include varying degrees of decentralization. Local development as an outcome comprises access to quality basic services, achievement of the MDGs and local economic development.

Why is local governance important?

Local governance that is participatory, effective and adequately funded produces focused and efficient decision-making that translates into reality many of the promises of decentralization listed in the first chapter of this book (see page 13). It is an essential building block for local and national development, poverty reduction, greater equity, and local and national systems of democratic governance. While there are many potential constraints on local governance, as well as risks for UNDP in working on it (see Viewpoint 2.1), it can extend the possibility of more targeted solutions to development problems, more accountability, better and more comprehensive service delivery, and the growth of a more politically aware and representative culture.

UNDP local governance programmes provide opportunities to help communities develop these capacities, framed by the principles of participation, human rights, transparency, gender equality and respect for human diversity. Typical initiatives involve capacity development, the strengthening of local institutions, participatory planning and budgeting exercises, and civic education.

In the past, national development and governance issues have absorbed the bulk of international development assistance. But local governance can make critical contributions both within a locality and to broader national objectives. By the same token, poor local governance, even if confined to some localities or regions, slows local and national progress.

Who's involved?

The configuration of local governance actors will shift by country and among localities within a country. Identifying these actors, what they want and who is working with whom helps build understanding of their incentives and interactions, and who could be potential drivers of change. Some common examples are:

- Local elected or appointed representatives
- Local civil servants
- Local government associations (see Box 3.3)
- National political figures
- Civil servants from the central government posted in a given area
- Civil servants in central ministries for local governance or related issues
- Traditional authorities (see Box 5.3)
- Civil society groups (see Box 5.2)
- Private sector concerns (see Box 5.2)
- Multilateral and bilateral donors

See Chapter 5 for more details on potential partners.

Common local governance challenges

The scope of local governance in general depends on national and local governance traditions (see Box 2.3), current political patterns, and the extent and design of decentralization. Challenges can be similar to those on the national level, but vary by degree. Local capacities, infrastructure and tax bases are generally more limited, for example, and formal institutions tend to be weaker. Remote or difficult rural areas often face a brain drain due to weak incentives for civil servants and employment-related migration for local populations. The following pages

Claudia Melim-Mcleod from UNDP's Oslo Governance Center commented:

Having a legal framework for decentralization is a basic condition to work with national partners in this area. However, even when a legal basis is there, strengthening local governments commonly has an effect on power relations between central and local

tion that has been commonly used. Many international organizations actually choose to offer support directly to the Standing Conference of Towns and Municipalities, an association of local governments perceived as a reputable and effective channel for aid. From a donor perspective, this provides a convenient avenue for project implementation, reducing the need to deal with the complex national political

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Viewpoint 2.1: **Choosing Assistance Strategies with Care**

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levels, which can exacerbate internal tensions in contexts where the concepts of devolution, subsidiarity, etc., meet political resistance on the central level.

Serbia is one such case: Although there is a legal basis for working on local governance and decentralization, this is considered sensitive for a variety of reasons due to recent history. The challenges for UNDP then are two-fold: First, finding an adequate framework to engage with local governments, and second, doing so while maintaining a positive working relationship with central level authorities, with whom we may also be partnering on other projects. A very refined understanding of the political situation in the country is crucial here and testifies to how capacity development is much more than a technical issue. Who are the players, who wants what, and who is doing what to whom to obtain what they want? Having a good overview of the political landscape is crucial if we are to navigate these tricky waters.

In contexts such as Serbia, there may just not be an entry point to engage with central authorities on issues pertaining to decentralization. Engaging with civil society organizations such as local government associations and providing support through them outside central level mechanisms is one possible op-

environment at large. It can be argued, however, that this approach also decreases the pressure for effective decentralization and national dialogue, since it is easier for local actors to rely on external aid than to push for a real decentralization process across the political landscape.

In conclusion, while working directly with local governments can bring quick results and be more expedient from a delivery point of view, it also entails some important risks: a) direct assistance to local governments, if not carefully done, can decrease the need for dialogue and negotiations between central and regional/local levels that are part and parcel of a democratic processes; b) national inequalities can be inadvertently widened, exacerbating local tensions; and c) there is a risk that external support can actually delay decentralization (including fiscal decentralization, implementation of the principles of devolution, subsidiarity, local accountability, etc.) if it is seen as a substitute for resources that could and should be allocated from central levels. UNDP must exercise judgment very carefully in these cases, balancing short- and medium-term objectives and quick wins with longer term, cumbersome, yet crucial democratic processes.

Box 2.3: **Local Governance Traditions, Strong and Weak**

Local governance traditions generally fit somewhere on a spectrum that runs from strong to weak.

Strong local governance is often characterized by:

—A long history of popularly elected local governments that effectively provide basic services, such as street repair or park and cultural services, and even some advanced functions, such as the management of utilities, education and health care

—Local governments that are held accountable for their financial expenditures by established practice, the public and national government oversight

—A considerable degree of local government autonomy

—A decentralized or decentralizing democratic system of national government

—Political competition or a diversity of political parties at the local level

—A positive, if not institutionalized, relationship between traditional ethnic or indigenous forms of local decision-making and elected leaders of local government

—Local government administrations that are not highly politicized and that demonstrate a measure of staff career stability, probably based on a local civil service law

—Increasingly open and participatory local government with active community involvement

Weak local governance may feature:

—Appointed local officials or officials who have been recently elected for the first—or one of the few times—in the country's history

—Local governments that provide few, if any, services without the involvement and support of the central government (local capacity is weak)

—Nationally, a highly centralized system in which authoritarian national leaders are popularly elected, yet remain set on maintaining strong central control

—A few national, centralized, political parties that dominate politics at all levels (local political diversity is weak)

—Conflict between tradition or ethnic local traditions and the administrations of elected local leaders

—Local administrations that are managed largely according to the interests of the party in office as opposed to the interests of the community as a whole

—Local staff whose careers are almost entirely determined by their political party affiliation (i.e., when your party is in, you are in; when your party is out, you are out)

—Considerable waste, corruption and weak oversight of local government expenditures

—Little citizen involvement or interest in local public affairs

Source: USAID 2000.

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briefly touch upon some common challenges—which may also be entry points for UNDP programmes. Snapshot 2.1 sketches some individual country scenarios that while highly specific, illustrate how these issues play out in reality.

Capacity development: Capacity development is fundamental to all aspects of UNDP support, and was raised in the network discussion as the most important area of emphasis for local governance programming. While capacity development is separately described here, it can apply to all the local governance challenges noted on the following pages.

Local governance may confront multiple capacity shortfalls that relate to both the internal workings of institutions and the external environment in which the institutions function. Gaps often appear in institutional arrangements, human resources, political skills, planning and financial management, and participatory approaches to governing. They may exist at the central and local levels, in the relationships between the two, and in relationships between local governments and other actors in local governance, such as civil society and the private sector. Generally, women and excluded groups (related to ethnicity, caste, religion, socioeconomic standing, and so on) have particular capacity development needs, at times related to more limited access to educa-

tion and economic autonomy, or even the psychological hindrances imposed by social conditioning. A problem in many of the poorest countries is that severely limited human and other resources end up almost entirely absorbed by central structures.

Some efforts to develop local governance capacities have been viewed as disjointed, prescriptive and/or unsustainable, with little long-term impact. These tendencies are encouraged by an overly narrow focus on specific capacity gaps, a lack of clarity on the role of local governance, fragmented donor interests and disagreements over development objectives.

See page 38 in Chapter 3 for a more detailed description of capacity development programming.

Relations with the centre: Local governance is affected by the political attitude of the central state, which may be committed or opposed to local control of public functions and resources. The central position can vary across regions or other parameters—such as ethnicity, levels of economic activity, natural resource availability, etc.—and can shift quickly depending on dominant political groups. Local governments in wealthier areas may have more strength in negotiating with central counterparts, for example.

The degree and adequacy of national decentralization as determined by the centre also affects local governments. They can end up hamstrung by poorly planned or executed decentralization processes, facing administrative conflicts and resource shortfalls, among other issues.

Legal and policy frameworks: Different legal frameworks may guide issues such as the distribution of powers, the sub-national finance system and the management of public employees. They may be part of the constitution, national or local statutes, or presidential decrees. Problems with laws often involve contradictions between statutes, poor design and limited application.

The design of institutions and systems: Governance systems globally contend with inadequate and obsolete institutional structures and administrative systems. While central policies normally shape these, the weakest links in terms of capacities and resources are often local. Other complications crop up in the management of relationships among different authorities. Lines for reporting on

local activities and budget allocations may overlap across multiple central ministries, for example. Accountability mechanisms may be based on an insufficient definition of performance standards. Poor application of the subsidiarity principle may result in the uneven and inefficient assignment of responsibilities.

Locally, management systems are often out of date or otherwise deficient, including in terms of lacking a clear vision and strategic direction based on local needs. Human resource planning may be inadequate, and proper project management systems may not be in place.

Resource mobilization: The lack of local resources often explains the sense that decentralization and local governance exist in name only. Localities face a widening public credibility gap if the quantity and/or type of resources mean they cannot deliver services or use funds effectively. For more details, see the section on fiscal issues in this chapter.

Participation: Participation may be direct or representational or both, or be interpreted as involving consultations or campaigns to distribute information. Highly centralized or controlled political cultures are by nature resistant to broadening public participation in governance. Other participation issues may apply to women and excluded groups. Local government mechanisms to allow public participation may be poor or nonexistent, or may be in place but with a limited connection to local political or governmental processes. They may be inadequate in providing information for formulating local development plans or enforcing accountability in implementation.

See Viewpoints 2.2 and 2.3 for additional thinking on these issues.

Corruption: Decentralization's record related to corruption is mixed. Greater local participation in governance can open the door to broader public oversight that curbs corrupt practices. But decentralized administration and resources can also provide new opportunities for corruption to flourish, particularly in cases where social tolerance is high, accountability mechanisms are limited and some form of elite capture allows one group to dominate public decision-making. Other contributing factors may include social instability, poor civil service pay, a low grade of public commitment in the civil service, opaque information collection, and the intervention of national

Henrik Fredborg Larsen from the UNDP Regional Centre in Bangkok wrote:

The bulk of UNDP's work on strengthening participation has in the past focused on direct participation (in

In most of our country programmes in Asia, we support the meaningful participation of women and individual indigenous or disadvantaged groups; this needs to translate into a more holistic focus on local democracy. This could imply engaging more concert-

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Viewpoint 2.2: **A Greater Focus on Participation Through Representation**

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particular, in planning and auditing of accounts and service delivery). UNDP needs to engage more closely in developing sub-national councils and assemblies that offer participation through representation, and helping to make local democratic institutions more inclusive and accountable. Only by ensuring that these institutions increasingly represent the interests of all citizens—women and men—can we trust that they will play their role in state-building at the local level, find non-violent solutions to conflict and deliver against their very often significant responsibilities for services supporting the achievement of the MDGs.

edly in advocacy and policy reforms to address institutional constraints, including reforms of representational arrangements and quotas, political parties' functioning and the choice of electoral systems at the local level. We also need to continue to address structural and individual constraints, such as by supporting women in particular and others whose voices go unheard so they can compete in local elections and ensure that local councils represent the interests of all. One of the vehicles for this has been the UNDP regional initiative on local democracy in Asia (for more information, see http://regionalcentrebangkok.undp.or.th).

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political factions in local affairs. In general, corruption reflects deficits in governance and human rights, often with negative impacts on poverty and human security.

Local corruption can add an additional layer for citizens already contending with fallout from central corruption. Local governments frequently do not have reporting or enforcement systems to respond to corrupt practices, even as these steadily erode public faith in the efficacy of local governance. (See also page 61 in Chapter 4.)

Social capital: Social capital is built from the customs of local groups, which stipulate patterns of behaviour and social values. These can support or detract from effective local governance. Some communities place a strong emphasis on civic participation and egalitarianism. Common negative tendencies include longstanding forms of discrimination, a tolerance for inequity, a passive approach to problem solving, a lack of understanding of the possibilities of civic participation, and an unwillingness to work cooperatively. Limited social cohesion may deepen the influence of some of these factors.

Disparities: Patterns of power and discrimination can perpetuate ingrained social, economic and political disparities on the local level. There is justifiable concern about the problem of "elite" capture that can take place if decentralization weakens accountability mechanisms. Without proactive strategies, women's participation in local governance will likely only marginally improve.

Service provision: More accountable and targeted service provision is one of the promises of decentralization and local governance, but it remains a complex arena. Poorly sequenced decentralization and/or local governments with significant capacity gaps can both be responsible for drop-offs in services, inequitable distribution and poor quality. The duplication of service delivery structures occurs when similar services are provided through both central and local government departments.

Many possible service delivery configurations exist: central; central-regional; central-local; special purpose local authorities; public-private partnerships; franchise arrangements; service contracts; compulsory or voluntary provision by individuals, civil society groups or the private sector; and so on. These may fall under different laws

Antonio J. Peláez Tortosa from the University of Warwick in the United Kingdom outlined global and local steps to promote participation:

Becoming actively involved in theoretical discussion:
A very fruitful debate on the concept of democracy is re-emerging today among scholars and development practitioners as a consequence of the growing number of successful cases of unconventional local democracy. This debate is producing two main ideas.

First, the traditional confrontation between representative democracy and participatory democracy may be resolved if new forms of complementarity are developed. The two

include participatory budgeting, decentralized planning, social audits and citizen report cards.

Moreover, these and other countries, in going through democratization, have introduced pro-participatory local governance initiatives when reforming pre-existing institutional systems. Constitutional reforms, for example, have included laws on citizen and popular participation, state decentralization, codes of local governments, etc. The existence of an enabling institutional environment for the creation of participatory governance frameworks at the local level—i.e., popular councils or similar schemes—is, therefore, crucial.

Viewpoint 2.3: **Rethinking Democracy**

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models are not mutually exclusive. Reconciliation can only be achieved if the defining principles are revisited and properly adapted, however. In particular, the liberal idea of clearly separating the state and civil society must be an object of further analysis, because it is precisely the interaction between local government institutions and citizen associations that is bringing about new participatory arrangements producing human development results.

Secondly, a global approach to democracy requires the rejection of all forms of democratic fundamentalism. While many countries have now engaged in democratization in line with the liberal pattern of democracy, examples of innovative institutional arrangements are emerging all over the world, with local democracy substantially varying depending on the historical and cultural context. This ongoing process deserves due attention.

A global development organization such as UNDP could contribute very efficiently to the development of this debate by providing empirical examples of local democracy from around the globe. In return, UNDP could benefit very much from its participation in such a debate by refining its theoretical foundations in this area, and by clearly identifying new governance challenges.

Leading a global learning process: Innovative participatory institutional arrangements are proliferating in a number of developing and emerging countries, such as Bolivia, Brazil, Colombia, India, Mexico, Mozambique, the Philippines, South Africa, Uganda, and others. Examples

A global network of scholars and development practitioners involved in these and other similar experiences would be of great usefulness for the promotion of new forms of participatory democratic governance.

Linking tangible benefits, incentives for civil society organizations and reform of local governments:
Any participatory institutional scheme must be highly pragmatic. It should be mostly aimed at solving specific problems and responding to the priorities of citizens, for instance, through the planning and implementation of urban and rural infrastructure projects. Hence, the translation of participatory proposals into immediate and tangible benefits for the population may enhance the credibility and legitimacy of the entire local governance system, and encourage the emergence of new civic associations.

Socioeconomic differences among members of a given community may severely discourage the participation of some people. Participatory institutions must be inclusive, and the entire participatory initiative must be conceived as a social learning process, which may imply the need to reformulate the idea of local authority.

Capacity development programmes addressed to local civil servants and elected representatives must train and instruct them as facilitators of the participatory process, rather than as mere managers or decision-makers. By doing so, participatory frameworks may become true schools of democracy.

The Issues at Stake: Four Local Governance Scenarios

The following examples, drawn from the network discussion, illustrate some of the challenges faced by local governance programmes.

Afghanistan: The concepts of local governance and decentralization do not exist as they are known in other countries. A classic polycentric governance framework has many nodes of power competing with one another. Local development is driven by large national programmes designed and funded by international organizations, and tied to specific sectoral targets. Without an organic concept of territorial development or a mechanism (functional local authorities) to implement it, there is little possibility of measurable and sustained progress on basic issues such as child survival and economic growth. The lack of a generally agreed framework for conflict-sensitive development has also meant that projects can end up competing with one another for clients and resources.

Currently, governors are appointed by the President under a law that grants them significant responsibility, but their de facto authority is limited by the national programme modalities and the separation of the police from the local administration. In addition, few international organizations trust the governors as partners since most tend to be former jihadi commanders who maintain their powerbase through personal militias. Provincial councils were elected two years ago, but little has been done to build their capacity to carry out their legal if limited functions. They are poorly equipped and financed. *—Paul Lundberg and Masood Amer, UNDP Afghanistan*

Benin: The decentralization process took off in 2003. Each municipality is now obliged to elaborate a five-year municipal development plan. Some opted for a participatory planning process; others hired a local consultancy firm to write the plans for them. Some of the key challenges that emerged during the participatory processes included the politicization of planning, with mayors and councillors not automatically supporting majority decisions; a lack of capacity, including to use more complicated planning tools; and a heavy methodology prescribed by the centre that left little room for local adaptation. Despite these difficulties, the participatory methodology was well received since it helped create support for the plan, raised awareness and led to a willingness to implement the plan.

Other challenges emerged once the plans were in place; there was a lack of funding and capacities to carry them out. The central Government was not willing to transfer resources and local governments struggled to mobilize their own. A large World Bank project to provide funds to the poorest communities created a parallel financing structure, and encouraged some municipalities to present themselves as poorer than they are to secure funds. *—Lara Yocarini, UNDP Bureau for Development Policy*

Central and Eastern Europe and the Commonwealth of Independent States: Significant progress is being made in adopting decentralization frameworks, but implementation remains ad hoc. A more strategic and systematic approach is needed. This requires capacity, which depends on civil service reform and local human resources management systems. Personnel management and employment conditions, especially at local level, have long been neglected, with donors working on civil service reform, including UNDP, tending to focus on the central level.

A huge challenge is attracting and retaining competent staff. Personnel management often focuses on the administrative dimension of managing staff and record-keeping, placing little value on developing staff competencies, or linking these with the strategic plans and objectives of the municipality. Another issue relates to the fragmented structures of local governance, an extremely important issue for the quality of service delivery and decentralization in general. The majority of governments are not willing to apply one of the more radical strategies—amalgamation or establishment of a second tier of local governance. There are different   *cont.*

The Issues at Stake: Four Local Governance Scenarios *cont.*

reasons for this, including the old debate about "participation versus economics." In some countries, the central government fears that local governments can become too powerful and too vocal, and it will be difficult to control them. —*Jurgita Siugzdiniene, UNDP Bratislava Regional Centre*

Congo-Brazzaville: The post-conflict situation that has prevailed for 10 years in the Pool region is not favourable for local governance, despite a planned decentralization process. Local administrations are weak, without the minimum equipment to help civil servants to perform their tasks. The basic socio-economic infrastructure is poor. The Government's efforts to restore peace and security have been supported by the international community, but localities need to access minimum services to help them live in decent conditions. The present local governance rules are based on a mix of respect for the public legal authorities and a consideration of the Ninja "military authorities" in part of the region. This informal political situation does not allow preparations for a fair, transparent election process, which in my view is one of the most important social governance regulators.

—*Eloi Kouadio, UNDP Congo-Brazzaville*

and policies, and vary according to the characteristics of local governments.

Service provision challenges are often analysed by sector. Large infrastructure projects have different requirements than schools and health care systems, or rural economic development support services—including in terms of whether these should be centralized or decentralized. Another important distinction involves the public delivery of services versus the public financing of services.

While UNDP is not directly involved in service provision as a programme activity, it can assist in the development of appropriate policies, public capacities and governance structures that reflect principles such as equitable access.

Data: Local governance data for planning or monitoring are notoriously limited. Figures can be old, incomplete, insufficiently disaggregated, not comparable over time, or, for fiscal issues, budgeted rather than actual. These gaps come from disinterest; limited resources; poor capacities to collect, analyse and maintain the reliability of data; and the complexity of fiscal systems and flows in many countries. Sound data may be particularly important in the local governance field, however, given the variability in local situations. This applies both to local and central policy decisions, which can become too blunt and generalized when they have no reference to local information.

Communication and public awareness: Good communication practices support democratic participation be-cause people have the information they need to make informed choices. This kind of transparency at the local level can be hindered by political or cultural traditions that work against it, and/or the inability to collect, organize and share appropriate information. Many countries are adopting e-governance systems to improve public communication, but the success of these depends in part on technological capacities and infrastructure.

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The special needs of conflict countries

Local governance programming can be particularly complex in conflict situations, but also has potential as a strategy for recovery and peacebuilding. It can help enlarge space for people to articulate their concerns, increase local capacities to respond to these, and reduce the frictions people can feel when they are subject to the decisions of people in other locations whom they perceive as acting contrary to their interests. If the central government is weak or non-existent, local governments become the primary providers of services and sources of collective authority.

The network discussion identified multiple challenges to programming in this kind of environment. Social cohesion is often low and aggravated by political conflict or ambiguity. Capacities and infrastructure may have been severely diminished. Qualified professionals commonly are the first to leave crisis areas, while options to generate revenues become extremely limited. Skewed local power relations

Siphosami Malunga from UNDP's Oslo Governance Centre wrote:

Experience has shown that many of the world's conflicts are caused by competition for access to state authority or power and resources. In many cases, secession or some form of autonomy has been the key demand of belligerents. Consequently, decentral-

—Local authorities fully understand the dynamics of the conflict, and are empowered to address these in an accountable and participatory manner.

—Local authorities ably respond to the reconfiguration of minorities/majorities that are created by decentralization. If decentralization creates new minorities through the redistribution of power, they

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Viewpoint 2.4: **Why Local Governance and Decentralization Can Help Solve Conflict**

ization has been instrumental in resolving conflicts, which gives it a rationale beyond the traditional administrative and political reform arguments for it. Thus far, however, there is no definitive evidence that decentralization alone actually prevents conflicts in all situations over the long term.

It is important to clarify why decentralization is being sought as a solution to a conflict situation. Other solutions may also be required, since the mere act of decentralizing is usually not enough to resolve the root causes of conflict. It needs to be accompanied by real changes in the way decisions are made at the local level, resources are accessed, and services are delivered.

Decentralization combined with stronger local governance is more likely to succeed in diffusing or preventing conflict or where:

—Improved local service delivery results from real access to required resources and their equitable distribution.

may have new grievances of their own resulting in a resurgence of violence if local authorities are not responsive to the needs of all groups.

—Local decision-making is truly representative and not a mere extension of the central state.

—There is strong political commitment and support from the central state for local government or decentralized entities.

Given the obvious advantages of proximity to the local populations, local governments are clearly best placed to address the myriad problems that many countries recovering from conflict may face, including by promoting public participation, conducting reconstruction, providing basic services such as security, and restoring government legitimacy. A focus on understanding how decentralization impacts all our development work, including in conflicts, and how strengthening local governance is an important element of recovery from conflict is indeed an imperative for UNDP.

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may reassert themselves, to the detriment of some people or communities. There may be no viable legal frameworks in place or options to implement those that are.

Appropriately addressing these issues, as in other conflict recovery programmes, requires care and should be grounded in detailed analysis of the political, economic and social context (see Viewpoint 2.4, and for a more detailed discussion, page 59 in Chapter 4).

A spotlight on fiscal issues

Fiscal issues pose some of the greatest challenges to local governance and decentralization processes (see Snapshot 2.2 as an example). Political constraints, including a reluctance to yield substantive power to local authorities, often explain why fiscal decentralization lags behind other types. The common technical emphasis on strengthening fiscal institutions and systems in some cases has fostered an insufficient emphasis on other issues. One OECD-De-

velopment Assistance Committee (DAC) study (2004) concluded that efforts to improve financial management (such as planning and accounting) have been more successful than fundamental improvements in the institutional systems for local government finance.

The traditional public finance approach to "fiscal federalism" emphasizes setting appropriate expenditures and taxes for each level of government and designing intergovernmental transfers accordingly. Responsibilities should be well defined to increase accountability and reduce duplication, and should be assigned to the lowest tier of government capable of efficiently carrying them out. Some sectors may be more efficiently administered at certain levels than others, but choices are often made to group roughly similar services given the economies of administration and transaction costs.

The reality of fiscal systems rarely complies with this formula, however. Depending on how decentralization has been conceived and its stage of implementation, local governments may not receive adequate resources from the central government to carry out new functions, even as they cannot legally raise resources through taxes or other means. Frameworks to make central to local resource transfers may not be in place or operating effectively, or end up reinforcing centralization to the detriment of autonomous local decision-making. Where local governments do have the legal option to raise local revenues, they may still have to operate in a struggling local economy with a large, hard-to-tax informal sector. Territorial atomization can result in many small governments with very limited capacities to either raise or manage resources.

Cash-strapped municipalities in some cases resort to excessive borrowing, a potential threat to macroeconomic stability if appropriate controls are not in place. Alternatively, they may become entangled in perpetual negotiations with the centre for intergovernmental transfers. Disparities can deepen as wealthier and more competent municipalities come out ahead. Some governments simply fail to deliver on their promises, stimulating local cynicism. Another scenario takes place when local governments become dependent on central transfers and do not seek to raise local resources, even when entitled to do so. In some cases, resource transfers may exceed local managerial and administrative capacities.

The many types of fiscal capacity shortfalls include a lack of reliable data or the ability to generate and process it, limited access to modern financial management techniques, and poor understanding of the connections between local budgeting and planning processes. When accountability mechanisms are inadequate, resources can be siphoned off, spent ineffectively, or, if local elites dominate the political process, used inequitably.

The configuration of local funding streams—actual or potential—varies, but generally speaking, there are several basic sources of local finance. One is taxes, which have to be looked at in terms of the roles and responsibilities of both local and central governments. Some balance normally needs to be struck between national distribution and stabilization goals, efficiency and the accountability to local residents that stems from the local financing of services. A second source of funding is sub-national borrowing, which may be critical for longer term investments in local productive capacities. With the growth of global credit markets and the deregulation that has taken place in many countries, municipalities now have more access to this kind of financing.

The third funding type, and still the most common in many countries, is intergovernmental transfers. These may or may not come with particular kinds of conditions, which can distort local priorities, but may also contribute to redistribution objectives and ensure links to national development goals. The design of intergovernmental transfers is particularly important when local governments play a significant role in delivering essential social services. World Bank research (Litvack et al. 1998) suggests that the most effective transfer systems are designed objectively and openly, preferably by an independent expert group or formal system. They are relatively stable to support local budgeting, but also linked to national macroeconomic considerations. The transfer formula should be as transparent, credible and simple as possible.

The many elements of fiscal decentralization and local fiscal capacity need to be appropriately coordinated and viewed as intersecting components of a system. Experiences reported during the network discussion underlined what happens when these links are not made. From UNDP China, Hou Xinan reported that the fiscal system there was actually recentralized while expenditure responsibilities had been decentralized. This has led to

Latin America's Fiscal Decentralization Shortfalls

Ady P. Carrera Hernández from Centro de Investigación y Docencia Económicas (CIDE) Mexico listed obstacles in Latin America to fair and effective financial management that meets the needs of communities within a framework of democracy and transparency:

—Intergovernmental fiscal coordination structures are designed to maintain the financial dominance of the national government.

—Fiscal decentralization processes are based on a greater transfer of resources to local governments, but without strengthening their tax-raising powers.

—Defective designs of transfers to municipalities strengthen their fiscal dependency, and thereby reduce their level of fiscal autonomy, which is the basis of political autonomy.

—Intergovernmental transfers are designed to fit with the interests of certain political players, rather than being done on the basis of efficiency or fairness.

—The institutional development of local govern-ment is insufficient, with gaps in administrative, legal and staff resources to manage effectively and efficiently.

—There is no integrated, systematic and ongoing policy to strengthen local government institutions.

Based on the theory and practice of fiscal decentralization, it is possible to identify elements that should be present in any decentralization process aiming to strengthen government at the regional and local level:

—Each sphere or level of government should have its own significant income source.

—Likewise, it should have a considerable degree of autonomy in the administration of these income sources. This involves having the capacity to set the rates of taxes that it exclusively controls.

—Local governments should have an increased capacity to determine how to spend their budgets, with reduced interference from other levels of government.

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weak local fiscal capacities, hindered the delivery of basic public services, and produced disparities in access to services, including between rural and urban areas.

Contributors from the Andrew Young School of Policy Studies at the University of Georgia in the United States reported on their partnership with UNDP on multiple fiscal decentralization and local governance initiatives. A recent examination of reforms in Armenia, Croatia, Georgia, Macedonia, and Serbia revealed some common patterns. First, the assignment of revenue sources to sub-national levels of government has occurred prior to the clear definition of expenditure responsibilities, implying a piecemeal approach encouraged by the lack of a coherent decentralization strategy. Secondly, excessive fragmentation of local government structures means that many jurisdictions are economi-cally too small to serve as sustainable service delivery mechanisms (UNDP 2005b).

In Bangladesh, UNDP and UNCDF have taken a relatively comprehensive approach to fiscal issues by partnering on a local governance development project in the district of Sirajganj that placed a strong emphasis on financing and public expenditure management. The project included participatory planning and budget exercises, open budget meetings, and training related to financial management, auditing, information disclosure and enhancing local revenues. Central authorities participated, including in study trips to India and in training on fiscal decentralization. They subsequently decided to begin releasing direct block grants to localities in Sirajganj, some of which have now boosted their financing capacity by 200 percent. The World Bank came forward with assistance for national implementation.

Urban and rural contexts

The distinctions between rural and urban localities have not always been well understood within UNDP's work on local governance and decentralization. But the explosive growth of urban areas in many countries calls for greater focus in programmes and policies, while recognizing the continued needs of rural communities. Today, more than half the world's population lives in cities.[1] They contain the highest concentrations of people living in poverty.

Well-governed cities can make substantial contributions to national development, and become rich reservoirs of human capacity and creativity. Their complexity may require more advanced management capacities than rural regions, however, along with higher levels of human and financial resources. While rural communities may be more concerned with issues such as land use, irrigation and outward migration, cities face challenges such as burgeoning informal sectors, shortfalls in public services due to rapid population growth, the mushrooming of slums and high crime rates.

Pelle Persson, a Senior Programme Officer with the World Bank, commented in the network discussion that since few countries and development agencies have policies to promote the positive impacts of urbanization, many cities suffer as a result. In sub-Saharan Africa and South Asia, where policies are among the weakest, slum dwellers now make up a majority of urban populations. Persson suggested three priorities: encouraging a hard look at what cities contribute to national development and engaging local authorities in national policy dialogues; examining how cities can mobilize domestic capital for urban infrastructure; and recognizing that national and city policies need to factor in urban growth.

Cities need to be seen as empowered entities, rather than enfeebled arms of the central government, Persson wrote. In this role, they will be able to attract domestic private financing that will be required given the sheer size of urban infrastructure and service needs. Persson works with the Cities Alliance, a global coalition of cities and development partners focused on the developmental role of cities. Since its founding in 1999, the alliance has helped spur upwards of $9 billion in investments in city development (for more, see www.citiesalliance.org).

Claudio Acioly from The Institute for Housing and Urban Studies in The Netherlands pointed out that from the 1990s onwards, well-governed cities have been acknowledged on the international level as fundamental to macroeconomic development. Major UN conferences, such as the UN Conference on Environment and Development in 1992 and Habitat II in 1996, also reinforced their importance in solving global environmental problems, and promoted principles related to decentralization, civil society participation, partnerships, tenure regularization and the right to housing.

He highlighted growing interest in urban management, defined as the instruments, activities, tasks and functions that make a city operate. Sound urban management is premised on efficiency, efficacy and equity in the distribution of resources and public investments. It assures that basic services are provided, various stakeholders act in a harmonized manner, and conflicts are resolved when interests diverge. It unleashes the capacities and potentials of its constituents to forge sustainable local development processes. Acioly noted that public-private partnerships, particularly in the supply, management and maintenance of public services, have become one popular instrument, given budget restrictions and the efficiency that the private sector can offer. Different forms of privatization and concessions are increasingly common in public transport, solid waste management, electricity and water systems, where measurable individual consumption can be translated into tariffs and costs.

A particular issue for UNDP programmes in urban environments is urban safety. In the last five years, 60 percent of urban residents in the developing world have been crime victims, according to UN-HABITAT (2007). Poverty, disparities and rapid urbanization have all fanned rising rates of urban violence. Crime and instability can also be politically related, connected to disintegrating social standards such as from disrupted family networks, or tied to gender in the form of rape or domestic violence.

Other threats to urban safety come from forced evictions, often of slum dwellers with no security of tenure. These are commonly done in the name of urban redevelopment, but the consequences include deepening poverty

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1   Seventy-five percent of people in Latin America live in cities. UN-HABITAT predicts that by 2030, a majority of the citizens in Asia and Africa will be in urban areas as well (2006b).

and social exclusion. A third category of risks relates to the environment. The growth of cities in environmentally unsustainable ways, including through the destruction of surrounding habitats and over-consumption of natural resources, has left city dwellers imperiled by floods, landslides and rising sea levels, among other phenomenon.

Urban safety requires local governance with the capacities to identify pressing local threats and protect the population accordingly. Effective urban planning, improved policing and emergency response systems, and stronger community engagement are common approaches applied around the world. In these and other strategies, the links between threats to safety and poverty need to be recognized. The poor are generally not only more vulnerable to risks, but with limited resources and political presence, less able to manage them and protect themselves, or recover from disaster once it strikes.

UNDP's Regional Project on Local Governance in Latin America has produced a conceptual framework for addressing local security issues, from prevention to control, along with tools to diagnose the state of security, formulate and monitor projects, and develop capacities.

3 Programming: Principles, Strategies, Experiences

The previous two chapters provided a basic introduction to local governance and decentralization issues relevant to UNDP programmes. This chapter builds on that background by offering questions and definitions that may help frame future programme strategies. A series of past experiences from UNDP, UNCDF and UN-HABITAT have been excerpted from the network discussion to give a flavour of how programmes have actually evolved.

As a starting point, a number of core principles guide effective local governance and decentralization work. One of the most important involves avoiding prescriptive remedies in favour of nationally and locally appropriate solutions, with the concepts of national and local ownership upheld in all aspects of programming.

Since local governance and decentralization are politically charged processes, the political environment should be systematically monitored throughout programme design and implementation. The potential for sudden political shifts requires a capacity to anticipate and make adjustments. Limited political will and/or weak central policy frameworks may not automatically preclude options to support local governance and/or local development, or to look for other strategic entry points that may yield results over the longer term.

Open systems or other holistic approaches to analysis (see Box 3.1) can be useful in tracking how different aspects of local governance and decentralization may affect each other, and pinpointing potential programme synergies. Framework objectives for all programme activities should be capacity development and sustainability. Capacity development strategies should seek to bolster existing capabilities, support local priorities, and recognize the possible need for both technical and political skills.

The many links that local governance and decentralization programmes can make include those to poverty reduction and the MDGs, but they may require an active programme focus. Other potential connections may be drawn to parallel public reform or governance processes, with consideration for timing and sequencing. Vertical links between the local and national levels are important, as are horizontal links between local authorities, such as through national associations. Cross-jurisdictional planning may be appropriate for balancing rural and urban development priorities.

Finally, the broad scope of local governance and decentralization programming makes it particularly important to view partnerships as more than about who is working together and the related logistics. A well-considered partnership strategy should define what outcomes can be achieved through which kinds of collective efforts (see also Chapter 5).

Box 3.1: **Taking an Open Systems Approach**

One possible analytical framework for assessing entry points for local governance and decentralization programmes is the open systems approach. It provides a global picture of all the different components of these multifaceted processes, looks at how they interact and assesses the strength of different links. Open systems analysis reflects the constantly shifting political and social context in which decentralization and local governance evolve, and helps pinpoint the factors that shape their nature and progress.

This approach emphasizes the primacy of political analysis, connections among different aspects of decentralization and local governance, the coordination of different actors, a focus on the drivers of change,

realistic implementation strategies, an integrated approach to capacity development and joint action by development partners. Appropriate for identifying bottlenecks and/or communicating strategies to respond to them, it should not be used in a normative or static way.

Broadly, the key elements might be:

—Types of decentralization: political, administrative and fiscal

—National environment: Governance reforms, public sector reforms, national development strategies, sectoral policies, local development strategies, local governance and participation, local governance and municipal development

—Global and regional context

Source: EuropeAid 2007.

for more detailed analysis on the local and/or national level:

• What laws and policies related to local governance and decentralization are already in place?

• Do these form a consistent framework that supports decentralization and local governance? If not, what are the gaps?

• Is decentralization actively being pursued? Has it been linked to other public sector reforms?

• What recent related political statements have been made?

• Among decision makers, nationally and/or locally, who favours decentralization and/or stronger local governance? Who doesn't? Who might be willing to be an ally, but has not yet come forward?

• Are major political events on the horizon— such as national or local elections, or public policy initiatives?

• What is the relationship between the centre and localities, either in general or in reference to specific regions or municipalities?

Making an initial assessment: What's happened? What's needed?

Grounding local governance and decentralization pro-grammes in local and national contexts includes defining what has been done before, as well as gaps and challenges. As very broad categories, least-developed, middle-income, transition, conflict countries and small island developing states all face different circumstances. Assessments should analyse the current state of the country, considering ca-pacities, resources, and national/local needs and priorities. Cultural and political traditions will play a role, as will the strength of the economy, environmental health, geogra-phy, patterns of population disbursement, and exclusion-ary practices, including those related to gender. See Snap-shot 3.1 for one national scenario.

The following questions can help in pursuing more spe-cific points of analysis. They are not comprehensive, but encapsulate some significant aspects of local governance and decentralization that can be used as a springboard

• Does a local governance association exist? How influential is it?

• What is the degree of decentralization, as a whole and across different types (political, administrative and fiscal)? Is there a national plan to coordinate the implementation of decentralization laws and policies?

• In particular sectors or more generally, which levels of government are currently performing which functions?

• What is the general state of local governance, in the country or in targeted programme regions? Do traditional authorities participate?

• Does the supply of local governance functions match local demand (see Snapshot 3.2)?

• How do people view the effectiveness of current local governance?

• Is there a local planning and budgeting system in place? Is it meaningful or a paper exercise? Are expenditures actively tracked and reported?

Intensive Dialogue Shapes a Forward-Looking Programme in Turkmenistan

Bayramgul Garabaeva from UNDP Turkmenistan shared this experience:

Decentralization is not a concept that is openly discussed in Turkmenistan, where the political influences of the post-Soviet transition period are still in play. The government system remains highly centralized, with powers concentrated in the Presidency. Nonetheless, several local government laws have been passed related to planning, budgeting, local taxation, the use of natural resources and civic engagement. In 2006, elections were held for local councils. The central Government has proposed a local development strategy encompassing socio-economic issues, democracy and good governance.

Current institutional frameworks and capacities, however, are weak. Regulatory inconsistencies include keeping major responsibilities for planning local investments in central ministries. Poor coordination between locally elected governments and central governmental departments impedes service delivery. Community participation in local planning remains minimal, while awareness of local development concerns is low among decision-makers.

In addressing some of these issues in its new programme of cooperation in 2007, UNDP faced political sensitivities, limited access to key decision makers and the lack of an authoritative ministry for local governments. Developing the programme required careful and thorough analysis. Concerted efforts went into engaging high-level decision makers to define future objectives and share ideas on local governance challenges.

A set of focused strategies emerged. These should help move local governance forward in a manner that is feasible and consistent with Turkmenistan's national priorities. Interventions will include providing international expertise to sharpen legal and policy frameworks that cover the political and financial capacities of local governments; institutional development; more participatory local development planning; social mobilization and partnerships for quality service delivery, with an emphasis on participatory planning involving local governments and community members; and advocacy and communication to inform national policy makers on the outcomes and lessons learned.

- What sources of local revenue are allowed by law?
- If these include intergovernmental transfers, are they being disbursed?
- Can local governments pass and enforce laws?
- How are local government officials and/or staff elected or appointed, and trained? Can local authorities make hiring and firing decisions? What is the balance between local government personnel and those sent from the centre?
- What capacity development resources exist within the country? Which ones are missing?
- What are the local and national track records on service delivery? Is public perception positive or negative in terms of quantity, quality and equitable access?
- What are the national and local mechanisms for accountability? Are they being enforced?
- What are the national and local mechanisms for participation? Are they being used?
- What are public perceptions about the value of participation? Are there disparities in terms of gender or other facets of diversity? Has "elite capture" taken place?
- What is the state of relationships between local governments, and civil society and the private sector?
- What are other international development actors doing related to local governance and decentralization?

Fostering Supply and Demand in Pakistan

Alvaro Rodriquez, Farhan Sabih and Shirin Gul from UNDP Pakistan highlighted the need to consider both supply and demand in providing technical assistance to local governance. They defined supply side interventions as related to how the government conducts business, and demand side interventions as the ways in which citizens engage with the government. They provided examples from the devolution reform spearheaded in Pakistan by the 2001 Local Government Ordinance.

On the supply side, this included new incentives for politicians and civil servants to improve service delivery, additional forms of accountability, and new mechanisms for public participation. On the demand side, the reforms established citizen community boards to execute development projects jointly funded by communities and local councils, a generously defined freedom of information provision covering all local government offices, complaint cells for citizen grievances, citizen police liaison committees, monitoring committees at every tier of local government and district ombudspersons. The judiciary and a system of public safety commissions, which comprise politicians from the ruling and opposition parties as well as civil society, have assumed primary roles in ensuring police accountability.

UNDP has helped capitalize on these reforms by working with multiple public sector and civil society actors. Encouraging new relationships between stakeholders has been part of an emphasis on expanding social capital, cultivating notions of the public good, developing awareness of the benefits of mutual cooperation, and reducing dependency on external resources and decisions. UNDP has also been instrumental in introducing information technology systems at the district level for monitoring, analysing data and streamlining the provision of public information.

A caution: hindrances to implementation and sustainability

There can be multiple external obstacles to programme implementation, as discussed in Chapters 1 and 2. Other hindrances arise in the internal processes of programme analysis, design and/or implementation. While some of these, such as programme benchmarks required by donors, may not be fully under the control of UNDP and other implementing agencies, awareness in advance can mitigate some of their effects.

Common examples mentioned in the network discussion were:

• A lack of recognition that local governance and decentralization require integrated, long-term support (see Box 3.2)

• A lack of understanding that decentralization is as much a political as a technical process

• Resource constraints that encourage one-off interventions

• Limited attention to sustainability

• Unrealistic programme benchmarks given the complex issues at stake

• A lack of coordination between different development partners

• Assistance that creates parallel structures or emphasizes some elements without consideration for inter-related issues or balance

• Weak capacities to integrate multidisciplinary perspectives (such as anthropology, sociology, political economy, etc.)

• Mismatches between programme design, and stakeholder priorities and perceptions

• Overly centralized programmes focused primarily on initiatives in the capital

• The inability to replicate successful initiatives or use them to carve a wider political space for future progress on local governance and decentralization

Box 3.2: **What Donors Are Doing**

A 2006 OECD survey of 500 decentralization and local governance initiatives supported by seven development assistance agencies highlighted some challenges. In particular, the substantial number of small projects is producing problems with overlap, lack of coordination and occasional conflicts, underscoring the need for closer attention to the principles of the Paris Declaration on Aid Effectiveness (see Box 5.1).

The survey findings included:

— Projects by individual donors remain the dominant approach.

— Project budget size varies, but many are very small.

— Only a small percentage are supporting comprehensive national decentralization reforms by addressing major administrative, legal, fiscal, political and other issues.

— Most focus on specific regions or localities, with an emphasis on improving planning and service delivery, but without strong connections to systematic national reforms.

— A significant number can be considered local governance projects because they involve civil society, community groups and local development; less clear is the extent to which they support formal local government structures.

Source: OECD Informal Donor Working Group on Local Governance and Decentralisation 2006.

Where to work: some entry points

The network discussion raised the question of when UNDP and other development partners should work on decentralization and local governance on the national level, and when on the local level. This decision is driven by national priorities and context, the activities of other development partners and current programme frameworks.

At the same time, UNDP can and does help development debates move forward by advocating for human development, convening different actors to build understanding and knowledge, and helping to broker new forms of consensus. There is the possibility across all levels of demonstrating development success stories that can be replicated. Programming entry points can be considered both in terms of their potential to deliver a defined set of results for a particular system, institution or group, and because they promise a wider impact by capitalizing on the synergies and interrelationships among many local governance and decentralization issues.

UNDP programmes related to local governance and decentralization normally focus on one or more of the following entry points.

All levels of government: This approach can connect national decentralization processes and the strengthening of local governance. It will generally involve a mixture of advocacy, knowledge sharing and capacity development initiatives, operating through a network of government partners on the national and sub-national levels. Its scope and complexity can be great, however, particularly in cases with little political support for decentralization and weak governance capacities. Resource constraints are a common challenge. See Chapter 4 on links between different levels.

The national level: High-level national work normally focuses on advocacy and national dialogue around the formation and implementation of policies and laws, as well as assistance in bridging capacity gaps in central institutions. This kind of work should be conducted in light of such overall objectives as strengthening service delivery, advancing poverty reduction, fostering participation, reducing disparities and supporting other national development goals.

The local level: Strategies oriented around one or more localities generally entail working directly with local governments or communities.

Local government support seeks to strengthen the capacity of local government institutions to fulfil their mandates. Activities may comprise capacity development for local development planning and fiscal management; investments in small-scale infrastructure or service delivery requirements; the creation of mechanisms for participation, including of excluded groups such as women;

Box 3.3: Working with Local Government Associations

Local government associations make a number of important contributions. As collective representatives of municipalities, they can act as opinion leaders and advocates with central government institutions and political leaders. They can offer technical advice to members, provide bargaining power in the government labour market, share information about local government affairs, and serve as sources of specialized training and capacity development.

One of the questions framing the network discussion asked about ways to strengthen partnerships with local government associations; many participants in the discussion responded with ideas and experiences.

In Cambodia, according to Katharina Huebner, UNDP has worked with the European Commission to support the national and provincial associations that have been formed since the first local government elections in 2002. The project has focused on helping associations develop their statutes and internal rules, including financial policies and guidelines. The introduction of a membership fee system has inculcated a sense of ownership among members. Other activities include a best practices award, communication and leadership training, support in devising annual plans and budgets, the establishment of offices and the publication of information leaflets. Future plans call for stronger links to similar associations in other Asian countries so that association leaders can learn from each other.

Hachemi Bahloul from the UNDP Bratislava Regional Centre described how the National Association of Municipalities in the Republic of Bulgaria has become a powerful organization widely considered to be credible, democratic and a reliable defender of municipal interests. Every new national government signs a cooperation agreement with the association that includes targets for decentralization policies. It also offers input into major pieces of legislation and supports municipalities in filling capacity gaps. Bahloul maintained that the association has been able to develop an independent voice in part through sustained support from external donors, particularly USAID.

Jurgita Siugzdiniene, also from the Bratislava Regional Centre, emphasized that many local government associations lack policy skills and technical expertise, which reduces their potential impact. John Jackson, from Capacity Building International, said his experiences in Southeast Europe led him to conclude that associations can often act as advocates, but few are strong enough as institutions to be considered real partners of the central government. Gaps in their professionalism often come from a lack of staff who can manage high levels of responsibility and authority. He suggested that programmes to strengthen local government associations should be ongoing and operate in tandem with other governance reform initiatives.

In Cote D'Ivoire, UNDP has worked with two national associations of local governments. The experience has underscored several points, according to Madeleine Oka-Balima. First, support for advocacy should be tied to the development of a shared vision among members. Second, capacity development should cover both institutional frameworks and targeted member officials, and include some exposure to other experiences within the country or surrounding region, or from other parts of the world. Finally, support for resource mobilization and partnering is key, but must be linked to transparency and effectiveness, and grounded in the shared vision.

From UNDP Russia, Liliana Proskuryakova and Alessia Scano suggested that when UNDP and other UN agencies interact with local government associations to conduct projects, the associations should participate from the needs assessment stage onward. The two contributors argued for treating the associations as more than project contractors, because as real partners, they can share valuable knowledge and experiences with project beneficiaries. Rafeeque Siddiqui from UNDP Nepal proposed that local governance associations take part in activities related to UN assistance for national policy-making and the formulation of new laws.

Nestor Vega Jimenez, from the Latin American Federation of Cities, Municipalities and Local Government Associations (FLACMA) in Ecuador, called for strengthening the municipal association movement to exert more influence in political discussion, including in moving decentralization beyond "the academic, administrative and technical" world.

Several resources may be useful in working with local governance associations. Globally, UCLG, formed from the earlier International Union of Local Authorities (IULA), advocates for democratic local self-government, including through cooperation between local governments, and within the wider international community. UNDP's Bratislava Regional Centre has put together a toolkit called "Transforming a Local Government Association."

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knowledge sharing and the expansion of accountability systems. This kind of intervention can support national decentralization processes if lessons can be captured and conveyed through national advocacy.

Direct community support helps communities respond to common priorities. Some experiences have proven that this can result in the transparent and cost-effective use of resources, strong local ownership and greater social capital. It can weaken local governments, however, by establishing parallel structures. Infrastructure may not be sustainable because of the lack of public financing for recurrent expenditures.

A third but less common option is *area-based development,* which targets the specific development challenges of particular geographical areas. It is appropriate mainly in situations involving conflict or disaster, spatial poverty traps, or the physical concentration of excluded groups.

The intergovernmental level: This might include work with local governance associations (see Box 3.3). It can also involve intergovernmental systems, such as for making fiscal transfers, compiling data or sharing information.

The sector level: Support here focuses on one or more sectors. It may deal with national and local policies, supply and demand for services, and related capacities. This approach can be problematic if it fails to encourage appropriate coordination between different sectors.

Perspectives on capacity development

Across the options for programme entry points, capacity development strategies are a priority, underpinning the sustainability of all other development interventions. Ideally, the demand for capacity development should come from national and local authorities themselves. An emphasis on the supply side, however, also recognizes that local authorities in particular face resource constraints and may not be aware of capacity needs or have the means to address them.

The multiple capacity gaps that characterize many gover-

nance systems need to be looked at within a multidisciplinary framework that considers the relevance of political and organizational cultures, local history and practices, and the values and expectations of government officials and staff, civil society and community members. Capacity development therefore should not be viewed simply as a one-off event, but rather as a systematic, integral part of all decentralization and local governance processes.

Several participants in the network discussion agreed that strategies should consider all stakeholders, and encourage a long-term approach that is flexible and responsive to current or future public sector reforms (see Box 3.4). Identifying priority interventions should factor in how different capacities may reinforce each other, and how needs and dynamics shift over time. New capacities may affect how the division of labour between central and local governments is rationalized, for example, with more well-equipped local institutions able to take on increased responsibilities.

UNDP, in looking at supporting integrated local development, involving both the local and national levels, has suggested that five core functional capacities are particularly important: engagement with stakeholders; the ability to assess a situation, and define a vision and mandate; the formulation of policies and strategies; the scope to budget, manage and implement plans; and the capacity to monitor and evaluate activities.

In the network discussion, Raf Tuts from UN-HABITAT stressed that in looking at the large picture of local governance and decentralization, it is critical to first distinguish between challenges addressed by capacity building (human resource development, organizational development and institutional strengthening) and challenges requiring structural change (legislation, policy change and resource allocation). He shortlisted several essential local government competencies, starting with local governments moving their focus from control and regulation to enabling and empowering roles. They need to be active focal points for local economic development to stimulate the creation of wealth, and become more efficient in their use of resources, while the private sector and civil society organizations need to be able to work as partners in service delivery. Tuts suggested achieving these capacities depends on a mix of organizational development, knowledge transfer, skills development and attitude change.

He and Lenni Montiel from UNDP's Bureau for Development Policy referred to the 3rd World Urban Forum in 2006, which examined local governance capacity challenges identified through research and practice during the 1990s. It recommended three main areas of action that could apply to urban and rural areas. First, capacity-building strategies need to be developed to link capacity building with policy shifts; ensure a continuous triangle between capacity building, and institutional and organizational development; recognize political commitment; ensure local relevance; build on local networks; continuously assess and develop curricula; recognize changes in stakeholders and deliver training to stakeholders together.

Second, the supply side of capacity building should encompass the need to go to scale; long-term support; attention to staff within institutions, including payment structures; and the value of creative learning institutions. Finally, evaluation and impact assessment exercises should prioritize suitable tools to monitor capacity-building efforts. Florian Steinberg with the Asian Development Bank suggested that performance indicators could relate to the delivery of certain services, responsiveness to clients, or the use of new management tools.

The network discussion included a number of comments related to training. Nadine Bushell from the UNDP Sub-regional Resource Facility for the Caribbean suggested that a local government training center be established in a tertiary education institute there to offer ongoing support to major local governance reforms, as well as training in such areas as project management and results-based management. From the UN Assistance Mission to Afghanistan (UNAMA), Shahmahood Miakhel noted that the country's many short-term projects to strengthen local governance capacities have been a good start, but with limited impacts. He proposed permanent training facilities at both the national and sub-national levels to

> ## Box 3.4: General Guidelines to Support Local Governance Capacities
>
> *The following points can be used to frame capacity development analysis and programming:*
>
> —Start with a long-term perspective.
>
> —Abandon prescriptive, mechanical approaches in favour of those that are more flexible, exploratory, knowledgeable of the local context and adaptable.
>
> —Use a minimal number of analytical and development tools, which should preferably be linked to one framework.
>
> —Avoid assumptions about what seems to be adequate in assessing institutional capacities, and ensure that even the assessment process contributes to some level of capacity development.
>
> —Define capacity needs comprehensively so that synergies can be understood and effective entry points chosen.
>
> —Clarify the purpose for capacity development, set feasible objectives, and time strategies, where appropriate, to match resource allocations.
>
> —Pay attention to political analysis, and acknowledge and manage political constraints.
>
> —Emphasize local ownership and demand for change.
>
> —Encourage participation in the design and execution of a strategy.
>
> —Factor in the need for effective, proactive leadership that stems from political and interpersonal skills.
>
> —Pursue strong alliances with stakeholders in order to reduce resistance to changes in social relationships.
>
> —Ensure that strategies are culturally appropriate.
>
> —Emphasize training oriented around implementation.
>
> —Conduct recurrent capacity analysis, correcting errors and incorporating innovations as needed.
>
> *Source: Montiel 2006.*

offer the spectrum of basic skills needed by many Afghan civil servants and, through the regular provision of courses, help prevent backsliding.

A few contributors highlighted problems with current initiatives. According to Diego Antoni and Cristina Martin at UNDP Mexico, many private and public courses are readily available in Mexico, covering the gamut of technical local governance issues, from public financing to planning and administration. Less common are courses link-

ing local governance to human rights, gender equality, sustainable development, and capacities to broker social consensus through dialogue.

Paul Schuttenbelt at Urban Solutions pointed out that most capacity development programmes have failed to keep up with rapid changes in cities, and have little relevance to the day-to-day struggles of local governance officers. Fixed menus of training courses remain far more common than tailor-made efforts that focus on actual local governance challenges, and integrate solutions to capacity gaps in human resources as well as in organizational and institutional structures.

Two international capacity development initiatives mentioned in the network discussion included UN-HABITAT's work with national training organizations to support local authorities and stakeholders. If individual national partners cannot offer adequate training resources on their own, UN-HABITAT may form alliances with two or more organizations that bring different but complementary capacities to the table.

Training initiatives are based on thorough needs assessments, and linked to reforms and local and national funding. The training of trainers, strong action planning components and in-depth training impact evaluations are common features, along with the local adaptation of global best practice tools. The subjects covered can include leadership competencies, bridge-building between civil society and local government, strategic planning for local economic development, anti-corruption initiatives, financial management and participatory planning.

The UN Institute for Training and Research's (UNITAR) Decentralized Cooperation Programme devises capacity development programmes and knowledge products based on the requirements of local governments. A worldwide network of associated centres hosted by local governments has been formed; learning events for local officials take place several times a year. The courses use municipal success stories from the CityShare network, and assess local conditions to help attendees work through specific local project development and implementation issues.

Country experiences

The most recent summary of UNDP interventions in local governance and decentralization provides a general sense of the types of programmes being implemented. It identified the following categories:

• Developing local capacities related to post-conflict development, the role of local authorities, responses to HIV and AIDS, preparedness for and recovery from natural disasters, food security, planning practices and localizing the MDGs

• Assisting the development of national decentralization strategies

• Offering new sources of knowledge through networks, e-discussions, national human development reports and other publications

• Backing steps towards gender equality in local government, including by helping to increase women's opportunities as civil servants and politicians, and promote gender-responsive planning

• Strengthening community-driven development, including through the participation of civil society organizations in local policy-making

• Supporting local government associations

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Many initiatives are carried out through joint interventions with UNCDF and UN-HABITAT, or in partnership with other international development actors, including bilateral donors, the World Bank and civil society organizations.

The network discussion provided an opportunity for people from UNDP country offices, partner agencies and other experts to elaborate the details of their experiences working on local governance and decentralization, including their reflections on what has been successful. Some of these are excerpted on the following pages, divided approximately as national and local. They are not offered as formulas for programme strategies or as evidence for drawing global conclusions. Each experience is unique, arising from the distinct mixtures of individual national and local circumstances. Collectively, however, they do offer insights into the complexity of local governance and decentralization programmes. A few common themes emerge.

Box 3.5: **Champions for Local Governance**

Several contributors to the network discussion mentioned the importance of champions in the field of local governance and decentralization, given the need for concerted political will and strong momentum to push complex reforms past the point of being theoretical exercises. Champions can be at the national or local level, and might be either individuals or an institution, such as a local government ministry. It can also be important to have a champion within the international donor community, a role that UNDP serves in some countries.

Champions can rally people around a cause, helping to disseminate and embed new ways of thinking and behaving. They can also help in brokering consensus and in managing tensions or high expectations, particularly when reforms do not move forward as quickly as people might expect. Local champions can be valuable in setting an example of ethics and conduct in public office.

First, most programmes must work on multiple issues and levels—either initially, or because over time it becomes clear that they have to. Whether they are heavily centralized or decentralized, legal, policy, political, governance and fiscal systems consist of component parts constantly affecting each other. Working strictly on local development may be the most appropriate initial entry point in a country where decentralization is a sensitive issue, for example. But to be sustainable and meaningful—and at times replicable—local interventions should be implemented with regular consideration of the national context, including national political trends and central capacities.

Second, the experiences on the following pages have occurred for diverse reasons, including planned public reform processes, shifts in political configurations, natural disasters, post-conflict reconciliation, accession to the World Trade Organization, territorial imbalances, political interest and a sense of global competitiveness. This suggests the need to remain aware, to look for opportunities as they arise, and to think in ways that are innovative, but closely aligned with local realities. In several cases, the word decentralization has proved to be too fraught with negative associations. This did not prevent dynamic initiatives from going on under the aegis of local development and governance.

Third, many successful experiences have taken time—a decade or more—and ongoing infusions of resources. Some have involved local pilots scaled up once they have demonstrated their value. A pivotal point often comes when political support gains sufficient momentum, either through successful pilots or advocacy that inspires the support of influential "champions" (see Box 3.5).

Fourth, the connections between local governance and decentralization and other public processes, along with the full spectrum of development issues, are apparent. These are explored in more detail in the next chapter. At UNDP, programmes for local governance and decentralization may fall under the governance practice, but they can also integrate supportive strategies or connections to other practice areas, namely, poverty reduction, crisis prevention and recovery, and environmental management.

Not all the following examples are success stories. Some illustrate obstacles and shortfalls. Even when progress seems incremental, however, there are possibilities for learning and the fine-tuning of strategies, along with the chance that at least some new ways of thinking and acting will begin to take root.

The national political arena

Possible strategies entail supporting:[2]

- The reform, development and roll out of decentralization policies
- The formulation and costing of national decentralization programmes and local development strategies
- The development and implementation of fiscal frameworks
- The creation of sectoral plans and budgets that respond to local needs and priorities
- Expanded national capacities to systematically collect, analyse and disaggregate data, and develop and use monitoring and evaluation systems

2   Compiled with reference to the UNDP/UNV/UNCDF Strategy Statement on Local Development.

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- Greater coherence between local and national policies and frameworks, including by engaging local stakeholders in national planning processes and vice versa

The following examples come from Egypt, Angola, the Maldives and Panama. Several of the countries have historically been resistant to decentralization, but are now moving in that direction. UNDP's role is often that of an advocate, a convener of stakeholders for policy dialogues to work on a common vision, and an identifier and supporter of potential national champions.

Ongoing advocacy deepens policy dialogue and political interest

In Egypt, UNDP has encouraged a national dialogue about decentralization and local governance by publishing the *2004 Egypt Human Development Report on Decentralization,* and sponsoring a 2006 high-level mission from UNCDF that brought together prominent government officials, donors and academics. Part of the mission included meeting with the governors of 12 of Egypt's 26 governorates to listen to their feedback on the operations of local authorities, and recommendations for improving the policy environment, institutional structures and overall capacities. Contact with a pivotal member of the ruling party contributed to heightened interest about decentralization issues among senior political leaders.

A constructive and ongoing policy dialogue has resulted. Decentralization has been mentioned in several presidential speeches, and a pro-decentralization paragraph was part of recent constitutional reforms. Drawing on input from a spectrum of national partners and supported by several bilateral donors, the Ministry of Local Development and UNDP have agreed on a programme of cooperation to strengthen the ministry's technical capacities in three areas. These include enhancing the policy and legal environment for the local authorities system; adjusting institutional structures and developing statutory procedures; and managing human resources, including through developing skills related to administrative, public expenditure and asset management.

—Rania Hedeya, UNDP Egypt

Fostering buy-in from line ministry personnel

A promise to pursue decentralization was part of the 1994 peace agreement ending Angola's civil conflict. In 2002, the Government approved the National Strategy for Decentralization. But a low level of political will, stemming in part from concerns about the emergence of competing centres of power, meant that little progress was made in implementing the policy. In addition, the strategy was not viewed as a collective vision by key government branches, including the finance, planning and local government ministries.

Nonetheless, it had created some room for maneuver. UNDP Angola, which had been requested by the Government to offer assistance on decentralization and local governance, began reaching out to key players in the policy sub-system. One high-level advisor became an enthusiastic champion of decentralization and local governance, helping to harness the support of line ministry personnel positioned to translate new policies into actions. In recent years, municipalities have gained greater fiscal autonomy, the Government has approved the Municipal Development Programme, bank facilities have been established in municipalities and key infrastructures have been rehabilitated. A Decentralization and Local Governance Working Group involving all central and local partners serves as an ongoing forum for dialogue and information sharing, and at times as a donor coordination forum.

—Alfredo Teixeira, UNDP Angola

A natural disaster and multiparty politics prompt policy evolution

In the Maldives, the 2004 tsunami and a shift to a multiparty political system have been factors allowing more open discussion and action on local governance and decentralization, previously deemed politically sensitive subjects. In 2005, the Government requested UNDP's support in designing and implementing the Atolls Development for Sustainable Livelihoods project. It focused on the potential benefits for poverty reduction from decentralization, a politically acceptable approach at that stage.

In 2007, the central Government formally requested assistance on local governance. The tsunami had underscored

the value of local leadership in managing local resources and relief efforts. Moves towards local governance were also viewed as a logical extension of the political reforms that produced the multiparty system.

The Government is now pursuing, as key policy objectives, the strengthening of local governance through decentralized government and administrative reform, and the increased self-reliance of local communities. The new National Decentralization Programme includes six components: creating local governments, electing local councils, transferring responsibilities, enabling government staff, providing fiscal resources and empowering local citizens. UNDP supports these through partnerships and related initiatives, including ongoing work on capacity development for local island and atoll development communities around critical climate change and environmental sustainability issues.

—*Ram Shankar, UNDP Maldives*

New territorial imbalances foster reconsideration of unitary systems

A unitary country, Panama has had few advances towards decentralization. At the municipal level, mayors are elected, but have limited authority. All services and investments are provided by the central Government, and coordinated by centrally appointed provincial governors. UNDP has worked with other UN agencies in encouraging municipal decentralization, but without the requisite political traction. More recently, however, territorial imbalances in development that followed the assumption of control of the Panama Canal and its extension have raised awareness of the potential benefits from some degree of decentralization. UNDP and UN-HABITAT have been engaged with the national Government in formulating a decentralization policy, and discussing different options for structuring the system of municipalities and provinces.

This process has emphasized the heterogeneity of the municipalities, and the need to pursue a gradual transfer and diversification of responsibilities and resources according to local capacities. Given Panama's status as a unitary country, it has also stressed the role of the province as an intermediary and coordinator for the central

Government. Some attention has been devoted to articulating what each level of government can do best, and what mechanisms are needed to control and monitor these activities. There has also been an effort to sensitize policy makers by defining criteria for decentralization. If the challenge to achieve political consensus on these issues can be surmounted, the next step will be to find the most effective model for managing the state. This should be linked to clear development objectives, including to redress territorial inequalities, and make poverty reduction and social inclusion efforts more effective.

—*Maribel Landau, UNDP Panama*

On the local level

Programme strategies can target:[3]

- Local elections and representation

- Local implementation of decentralization reforms, including the clarification of functions, the restructuring of government institutions, and the development of guidance for local government operations

- The capacities of local authorities to fulfil their mandates and functions, including in engaging stakeholders, formulating strategies, budgeting, monitoring, etc.

- The capacities of local service provides to deliver quality services that respond to demand and contribute to human development, including to analyse and promote demand, mobilize and use resources, and develop public-private partnerships

- Strategic sectoral or economic development interventions through the provision of funding, especially budget support, or small grants to jumpstart activities

- Local resource mobilization, including through legal empowerment for the poor and land governance rights

- Community strategies oriented around alternative livelihoods and service provision, integrated natural resources management and/or multi-stakeholder dialogues

Experiences from Mozambique, West Africa, Ukraine, China, Djibouti and Tanzania follow. In several cases, local governance programming has started with a few pilot communities to determine what works or does not,

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3 Ibid.

as a step towards national replication. This approach may provide opportunities to reach particular communities, including those marginalized due to economic, political, cultural, geographical or other factors.

Local development planning is often an entry point, offering scope for a spectrum of activities ranging from public participation to the cultivation of foundational governance capacities. The local level can also be the place to engage civil society groups, the private sector, traditional authorities and other stakeholders, and to look at fostering targeted actions on crosscutting issues such as gender equality and HIV and AIDS. Several examples illustrate the connections between the local and national levels (see also Chapter 4).

Pilots and long-term support achieve institutional change

Peace and concerted political and economic reforms are increasing the role of sub-national governance in Mozambique. To demonstrate what can work on the local level, UNCDF and UNDP a decade ago piloted a programme in Nampula province. It combined participatory planning with the development of local government capacities for planning, financing and infrastructure development. All 18 districts in the province were able to create district plans and establish consultative councils. The latter were intended to work with sub-district councils that in turn would interact with community groups, allowing a full range of development priorities to be expressed.

The initiative included a strong focus on civil society participation, recognizing these groups as key partners in governance and conduits for improved citizen participation. The private sector was encouraged through the promotion of small and medium enterprises, which contributed to employment and the provision of services. Block grants underscored the positive potential of local governance institutions by assisting with immediate improvements in infrastructure and human welfare.

The early success of this model convinced the World Bank to help replicate it in four other regions; it has now been nationally adopted by central government policy. New legislation has made districts the focal point for poverty eradication; defined them as budgetary units for the first

time; expanded their powers to plan, budget and implement local initiatives; and highlighted the need to reinforce local human and institutional capacities.

UNDP continues to advise the central Government, including the Ministry of Planning and Development, through policy dialogues and research related to decentralization, local economic development, natural resource development and community management programmes. It has backed the Ministry of State Administration in implementing new laws on decentralization and local governance, modernizing local institutions and improving the efficiency of local administration policies.

—*Israel Jacob Massuanganhe, UNDP and UNCDF Mozambique*

Planning for the poorest communities

UNCDF co-finances pilots in six West African countries—Benin, Burkina Faso, Guinea, Mali, Niger and Senegal—that support decentralization and local development. These countries have pursued varying degrees of decentralization and deconcentration. There is room for optimism over the longer term, but political will has fallen short of the legislative framework, so decentralization is often poorly sequenced and the transfer of resources has not gone smoothly.

UNCDF is active in some of the poorest and most remote regions of these countries, where poor services, limited production bases, degraded environmental conditions and low capacities are common. As a starting point, the pilots help communities prepare five-year communal development plans linked to annual and multi-year investment plans. An expert advisory mechanism supports planning and budgeting exercises, while a local development fund provides direct local budget support that can be a lever for additional resources. All project bidding and contracting procedures take place at the community level. These approaches help develop management skills, familiarize local authorities with financial and accounting procedures, and ensure that communities make their own decisions about essential services, the local economy, natural resource management, food security and so on.

The results of the UNCDF pilots have included greater

employment, increased tax revenues, and land use decisions based on objective criteria rather than political clientelism. Long planning processes can be problematic for local populations, however. Difficult conditions and severely constrained local capacities imply that external support will need to be in place for some time to come.

—Christian Fournier, UNCDF Senegal

An area-based approach runs into limitations of scale

Ukraine has made some progress towards decentralization, but the process remains hampered by a lack of policy and legal frameworks. Municipal capacities are low, local development priorities attract insufficient focus and resources, and poverty remains entrenched. From 2000 to 2006, UNDP promoted local participation in development through an area-based approach. Four projects—in two geographical areas, and on two issue areas—helped communities form organizations to identify priority needs, develop strategies for tackling them and raise local resources. Close relationships with local authorities were cultivated; civil society organizations, academia and private sector concerns also participated. UNDP used the knowledge gleaned from these experiences to make policy recommendations to the national Government.

An evaluation found the programme was consistent with the need to encourage change from within in a gradual way, but the scope was limited. The focus on lower level outputs was not entirely in sync with the overall objectives of decentralization and more effective local governance. Many obstacles could not be addressed—such as the tangle of public financing provisions, the burdensome overregulation of small and medium enterprises, and corruption. A scaled-up partnership approach needed to back capacity development for politicians and civil servants, and assist in creating stronger funding allocation mechanisms. These lessons have been used to formulate the new Local Development Programme. It integrates central policy advice and advocacy; capacity development for local authorities aimed at more participatory and accountable local governance; and community mobilization to foster community-led development and collaborative relationships with local authorities.

—Joanna Kazana, UNDP Ukraine

Experimenting with grass-roots community development to respond to emerging issues

China's search for structural adjustments to its public administrative systems has stemmed from its massive economic reforms, consequent wave of urban migration, and intensified socioeconomic changes after accession to the World Trade Organization and a 2004 shift in development policy. One strategy has been to promote grass-roots community development, particularly to respond to emerging issues such as urbanization, and the challenges facing newly unemployed workers and rural migrants. With UNDP assistance, the Ministry of Civil Affairs has implemented the China Urban Community Development Project. It aims to improve urban grass-roots government by restructuring existing governance organizations, and accelerating civil society participation and democratic development processes.

The project adopted a pilot approach, given the immensity of the needs across China's 70,000 urban communities. Expert groups assessed governance restructuring and community participation in pilot sites, and took part in overseas study tours to look at similar issues in other countries. Their final research report informed new national policy recommendations, contributed to the revision of the Organic Law on Resident Community Committees and fed into the creation of official guidebooks on urban community development that have been nationally distributed. UNDP continues working with civil society organizations to support rural residents, particularly disadvantaged groups, in participating in local governance and protecting their rights. One project is helping women leaders expand their capacities for effective engagement.

—Subinay Nandy, UNDP China

Laying a foundation for peace through development and dialogue

UNDP's assessment of Djibouti's post-conflict reconstruction and rehabilitation needs led to a programme emphasizing social infrastructure and the promotion of local development. Decentralization had been a demand of rebel and opposition groups, but the central Government expressed reluctance for political reasons. Serious questions were raised about regional and local capacities.

The UNDP programme was able to begin opening space for the role for local administrations in development decision-making. Three basic components were involved. The first established consultation mechanisms in each region, paired with social mobilization that helped build consensus around major development issues and instituted the practice of social dialogue. Under the second component, each region created a planning unit to develop a strategic vision of local development and advise the regional administration. The third component entailed social infrastructure investments and income-generation activities, along with the strengthening of capacities to plan and execute poverty reduction projects.

The programme encountered many obstacles, such as the lack of a comprehensive capacity development strategy, poorly coordinated transfers of civil servants from the central to local levels, weak links to localities within some line ministries, and limited understanding of democratic governance concepts. Even so, one lesson was that it is critical to focus on processes such as social dialogue, since these develop basic competencies and generate grass-roots support for future activities.

Recently, central government support for bringing governance and development closer to the people appears to be growing. Regional and communal elections have taken place, and a project supporting decentralization and local administration has been launched in two regions, in line with a second-generation poverty reduction strategy paper. Drawing together a half dozen development partners, the project will focus on establishing local institutions, and strengthening their capacities for planning, programming and accessing financial resources.

—*Mathieu Ciowela, Harbi Omar and Hassan Ali,*
UNDP Djibouti

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4 Making Links

The examples chronicled in Chapter 3 confirm that local governance and decentralization processes involve many actors, systems and institutions, and cross a spectrum of development and public reform issues. Responding effectively to this complexity may be one of the greatest challenges to programming in these areas. This chapter again draws on some of the experiences described in the network discussion to look at links in three common categories: between the local and national levels, among different public sector reform processes, and across issues such as human rights and gender equality. Depending on the context, local governance and decentralization programmes may need to take some or all of these on board.

It may also be relevant to look both at connections to different areas of a national UNDP programme, as well as to initiatives pursued by different development partners, particularly in the context of UN reform and coordination, and the Paris Declaration on Aid Effectiveness.

Making links helps different strategies build on each other. Failing to do so can hamstring progress and lead to lost time and resources, as several contributors to the network discussion emphasized. In the most problematic cases, programmes have been rendered ineffective. Other challenges have included delays in implementation and difficulties in defining programme results. Identifying and managing potential risks is particularly important in highly politicized or sensitive contexts.

The examples that follow are not comprehensive. Lists at the start of each topic provide additional issues for consideration.

Links between the local and national levels

Local governance and development processes are strongly influenced by central policy choices. Decentralization, in turn, depends on effective local governance. While it may make sense in a given country context to focus on one level as an entry point—for example, national advocacy in countries where political support for decentralization has been uneven—it is also essential to cultivate ongoing recognition of the links between the national and local levels, including shifts over time. These may include variations in relationships between different levels of local government—such as community, municipality and state or district—and between local governments and different national institutions, such as sectoral or other ministries (see Viewpoint 4.1).

Since country programmes cannot work on all issues at the same time, part of this process entails understanding where the most strategic entry points lie, and how interventions on different levels can reinforce each other to magnify the overall impact. Typical links include:

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- Political alignments
- Development planning, including guidelines for strategies and budgets
- Institutional mechanisms
- Resource flows, including revenue raising and fiscal transfers
- Capacities of institutions and personnel
- The distribution of civil servants
- Infrastructure
- Data collection and use
- Conflict resolution
- Implementation of national peace accords

The network discussion included several examples of how country programmes have combined activities on the local and national levels. From Burundi, Jean Kabahizi described the multiple challenges after 12 years of conflict and crisis: extreme poverty, weak and inexperienced institutions, and difficult political relations that afflict the local and national levels. A Constitution has emerged from the Arusha Accords peace process, with laws to follow on both decentralization and local governance. Democratic elections in 2005 put in place two levels of local councils.

The UNDP programme initially focused on mobilizing various development partners around rehabilitation and socioeconomic reintegration to begin establishing basic community infrastructure and participatory development in local rehabilitation plans. A second phase was to support government efforts to formulate a national policy of decentralization and community development. Contacts with partners including the World Bank and the European Union have produced a letter of policy as a preliminary step. In parallel, a pilot local governance programme began supporting local communities on setting up institutional frameworks and strengthening capacities to plan development strategies.

Specific efforts have been needed to address political conflicts that ruptured communication among localities within different provinces. UNDP began at the national level by working with the Senate—the Upper House of the Parliament is elected by universal indirect vote by

colleges of communal elected officials—to organize provincial meetings. These brought different political constituencies together to examine local governance challenges and search for mutually beneficial solutions. Plans call for establishing a mechanism for ongoing dialogue between provincial and national officials to facilitate relations between local bodies, and for installing a national mechanism to coordinate decentralization and local governance once new policies are fully in place.

Writing on the Comoros, Sascha Le Large at UNDP described how local constituencies have blocked the development of a cohesive vision for decentralization, even though it is viewed as a chance for reconciliation, following the 1997-2001 secessionist crises. Traditionally, people in the Comoros adhere strongly to their community of origin. Village institutions are powerful, made more so in recent years through diaspora remittances, which now are three times the amount of foreign aid.

Control of public finances has been at the heart of the Comoros' political conflicts. Two islands have significant revenues; two have limited revenues. A revenue-sharing agreement has skewed incentives for revenue collection and produced a climate of mistrust. Community budgets also differ from island to island, and are based mainly on traditional or voluntary contributions. Revenue disparities have spurred ongoing concerns about the impact on national unity.

UNDP has supported several national studies and brainstorming workshops that have attempted to broker consensus about the future balance between local and national control. These have identified recurrent issues with institutions, capacity building and resources. It is also apparent that devolving responsibilities will demand better monitoring from the bottom up, top down and horizontally, along with continuous policy dialogue and the ongoing communication of a shared vision.

Eric Opoku from UNDP Ghana discussed deepening local participation to counteract centralizing tendencies taking place without clear policy choices. Despite Ghana's considerable progress in institutional development of district and sub-district structures, there has been a growing concentration of power and resources in key sector ministries, departments and agencies that plan implement, monitor and evaluate essential services to communi-

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Hachemi Bahloul from UNDP's Bratislava Regional Centre commented:

In many countries where decentralization is taking place, local planning is done in isolation from national strategic development frameworks. The latter in turn often do not integrate adequately local needs and priorities. Donors, even when they support the formu-

panied by policies that establish or restore the links between national and local development. National and local development plans should be aligned (through bottom-up and top-down processes) to ensure the overall coherence of the national development process and synergies between interventions at different levels. Also, central government and donor financial support for local development should be

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Viewpoint 4.1: **Bridging Local and National Planning**

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lation of national development strategies and plans, often continue to finance the implementation of separate discrete area-based or local governance and development programmes. While such programmes contribute to national development efforts, they are not always well articulated with central level strategies and plans. Hence, they result in local processes that are rich in community participation but have weak links with national priorities, government agencies and national funding sources. They thus have limited prospects for sustainability.

This vertical de-linking is combined with a horizontal fragmentation of support for local development. The financial transfers made by central governments to local authorities are not always based on the priorities identified in democratically formulated local development agendas. In such a situation, the effectiveness of these transfers in meeting local priority needs and/or ensuring coherent local development is not clear.

Donor support for local development is sometimes made conditional upon the participatory preparation of a variety of local thematic or sectoral strategic plans. Lack of coordination in their preparation often means the co-existence of a large number of inconsistent local plans, and thus a dispersion of local development efforts. And again, limited coordination with higher level strategic development frameworks often means that local plans are detached from sustainable state funding sources and remain essentially wish lists.

The point is that decentralization needs to be accom-

provided in the frame of coherent and integrated local development frameworks.

In a context of scarce resources and capacities, local and national development planning are important to ensure strategic focus, and the adequate prioritization and sequencing of development efforts. Integrated planning is often advocated to address central and local level inter-sectoral coordination and coherence problems. However, it is also relevant to address coordination, coherence and funding issues between the national and local levels.

National integrated planning that incorporates the local level can ensure:

—The identification of and agreement on the strategic links and synergies between local and national development;

—The adequate distribution of responsibilities for development between local and national actors;

—The integration of local development funding in the budgetary process;

—The allocation of central resources for local development on the basis of clear and agreed strategic frameworks (national and local); and

—Coherent donor support to national and local development efforts.

The establishment of a national integrated planning system that incorporates the local level requires the *cont.*

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design of mechanisms and processes ensuring horizontal integration at the central level on the one hand, and horizontal integration at the local level on the other, as well as vertical national-local integration. While the specific mechanisms and processes for vertical integration would need to be tailored to national circumstances, interventions would most certainly need to include:

Viewpoint 4.1: *cont.*

—Institutionalized mechanisms for multi-actor (including local actors) strategic dialogue;

—The harmonization of central and local government planning and budget cycles;

—The preparation of guidelines for integrated local development planning and budgeting aligned with the central planning and budgeting processes; and

—The institutionalization of local government representation in the national budgeting process.

The MDGs could provide common strategic objectives across different levels and be the common frame of reference for a national integrated planning system. This could also constitute an opportunity for enhanced UN system cooperation in support of the achievement of the MDGs. The donor community in general could use this framework to harmonize its activities and contribute to the achievement of the objectives of the Paris Declaration on Aid Effectiveness.

ties. Sector policies have fostered this centralization, with many agencies continuing to retain their "hierarchy" from national to regional to district offices. Furthermore, lines of accountability are confused. Assorted political representatives draw authority, legitimacy and their constituencies from different sources. District assembly elections

have begun reflecting national partisanship, although they are technically non-partisan.

A coherent overall fiscal decentralization policy and strategic framework is not in place, and a fund for granting disbursements from the centre has been poorly structured, allowing only marginal adjustments for local priorities. While district assemblies have authority over annual budgets, guidelines on planning and budgeting are not fully synchronized, including with those for the District Assembly Common Fund and the national Medium-Term Development Plan. Information from the centre on funds available for planning and budgeting is often delayed or complicated by discretionary central interventions.

For its part, UNDP is collaborating both with the Ministry of Local Government, Rural Development and Environment, and the Local Government Service Council on a number of policy reviews, including for a proposed Local Government Finance Bill. A newer focus has been to facilitate popular participation, especially of women and disadvantaged groups, in local governance and decision-making processes. Other interventions help district assemblies engage civil society in the preparation of district development plans, and seek to boost accountability, including through improved access to information. The hope is that local participation, over time, will demystify governance as a reserve for the elite, increase people's interest and commitment, and strengthen decision-making, resulting in more accountability and effective utilization of local and national resources.

UNDP and UNCDF in Yemen have learned what happens when a successful local pilot confronts the limits of national capacities, as detailed by Aladeen Shawa, UNCDF's Local Economic Development Advisor. In 2004, the two agencies joined forces for the Decentralization and Local Development Support Programme, designed around UNCDF's local development programme model and implemented by the Ministry of Local Administration. At first, six districts introduced new public expenditure and asset management procedures, using budget support with local resources to implement participatory development plans. The programme spread to 48 districts, assisted by nine donors, and became the primary platform for helping to develop local governance in Yemen.

I t also aided the ministry to assess the local governance system, the overall policy and legal environment, and its own structures. This information guided the drafting of the National Decentralization Strategy, which will strengthen the role of local authorities in local development starting in 2009. A significant challenge, however, has been the ministry's limited operational capacity. An institutional development strategy has been produced and will be implemented, but working on capacity development from the beginning would have strengthened the ministry's ability to fully function as the primary national entity for supporting and supervising local authorities.

Connecting to other public reforms or processes

Since local governance and decentralization programmes can be influenced by other public sector reforms, initial programme analysis should account for processes already taking place or on the horizon, looking for possible synergies and identifying potential risks. Common examples of public reforms or processes that can affect local governance and decentralization include:

- Constitutional revision

- Legal reform

- Restructuring of public administration

- Elections

- Development policy shifts

- Changes in political systems or configurations

- Trade agreements affecting taxation or fiscal revenues (see Viewpoint 4.2)

- Adjustments in macroeconomic strategies

- Peace negotiations or agreements

In the Republic of Serbia, according to Tomislav Novovic from UNDP, the advent of democracy in 2000 quickly pushed macroeconomic stabilization to the front of the domestic policy agenda. A first phase covered privatization, institutional reforms, banking sector reforms and shifts in social policy. Starting in 2007, the focus shifted to finalizing structural reforms, institution building and control mechanisms related to legal frameworks.

Public administration reforms have lagged behind, how-

ever, despite serious challenges stemming from the legacy of central control. These include poor and obsolete structures, work methods and equipment, along with limited professional capacities. Some level of decentralization has been initiated, including a new legal framework for decentralization and new laws on local government and elections. These define the extension of municipal competencies, the direct election of mayors, the establishment of new institutions, certain forms of fiscal decentralization and limited central government control.

But the recently adopted Constitution has affected this fledgling system. It defines the municipal assembly as the main local decision-making organ, with the power to elect executive organs. To bring existing laws into conformance, an in-depth legal reform has produced new laws on local self-government, local elections and territorial organization. According to the new Law on Local Elections, municipal assemblies are elected on a proportional basis, based on a decision made by the political parties. This is a step away from local sustainable democracy, since there is now limited citizen participation through direct representation in municipal assemblies.

To help address some of these issues, UNDP is supporting the reform of central public administration, while assisting in developing sustainable local capacities to manage citizen-oriented municipal administrations. It is also backing the Serbian association of local authorities in advocating for conditions that foster sound local governance.

I n Sudan, the 2002-2006 local governance project for Khartoum State lost steam following the passage of the 2003 Local Government Act. The project had been intended as a pilot for eventual national replication, with activities related to local revenue raising, budgeting and information management. Samia El Nager from UNDP Sudan noted that the project's final evaluation referred to the new law as curtailing even the limited freedoms granted to localities by a previous statute. Responsibility for localities moved from elected legislative councils to a constitutionally appointed commissioner, helping extend centralized control. Another constraint came from the lack of connections between local governance and the broader context of civil service reform. Local governments have no power to hire and set contract conditions, reducing the prospects for competent, neutral local staff committed to community development and effective local services.

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Cristina Hernandez at UNDP's Sub-regional Resource Facility in Senegal wrote:

As is increasingly recognized, trade is an indispensable engine for economic growth and an important tool of development. By expanding markets, fa-

It seems obvious that good local governance and decentralization linked to boosting economic and trade activities in provinces and localities should be promoted. This would encourage the benefits of trade to be felt in places where the production supporting it originates (i.e., at local level). For this, local govern-

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Viewpoint 4.2: **Extending the Economic Benefits of Trade**

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cilitating competition and disseminating knowledge and new technologies, trade can create opportunities for growth and promote human development. In the majority of developing countries, however, the benefits of trade do not reach the poor. Despite numerous laws and legal frameworks, trade has not been effectively promoted in these countries, which remain marginalized from the globalization process. The reasons for this situation are very numerous and complex, including poorly managed capitalism, rigid international trade rules and pervasive gender discrimination in economic life. But what about bad governance and the centralization of power, and therefore finance, still present in many countries? What about the effects of this on the development of the private sector nationally, and even more at the local level?

ments need to have more resources and autonomy to set their priorities and strategies. It is also important that central and local governments coordinate integrated economic and social strategies that incorporate trade.

When I arrived at the Sub-regional Resource Facility in Dakar to act as trade policy advisor, no Country Programme in the West and Central Africa sub-region considered trade as an area of work. In my view, it is important to integrate trade in such programmes, and to do so in a way that it is linked to local governance, local development and decentralization. Furthering cross-practice between governance and trade specialists is something that I would highly encourage.

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Facing these obstacles, the UNDP project ended up producing practices seen as promising, and served as a kind of research initiative, drawing attention to the need for policy change. Through training, some local operational capacities were strengthened. New links were forged between localities and different central ministries, which promoted common understanding. To date, however, strong political will remains absent; plans for policy reform are still not seriously considered. No systematic or lasting changes to the policy or legal foundation for local governance have occurred. There is still no state strategy for local governance, and changes after the Comprehensive Peace Agreement have not reflected lessons learned.

An experience in Rwanda with administrative and territorial reform, combined with elections, was described by Benoit Larielle from UNDP and UNCDF. In 2004, the two agen-

cies launched a local development programme in Byumba Province formulated around capacity development and financing local plans. Several months after the project document was signed, the Government launched major administrative and territorial reforms, followed by local elections. These accelerated decentralization, which had begun in 2000. A strategic framework and revised implementation plan followed, as did "performance contracts" between the mayors and the President of the Republic as a practical tool to make districts more accountable.

The shift complicated the UNDP/UNCDF programme. A number of activities had to stop for long periods. Significant changes took place in administrative structures, territorial boundaries and local staffing. Institutional memory, knowledge and statistical data were no longer available or outdated for new local authorities, many of whom had

almost no experience. A comprehensive poverty base-line is not yet available. District micro-projects developed through participatory community development planning processes (*ubudehe*) have not been backed with updated and comprehensive poverty and socioeconomic analysis. Data limitations have also restrained the capacity of UNDP and UNCDF to measure results on key priorities agreed with donors.

According to Larielle, the experience has under-scored the need for open dialogue to coordinate the initiatives of development partners with na-tional reforms, given the potential for wasted time and resources. It has also raised questions about abilities to anticipate and manage risks.

Working on crosscutting issues

Contributions to the network discussion made relatively few references to crosscutting issues, even though many of these are not only critical for good governance and equitable local development, but also mainstays of the UNDP mandate. Local governance offers numerous en-try points to work on crosscutting issues—participation, planning, revenue raising, budgeting, legal reform, the structure of the civil service and capacity development initiatives can all be looked at from gender equality and human rights perspectives, for instance.

It is often through crosscutting issues that work to im-prove local governance materializes. Common examples include:

• Human rights

• Access to justice

• The MDGs

• Gender equality

• Human diversity

• Post-conflict recovery

• Environmental issues and climate change

• Anti-corruption initiatives

• HIV and AIDS

Network discussion contributors who did delve into crosscutting issues emphasized some common points. When these issues are incorporated into local governance

programmes, they require a deliberate focus from the be-ginning, as otherwise attention can quickly become lost or diffused. They should be highlighted in initial analysis, programme design, resource allocations, and monitoring and evaluation. Specific strategies and actions, budget lines and indicators should be defined. Participants noted that when funds are not earmarked, activities related to these issues often end up sacrificed to other priorities.

In working with local governance stakeholders, contribu-tors recommended keeping strategies pragmatic, and making strong connections to actions that can improve people's everyday lives and respond to local concerns. Social notions that may be more conservative in localities than on the national level can challenge the introduction of certain topics, requiring creative advocacy efforts sen-sitive to local concerns.

The network discussion noted that the mainstreaming of crosscutting issues often involves heavy methodologies that should be streamlined. Suggestions for improving work in this area included using conditional grants, and providing capacity development training around specific themes at different levels of government.

The following pages offer a brief introduction to some of the major crosscutting issues likely to be encountered in local governance work—the list is not comprehensive, being tied to some extent to issues raised in the network discussion. Experiences described there are included where possible.

Human rights

Decentralization and local governance reforms have a number of human rights implications. They can uphold political rights through greater local participation, and economic and social rights from more effective service delivery. On the other hand, they can strengthen local elites and entrench discrimination, such as through ineq-uitable access to services or fiscal transfer systems that favour some people over others. Given these alternative scenarios, and the reality that substantive realization of a spectrum of rights takes place at the local level, human rights considerations should be integral to local gover-nance and decentralization programmes. They should be couched in terms consistent with the local context,

A Pragmatic Approach in Bosnia and Herzegovina

Snapshot 4.1

Christian Hainzl, from UNDP Bosnia and Herzegovina, shared an experience from the Rights-based Municipal Development Programme, now operating in over 20 municipalities. It uses human rights analysis to broaden and complement traditional economic analysis, and to support local development practices with human rights-based components.

The programme's methodology translates human rights norms into practical tools used for local development planning. It was designed by a trans-disciplinary team of economists, local governance experts and human rights practitioners, who explored how to connect human rights and other development approaches, such as local economic development, and to identify links that would encourage consensus. There has been an emphasis on practical usefulness and transferability in order to avoid analytical deadlock. The project has moved beyond assessment and local policy design to include the prioritizing, development and co-funding of concrete local projects targeting the most vulnerable populations.

Project consultation mechanisms have reflected the important human rights principles of participation and non-discrimination, which has ensured citizens' involvement in the identification and responses to political, social and economic exclusion. Processes usually directly involving 150 or more local stakeholders per municipality have mobilized citizens to take part through different working bodies and "participation champions" with a range of expertise. Specific focus group discussions have been devoted to vulnerable populations such as the Roma, returnees, elderly, youth, rural populations, etc., so as to avoid elite or majority capture of the process.

The principles of participation and accountability have also applied to selecting, funding and co-financing priority projects in municipal development strategies. Targeted information campaigns conducted with municipal information officers have informed citizens and provided opportunities

for monitoring annual action plans. Tailored capacity-building measures have cultivated the full range of skills needed for local development planning through on-the-job training.

The project has encountered several difficulties, including the low level of human rights awareness and limited understanding of the links between local development and human rights among both local and international actors. The initial phase thus focused mainly on assessment and analysis for overall sensitizing. After the methodology proved to be overly complex, the emphasis shifted to transforming it into process-oriented tools developed by or in close cooperation with project staff with different types of expertise.

Other difficulties have related to the lack of reliable quantitative and qualitative data, particularly on the most vulnerable groups. This has required some creativity in "data mining" along with focus group techniques to deepen qualitative information. The lack of generic capacities for development planning and implementation has called for building skills beyond human rights through training on policy and planning design, as well as project cycle management. Since limited municipal capacities have also prevented proper monitoring, the project in some municipalities has worked on monitoring mechanisms and related capacities.

An important lesson is that this kind of strategy needs to be "pragmatic" rather than "dogmatic." A human rights-based approach is feasible if it combines the conceptual and analytical strength of human rights with established development practices for solving concrete development problems. It is helpful to start from established practices, and to see where and how human rights can really deepen and change outcomes. In this sense, the human rights-based approach is an "opportunistic" framework.

Overall, economic, social and cultural rights are key, although there are not too many standards   *cont.*

A Pragmatic Approach in Bosnia and Herzegovina *cont.*

for implementation at the local level. The programme had to come up with "standard setting" by itself, which is a challenge (but also motivating, as it helps to pave new ground).

A systematic way of selecting partner municipalities must be established from the start to avoid bias and ensure a competitive process. Applying a human rights-based approach can be particularly challenging in municipalities with poor records on human rights. Having a good "mix" allows cross-municipal comparisons on the effectiveness of the methodology.

On-the-job training is important but complex; impact assessment takes time. Generally, capacity needs should be thoroughly assessed and planned from the beginning, as additional difficulties arise if capacity development is introduced in the middle of the process. The involvement of local experts in the adjustment and adaptation of the methodology is of particular importance given their theoretical and in-depth knowledge of specific issues in their communities. This is also crucial for further transfer of knowledge, local ownership and human right sensitization. While analysis, policy development and strategizing are important, development strategies should be implemented in practice and have an im-

pact on local development and poverty reduction.

The programme in Bosnia and Herzegovina has contributed in at least four ways to local poverty reduction and social inclusion. It has changed the vision of local development, inspiring concerted emphasis on processes and tools to reach vulnerable people. It has altered the way analysis is done, particularly for the social sectors. It has given concrete meaning to accountability for local development, which helps in advocacy and determining which level of government has the prime responsibility for funding. Finally, it has led to local development strategies that contain a host of projects not easily found in standard local economic development processes, which still rely too much on the idea of "trickle-down."

UNDP in partnership with other donors has initiated two local governance projects that will build on the Rights-based Municipal Development Programme experience. One will help strengthen local capacities for social inclusion and work towards harmonizing local planning methodologies. A second will build up the training system for local governments to address deficiencies in local human resource and training management.

because the process of closing human rights gaps is not about finding the right governance prescription, but about supporting local and national stakeholders in developing capacities to chart their own course of change (see Snapshot 4.1).

In many countries, human rights can be a difficult or sensitive topic, on top of the already politically fraught issue of decentralization. All UN member states have ratified at least one of the major UN human rights conventions, however; 80 percent have ratified four or more. Since local governments have not been involved in these processes and may not know about them, advocacy can help expand awareness, but should also connect abstract ideas to concrete benefits for the community. Economic opportunities for women, for example, are a right, but also an opportu-

nity to boost local economies and family incomes. Using human rights analysis to improve accountability, planning and evaluation can boost government performance and legitimacy in the eyes of a local community.

Human rights principles, as defined by the UNDP Practice Note on Human Rights, provide a framework for equality and non-discrimination to extend human development benefits to all members of a population, including those who may be disadvantaged through discrimination or due to other factors. A human rights agenda draws attention to accountability for delivering development benefits. It highlights underlying power imbalances that cause development deficits. In brief, looking at programming through a human rights lens entails emphasizing:

- Agency, not welfare

- Obligation, not discretion

- Consistent and inclusive decisions

- Sustainability not opportunism (International Council on Human Rights Policy 2005)

All of these concepts can apply to all aspects of local governance work. A process of identifying rights-holders and duty-bearers, paired with an assessment of causes, opportunities and capacities, can help frame decisions about how rights can be claimed and fulfilled. At the local level, programmes may be able to reach groups who are poorly represented in either national or local policies—such as indigenous peoples, minorities, people with disabilities, the elderly, internally displaced persons, migrant workers, and people living with HIV and AIDS. Common strategies comprise advocacy, the creation and implementation of human rights laws, monitoring for enforcement, mechanisms to correct violations and affirmative action to redress discrimination.

Access to justice

Access to justice may be part of a human-rights approach to local governance programmes. In general, UNDP's specific niche in justice reform is ensuring that judicial systems work for poor and disadvantaged people. This includes empowering people to seek redress, strengthening links between formal and informal systems, countering biases in these systems, and supporting processes that lead to just and equitable judicial outcomes.

At the local level, police and court systems are charged with the daily business of upholding public safety and resolving disputes. They must be professionally run to inspire public trust and contribute to a smoothly running social order. Common challenges include limited capacities and resources, practices that reflect local or national patterns of exclusion, and populations poorly educated about their rights. Entry points for programmes—potentially involving local officials, civil society and traditional authorities—comprise legal protection, legal awareness, aid and counsel, adjudication, enforcement and oversight.

Successful initiatives chronicled in the network discussion entailed establishing community and paralegal groups to

mediate local disputes; raising awareness in schools and through community gatherings; and piloting local judicial clinics to reach poor victims, with subsequent integration into the work of local municipalities.

For more information, see the UNDP Access to Justice Practice Note.

The MDGs

The MDGs are global goals that must be translated into the realities of people's lives through actions that are frequently at the local level. In a number of countries, the MDGs have now proven to be an important rallying point for local efforts to pursue development policies with measurable outcomes, including improved service delivery; leverage broader partnerships; and more precisely determine financing needs and options. Localizing the MDGs can highlight local priorities and unmask disparities otherwise hidden in national aggregates. It can support local governance and decentralization by strengthening local capacities to plan and monitor development strategies.

To deliver progress on the MDGs, UNDP has emphasized the importance of governance, including at the local level. In the network discussion, Hafiz Pasha, from UNDP's Regional Bureau for Asia and the Pacific, noted that UNDP's roles in UN coordination and as the lead UN agency on governance mean it should actively facilitate UN-wide assistance for service delivery, financing and capacities to achieve the MDGs. The organization's expertise on improving local policies for service delivery often complements expertise at other UN agencies with strong sectoral mandates, for example. UNDP can also advocate for routing national and international funding to local governments for MDG activities.

In Latin America, according to Juan Manuel Salazar from the UNDP Sub-regional Resource Facility in Colombia, the Regional Project on Local Governance has worked with country offices on tools to incorporate governance in MDG localization strategies. The project has addressed three main aspects as potential programme entry points: participatory planning, monitoring and oversight to make the MDGs locally relevant; the strengthening of local capacities to use resources in accordance with the

intended development outcomes; and an emphasis on local democracy and civil society involvement to improve the responsiveness of local governments.

Gender equality

Gender equality concerns apply to all aspects of local governance. In every society, conventional patterns of gender discrimination surface in political participation, public administration and service delivery. These processes can almost never be viewed as "gender neutral." Correcting some of these inherent biases often requires tools such as gender-responsive budgeting and affirmative action, many of which have been applied nationally but are increasingly being used locally as well.

From a UNDP perspective, the principles of social equity and political legitimacy are upheld when women have a right to participate in local governance as elected and appointed officials, and as citizens through voting or other mechanisms. Local policies, budgets and services—supported not just by women politicians and civil servants, but by governments and public administrations as a whole—can help close gaps in gender equality and contribute to local development. Gender-responsive urban planning, as the UN Development Fund for Women (UNIFEM) has demonstrated through its Safe Cities programme in Latin America, can cast new light on how women experience urban environments differently than men. Their full involvement in all aspects of planning can unleash benefits for them and their communities, from improved infrastructure to more effective use of resources.

The network discussion contained some debate on how much progress women are making at the local level. Alejandra Massolo from the Women and Habitat Network of Latin America noted that while modern and democratic local governments are emerging in her region, women are still vastly under-represented in the executive and legislative branches, at 5.3 percent and 26 percent, respectively. She pointed out that strong biases against women are still deeply rooted in many municipalities.

The rate of women's local government participation in a number of countries, however, is ahead of the national rate, which globally is around 17 percent of national legislators. In Lesotho, 55 percent of local councillors are now women; India's *panchayat* members are now about 40 percent female. Both cases have involved quota systems. A comparative analysis of women in local government in 13 Asian and Pacific countries (UNESCAP 2001) suggested that once women are in local government, they call greater attention to social issues and community welfare. They often prefer an inclusive, democratic approach to governance that emphasizes communication. And they tend to encourage other women to participate.

The Asia-Pacific analysis found that women in that region have had more success in gaining access to decision-making positions at the local level than at the centre. The research attributed this to women finding it easier to fit local government work into their family responsibilities, along with more positions being available and a lower level of competition. In some cases, women's participation in governance is seen as an extension of well-established involvement in their communities, both informally in neighbourhood development, and more formally through advocacy groups and NGOs.

Some network contributors commented that increasing the number of women in decision-making needs to be accompanied by an emphasis on quality. An experience in Bangladesh found that bringing locally elected women together in a special women's forum afforded them opportunities to learn new political skills and collectively develop a platform around gender equality issues. Initially, they had been treated as tokens; now they are seen as valuable local advocates on issues such as child marriage and violence against women.

Some of the obstacles to women in local government include discriminatory norms, such as those that encourage male dominance of political institutions; limited capacities; family care responsibilities and the costs of political campaigns. Political systems can also make a difference; proportional systems, for example, tend to be more open to women. Local elections based on ward representation can also boost the chances of women candidates, since women are more likely to be known within their own locality.

In the network discussion, Neus Bernabeu, from the UNDP Regional Bureau for Latin America and the Caribbean, summarized some of the challenges and requirements for making progress towards gender equality at the local level:

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- Local development actors need to recognize that the problems of inequality and gender discrimination have clear implications for inclusive and equitable local development. Some approach the subject in a marginal way, or as a sector, therefore avoiding the need to articulate gender approaches in all local tasks to really transform inequalities.

- Without local actors, local development is not possible. Nevertheless, we have not questioned local development processes that marginalize women or visibly maintain the superiority of one gender in decision-making.

- More women need to be in positions of power. Quotas, without a doubt, are a useful mechanism, although insufficient by themselves.

- Political and institutional mechanisms are needed to maintain policies and plans for equality despite changes in government.

- Gender equity should be considered a modernizing criterion for municipal management, and an indication of the equality and efficiency of municipal interventions. It should be an objective of all planning and budgeting exercises.

- Real capacities to operate gender mainstreaming in municipal and local tasks need to be developed, particularly in municipal personnel.

- The capacities of women's organizations for effective participation should be fortified.

- Local governments should fulfil their responsibility to provide answers to key issues faced by women in their localities, such as gender-based violence.

Human diversity

Very few contributors to the network discussion highlighted issues related to local governance and human diversity. Its many facets comprise ethnicity, culture, religion, age, race and language, among others. Definitions of diversity have also been shaped along the lines of cultural sub-sectors such as information technology and the arts, different actors (public and private sector, as well as NGOs) and different "agents" (native, national and those who have arrived in a given locality through migration).[4]

Human diversity can have national implications, but the reality of interactions among different actors can be most acute at the local level, where people live in close proximity, often sharing the same resources. Distinct scenarios may apply to rural and urban areas. Different groups may have co-existed for many generations in the former. In modern cities, rapid migration is introducing different groups to each other on an unprecedented scale.

Internationally, discussions about diversity in cities have gained momentum through a UN Educational, Scientific and Cultural Organization (UNESCO) declaration and convention on cultural diversity, and the Agenda 21 for culture adopted by UCLG. Recent thinking suggests that sustainable public planning rests on four pillars: a functioning economy, social inclusion, a healthy environment and well-managed diversity, all connected by effective governance. Supportive diversity-related policies may include those that recognize the value of diversity, promote social inclusion, support public spaces as areas for interaction, recognize the potential economic benefits of diversity, and establish local governance mechanisms to moderate diversity issues. Many cities are now conducting mapping exercises to learn more about their diversity, with a shift from the past emphasis on multiculturalism (where people live together but maintain distinct identities) or assimilation (where less powerful groups merge with the dominant group). A newer approach embraces the notion of hybridization. Through a process of cross-cultural exchange and negotiation, people begin building "third cultures" that combine the elements of those that came before.[5]

Politically, diversity can be a profoundly challenging issue, especially when mainstream thinking stems from a dominant or homogenous identity, or when democracy deficits are deep. Exclusionary patterns arising along lines of diversity are often correlated with poverty and low human development. Excluded groups may be unable to access mainstream political, economic or social opportunities and benefits. They may be invisible in development planning, with no attention or resources going towards solving problems that may be particular to them.

Additional questions arise when communities chose to maintain traditions and prefer not to integrate into national and local political and administrative structures. Some network contributors reported problems with conflicts be-

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4   For more, see UNESCO 2006.

5   Ibid.

Box 4.1: **Delving into Disparities**

Timothy Scott from UNDP's Human Development Report Office mentioned that the Human Development Report team has studied 40 national and regional reports on decentralization and local government. A final paper (Scott 2006) concluded that decentralization can have a significant impact on vulnerable groups. UNDP programmes should therefore continue to:

—Target gender issues and marginalized groups defined by rural-urban, ethnicity, religion, age, and physical and mental ability;

—Support inclusive, participatory

processes that include marginalized groups as part of longer term capacity development initiatives;

—Take into consideration the role of local traditions and cultures and help formulate local and national advocacy strategies accordingly;

—Support national efforts to gather and assess quantitative and qualitative information disaggregated by gender, region, sector, etc.; and

—Help incorporate such data into statistical offices and other agencies and institutionalize this work with legislation and training.

Situations like these suggest that there may be multiple entry points for programmes incorporating ethnic and cultural diversity, recognizing that localities may opt for diverse approaches. As with gender, this process should ideally involve both participation in local processes, and the reflection of substantive differences in well-defined public strategies and earmarked funding (see Box 4.1).

An important general reference is the 2004 Human Development Report, *Cultural Liberty in Today's Diverse World.*

Post-conflict recovery

In post-conflict countries, particularly those suffering from civil strife, decentralization has supported peace and reconciliation processes, but it has also been manipulated to promote disintegration and additional conflict. The general quality of governance tends to degrade in conflict contexts, which normally come with shortfalls in finance, flourishing patronage systems and diminished capacities, among other issues (see also page 26 in Chapter 2).

Conflict management and recovery aspects need to be considered across UNDP decentralization and local governance programmes in this kind of environment. Interventions should be premised on careful analysis of configurations of political and possibly military power (often under the coordination of UN peacekeeping missions). They should consider the distribution of groups on different sides of the conflict; patterns of deprivation that may contribute to tensions; the connections between different governance reforms that may be part of peacebuilding; the sequencing of reforms (so that service delivery responsibilities are not transferred without funding or capacities, for example); and the roles of the national government, local governments and civil society.

Conventionally, national and international stakeholders engaged in post-conflict recovery have neglected support for local governance. International development agencies have often bypassed local governments in favour of inter-

tween traditional and modern governance and justice systems, for example. Issues like these should be approached with care, avoiding assumptions that all traditional practices will be regressive by default (see Box 5.3).

By aiming for more inclusive policies and programmes, local governance can help balance the choices and needs of different groups. In more difficult contexts, this can be a starting point for redressing human rights violations practiced by one group against another, or encouraging shifts away from traditional practices that contradict widely accepted international norms. Diversity considerations may be particularly relevant in conflict prevention and anti-corruption initiatives, given links to power imbalances.

Emmanuel Buendia, from UNDP Philippines, described how nominal recognition of indigenous communities alone has not reduced their marginalization and disempowerment. Many continue to face threats of eviction from their ancestral domains to give way to local infrastructure and economic activities like mining. Their voices are hardly heard in local legislative bodies and other governance mechanisms; their access to health services, adequate nutrition and education is minimal.

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Local Governance as Crucial for Managing Refugees

Joachim Bonin from UNDP Tanzania described the following experience:

In 2003, Tanzania hosted more refugees than any other country in Africa. To address the strain experienced by refugee-hosting communities along the borders with Burundi, Rwanda and the Democratic Republic of Congo, the UN country team in 2005 initiated a multi-agency Human Security Programme. It focused on enhancing capacities in host communities to transition to a post-refugee situation. Strengthening local governance was identified as a crucial element, especially in moving from a humanitarian operations environment to sustainable development.

The programme consisted of five interconnected components, taking into account the multi-sectoral demands of the crisis: reducing illicit arms and light weapons, improving environmental security, improving food security, improving the life skills of vulnerable groups and strengthening sustainability by supporting local governance. Six UN agencies were involved, with UNDP coordinating the programme and focusing on small arms reduction and good local governance.

During the inception of the programme, a national local government reform programme to strengthen district administrations was being implemented. As government rules and responsibilities changed in the course of the reform, previously agreed and tested implementation arrangements had to be revised and adapted to new procedures. In the regions targeted by the UN programme, however, delivery and local ownership of UNDP supported activities substantially increased when responsibility for fund management and implementation oversight followed the national decentralization reform and was placed at the local district level.

Some challenges related to human resource capacities. The weakness of district governance institutions led to a decision to place programme associates—national UN Volunteers (UNVs)—in each district administration. They supported the districts in implementing programme activities, encouraged good governance practices and acted as the point of contact for UNDP programme staff. Positive results from this experience have led other UNDP governance programmes in Tanzania to adopt a similar approach.

national or national NGOs, on the theory that they are more equipped to respond quickly in delivering basic services and organizing reconstruction. Rural, geographically remote areas can also be difficult, dangerous and expensive to reach.

But these are the areas that often bear the brunt of devastation from conflict, and through social exclusion continue to brew discontent that ends up violently expressed. The early post-recovery phase provides opportunities for strengthening local government institutions so that they can carry forward the sustainable resolution of conflicts, the management of fair access to resources, the establishment of more constructive forms of political expression and the promotion of local economic development. Service delivery and security should be prioritized, because the lack of these otherwise undercuts state legiti-

macy and prospects for peace. See Snapshot 4.2 for one scenario.

A recent UNDP workshop on local government in post-conflict situations discussed many of these issues (UNDP 2007e) as a start towards systematizing some of the lessons learned in different countries. Participants stressed that strategies to strengthen local government capacities should generally not be pursued without links to wider national strategies and reforms. The only exception is the handful of cases where the national government has crumbled and local governments become the only functioning arm of the state. The workshop concluded that UNDP should develop integrated post-conflict national reconstruction strategies that look at the development of national and local government systems in tandem.

Other recommendations emphasized the need for tailor-

ing programmes to local specificities and avoiding the assumption that conflict provides a "clean slate" disconnected from past political, social, economic and cultural considerations. Creating ownership may be difficult, given issues of limited trust and the kinds of psychological scarring that conflict produces, but must be pursued. And while there may be urgent demands or needs, some attention needs to be given to the desire to achieve quick results—a pattern that in conflict situations has resulted, for example, in relying on inappropriate existing power structures.

Environmental issues and climate change

Much of the global environmental crisis stems from the poor and inequitable management of resources, at all levels. The results encompass the advance of climate change and a growing tide of natural disasters, along with conflict and deprivation. Of the 20 most costly disasters over the last 35 years, 10 occurred during the past five years (UNDP 2007d). The global water crisis alone has left 1.2 billion people without access to safe water and 2.6 billion without access to sanitation (UNDP 2006), with profound impacts on human health and economic development.

Environmental problems must be tackled both nationally and locally, although some of the most immediate impacts are felt on the local level, whether through natural disasters or the degradation of local resources needed for livelihoods. A UNDP policy paper from the CEE/CIS (2002a) concluded that overly strong centralism in decision-making in that region has had particular impacts on local environmental management, including preventing the accurate identification of local environmental problems, and the development of local expertise and appropriate policies to deal with them. Some of the issues that can be suitable for local action include curbing local air pollution, controlling the quality of water, managing sanitation, planning land use and protecting biodiversity.

At the same time, the scale of most environmental problems—which climate change is exacerbating—exceeds the resources and capacities of even relatively well-equipped localities. Environmental management also frequently involves the kinds of territorial planning to apportion resources across localities and regions that can only be done at a higher level of government. Local strategies generally need to be situated within or otherwise connected to sup-

portive national laws, policies or institutional capacities. Harmonized district planning guidelines, for example, can define responsibilities and standards for territorial planning. They can be adjusted based on development trends, and vulnerability and disaster risks assessments.

The deep interconnections between development and the environment were internationally recognized by the 1992 UN Conference on Environment and Development when it adopted Agenda 21. Local Agenda 21 initiatives have since been implemented by many localities, using a broadly participatory approach to policy development, education, awareness-raising and enforcement mechanisms. These can be a starting point for improved service delivery, including water, sanitation and energy. They can take disaster risk reduction and climate change on board as well, such as through vulnerability assessments and planning for climate resiliency.

Anti-corruption initiatives

In the network discussion, Stuart Gilman, Head of the UN Global Programme Against Corruption at the UN Office on Drugs and Crime (UNODC), pointed out that steps to address corruption must take place at the local level, but most international agreements focus on the national level, including the UN Convention against Corruption. Some efforts are now being made to translate the convention into local actions in signatory states. International support for anti-corruption initiatives has also tended to support the national level. Groups like the Anti-Corruption Resource Centre (2007) have emphasized that some of the lessons learned from national anti-corruption initiatives can be applied locally, such as the need for domestic demand for action, supportive laws, enforcement resources and proactive community outreach.

Since multiple, complex factors feed corruption, UNDP's Practice Note on Anti-Corruption programmes suggests that local pilots can be the place to demonstrate how to address it and begin to build momentum. Common entry points can include boosting transparency and accountability around public service provision, depersonalizing governance structures through more open public participation, simplifying procedures, improving the quality of the civil service, strengthening financial management, supporting effective judicial systems, developing

UN-HABITAT has produced several publications to guide local governance programming related to transparency.

"Tools to Support Transparency in Local Governance," a publication developed with Transparency International, features sections on conducting assessments and monitoring, improving access to information, defining expectations for professional ethics, reforming institutions and working towards

transparency through specific issue entry points.

The two-volume *Restore the Health of Your Organization,* created with the Partners Foundation for Local Development and the Open Society Institute, highlights strategies and tools for defining corruption, building coalitions to curtail it and putting in place mechanisms for sustained prevention (see www.unhabitat.org for both resources).

complaints mechanisms (with consideration for the need for anonymity in communities where people live close to each other), adjusting incentives, and engaging civil society and the private sector in watchdog functions. For further reference, see also Box 4.2.

HIV and AIDS

HIV and AIDS may require concerted attention on the local level, especially if HIV prevalence rates are high. While national statistics may paint one picture, prevalence can vary widely among localities. Risk factors rise in cities well situated for trafficking in commercial sex workers or drugs, for example. Migration and rapid urbanization are also associated with the spread of HIV. Social conventions around gender create special vulnerabilities for women, particularly those in poor communities.

Too often, AIDS is still treated as a public health issue, when in fact it is a broader development challenge, intricately linked to governance. High HIV rates have ramifications not only for health and prevention services, but also for the economy and labour markets, the number of people in poverty, family structures, care burdens that deprive women of opportunities to work and gain an education, the protection of legal and human rights, and so on. Effective governance can thread together multi-sector responses to these and other forms of fallout.

Some local governments and civil society groups have ably demonstrated innovative approaches to addressing the epidemic, commonly through strong local participation that tailors strategies closely to the complex social and economic dynamics affecting the spread of HIV. Local governments may be at the forefront of public service delivery, but even when they are not, they can still be critical in other responses. They can be best positioned to reach out to vulnerable groups, for example, and to collect data on the course of the epidemic.

Decentralization has presented challenges to AIDS responses, in some cases because of the proliferation of local structures and confusion about different roles due to poor coordination. A number of countries have set up autonomous national AIDS authorities, in recognition of the need for multi-sectoral responses that extend beyond the health ministry. Many of these authorities have established similar organs at the provincial, district or community level. In general, they have not been well integrated into local administrations and service provision structures, however. Limited resources and capacities, and inadequate legal structures are frequent handicaps. The lack of a budget discourages other sectors from incorporating AIDS strategies in their work, diminishing the prospects for the intended cross-sectoral impacts.

To address some of these issues, the Alliance of Mayors' Initiative for Community Action on AIDS at the Local Level (AMICAALL) is working on establishing closer links between local authorities and much better resourced national plans. AMICAALL also advocates for local leaders to mobilize resources through South-South and South-North partnerships. In India, a UNIFEM-supported project has worked with the local *panchayat raj* system, particularly the many women representatives brought in under nationally mandated quotas, on gender-responsive HIV and AIDS strategies related to employment, health and nutrition, coordinated access to public services and advocacy for women's civil rights.

5 Expanding the Circle of Partners

The complex nature of local governance and decentralization work calls for coordination and partnerships. These contribute to the clearer identification of problems, strategic thinking to address them, and the integration of multiple forms of expertise to work across levels of government, sectors and types of support. An evaluation conducted by UNDP and the Government of Germany concluded that the efficiency of decentralization support depends on close donor coordination, while UNDP's effectiveness rests on its ability to build broad networks (UNDP and the Government of Germany 2000). Partnerships and the process of fostering consensus can be particularly critical in sensitive national contexts where working alone could raise questions about UNDP's neutrality, or simply fail to spark sufficient political commitment.

The notion of partnerships has assumed a central role in discussions about development cooperation in recent years, including those related to UN reform, the MDGs and the Paris Declaration on Aid Effectiveness (see Box 5.1). UNDP, as a neutral, multilateral development organization at the heart of the UN system, has a capacity to both form partnerships for its own programmes and broker broader alliances, including among national and local counterparts, and international donors. The UN Resident Coordinator system and various UN reform processes can help knit together the efforts of UN country teams. Other vital partners are civil society groups, the private sector and academic institutions.

This chapter looks at how to frame a partnership strategy, and then delves into some of the most common forms of collaboration and coordination.

Adopting a strategy

Whatever partnerships are most appropriate in a country, they should be built into programme assessments and planning from the beginning. Ideally, a formal partnership strategy maps out whom the partners are, how they should work together, when they should work together, and what they should expect to achieve collectively. In the network discussion, Zena Ali-Ahmad from the UNDP Sub-regional Resource Facility for the Arab States cautioned against the tendency to "re-group" initiatives once they are underway.

National and/or local ownership and leadership should be central, as a core UNDP corporate principle endorsed in the new Strategic Plan and fully embedded within the harmonized UN planning process. The plan has also defined South-South cooperation as a key priority. Many southern networks are now active in the field of decentralization and local governance (see the last two sections of this chapter), while local governance associations are pursuing new links within and across countries (see Box 3.3).

Box 5.1: **Partnership Principles from the Paris Declaration on Aid Effectiveness**

In 2005, the OECD-DAC organized a high-level forum that produced the Paris Declaration on Aid Effectiveness. Ninety developing countries, 30 donor countries and 30 development agencies, including the United Nations and the World Bank, committed to five principles for development cooperation partnerships:

—Advancing national ownership;

—Aligning development cooperation with national strategies;

—Harmonizing the activities of different

aid agencies to increase efficiency and reduce burdens on national partners;

—Managing for development results, comprising clear and measurable definitions of objectives and performance, and;

—Mutual accountability for the use of aid.

The Paris principles may be particularly relevant in the field of decentralization and local governance, since it tends to be heavily fragmented by many

different methodologies and operational approaches. Different regions or localities may end up in the position of competing for funds. Collaboration among international development partners paired with strong respect for national and/or local ownership can foster more coordinated and effective support. One potential benefit is the freeing of resources for development that may otherwise be absorbed by administrative costs, or duplicated or contradictory programmes.

Partnership strategies should reflect UNDP strengths in convening different stakeholders, catalysing innovative strategies, and facilitating access to new knowledge and other resources. They should support donor coordination aligned behind national development strategies, and seek new alliances and partnership modalities. The UNDP and German Government evaluation (ibid.) recommended pursuing diverse execution and implementation arrangements with an expanded array of state, civil society and private sector partners, on the national and local levels.

Some of the challenges to partnerships reported in the network discussion may need to be addressed in partnership strategies. They include a lack of common programme definitions or objectives and incompatible funding modalities. Other problems stem from weak or poorly defined national coordination mechanisms. Conflicting agency biases include preferences for local government empowerment, sectoral approaches and direct community support through the provision of social funds. Because the scope of decentralization and local governance can be huge, there can also be a tendency for international organizations to slice up different regions of the countries for their programmes, but without sufficient links among initiatives.

Several participants in the network discussion stated that for partnerships to produce more than a casual information exchange, particularly when they stretch across

many different players, they must be backed by appropriate resources and consistent institutional commitment, both within countries and globally.

Working as a UN team

Clarity on common strategies within the UN system is an important aspect of work with national and local partners. The UN reform agenda, with its emphasis on coordinating the efforts of different agencies working within a given country, has provided new opportunities to pursue interagency collaboration, including through the preparation of UN development assistance frameworks, country programme action plans, national working groups, and so on. To deepen coordination, network participants suggested establishing common pools of resources for decentralization and local governance programmes, along with clear standards defining comparative advantages and implementation capacities.

In Armenia, a plan for UN collaboration on local economic governance emerged from brainstorming among different agencies preparing the UN development assistance framework. The agencies looked at how to fit together their activities, deciding first to focus on a cluster of villages where UNDP Community Development and Performance Budgeting projects are being implemented. An ongoing UNDP programme for small and medium enterprises was chosen to support business start-ups, assisted

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Regular Working Groups Table Common Concerns

The network discussion included several references to the formation of working groups on local governance and decentralization, such as one in the Philippines chaired by the Department of Interior and Local Governments. It comprises representatives from donor agencies, national and local government units, and civil society organizations. The group has highlighted obstacles to local governance related to the legal framework, local-national relations, capacity development, performance benchmarking, local revenue generation, urbaniza-

tion, and indigenous communities and traditional governance.

On the legal framework, for example, it has called attention to the need to make the Internal Revenue Allotment system more equitable while providing greater incentives for local governments to raise their own revenues, and to consider whether or not the three-year term of local government officials is conducive to medium-term development planning and investments.

by contributions from the UN Industrial Development Organization (UNIDO). The International Labour Organization (ILO) will provide employment-related training, and the World Food Programme food-for-work and food-for-education schemes as part of locally prioritized investment projects. Other inputs will come through a UN Children's Fund (UNICEF) programme for the disabled and a UN Population Fund (UNFPA) project to engage youth, women and the elderly in community decision-making.

UN collaboration can also leverage engagement by other donors. In Mali, UNDP and UNCDF provided joint assistance to help design and pilot financial tools for decentralization. The project demonstrated that funds could be channeled through public treasury mechanisms to fund investments in communes with no risk of loss along the way, something that had been thought impossible. This success convinced other donors, who joined forces to assist the central Government in creating a permanent financial institution to manage investments for communes and other decentralized entities.

UNDP's 2008-2011 Strategic Plan calls for strengthening collaboration with UNCDF, particularly around local development as a lynchpin for achieving the MDGs. The plan notes under the general area of expanding governance capacities that typical UNDP partners include the World Bank on economic governance, the UN Task Force on the Rule of Law on justice, UNIFEM on gender equality, and UN-HABITAT and UNCDF on issues of local and regional governance, decentralization and localization of the MDGs.

Other UNDP local governance and decentralization partners within the UN system include (but are not limited to) the ILO, UNFPA, UNICEF, UNIDO, UNITAR and the UN Research Institute for Social Development.

Donor coordination

The Paris Declaration extended the thrust towards donor coordination beyond UN agencies to include bilateral and other multilateral agencies (see Viewpoint 5.1 for a critical perspective). Participants in the network discussion reported on a few efforts to advance decentralization and local governance work in this direction. In Bhutan, for example, UNDP, UNCDF, the Dutch group SNV and Danida work together to support local governance and decentralization through capacity development on the block, district and central levels. Other assistance goes into strengthening existing policies, implementing the 2001 Local Governance Act, and bolstering local participation, including through grants for locally prioritized development activities.

UNDP is the leading donor counterpart, providing upstream technical assistance, capacity development resources, programme management and capital investments. UNCDF contributes capital resources and technical backstopping. SNV offers technical assistance and some financial support for capacity building. Danida focuses on capacity development for the Ministry of Home and Cultural Affairs, which manages decentralization policy.

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Globally, common donor coordination mechanisms include joint working groups (see Snapshot 5.1) and sector-wide approaches (SWAPs). A mixed experience with the latter was reported from Malawi, where a joint Government-donor focus on SWAPs seems to have improved efficiency and coordination, particularly in the health sector. But sector devolution under the SWAPs is now complicating local development coordination by district assemblies, underscoring the need to regularly assess the interactions between different de-

Jörg Faust at the German Development Institute commented:

The Paris Declaration recommendations focus on the importance of national ownership and its positive consequences for alignment, donor coordination and aid effectiveness. Unfortunately, the recommendations are not necessarily helpful for most developing

conflicts between levels of government. Central governments are especially reluctant to decentralize politically and fiscally. How then are donors to expect sustainable ownership from them?

The Paris Declaration also suggests increasing ownership of the recipient government in order to increase alignment and improve donor coordination.

Viewpoint 5.1: **Contradictions in the Paris Declaration on Aid Effectiveness**

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countries, because they are based on the assumption that recipient governments have a considerable degree of ownership. But encompassing and sustainable ownership is not so much a result of individual political willingness, but rather of political institutions that drive politicians towards the broader interests of society. Without a critical "quality" of political institutions, sustainable ownership as a starting point cannot be ensured.

Most developing countries confront problematic political institutions, but the Paris Declaration remains relatively mute on confronting their structural and institutional challenges in order to improve ownership. This conundrum is especially relevant for decentralization, where donors are supposed to improve political institutions in recipient countries so that state structures gain higher levels of legitimacy and provide better public services.

It would be incorrect to assume a continuously high degree of ownership by partner governments with regard to decentralization. In most cases, reforms have gained momentum only in times of mounting political and economic pressure on the central government. This is in accordance with a political economy perspective, which identifies decentralization as a highly political process characterized by distributional

But what happens if a lack of ownership is the rule rather than the exception, as is the case with decentralization? One possible scenario is that donors are supposed to coordinate their activities, but given the lack of ownership, the recipient government provides few incentives for donors to move towards common planning and implementation

A second scenario is excessive donor coordination, often in combination with sector-wide approaches. Given disbursement pressure and the need to show coordination results in highly "visible" countries, donors take over the policy-planning process. The result is the increasingly criticized centralist planning euphoria of the "coordinated" donor community. Whether this is compatible with decentralized and local searches for innovation and legitimation seems questionable at least.

Thus, donors face a dilemma. On the one hand, there is growing recognition of the importance of subsidiarity-oriented state structures for sustainable socio-economic development. On the other hand, central governments rarely have an endogenous interest in decentralization. If donors attempt to fill the resulting gap, it seems questionable whether this will support decentralized policy-making and implementation.

centralization processes and players.

While a number of bilateral and multilateral agencies have been engaged in programmes on local governance and decentralization, two larger participants from outside the UN system are USAID and the European Commission. USAID has a decentralization and democratic local governance component under its overall governance wing. The European Commission says it plans to expand its efforts in this area and has been engaged in developing a comprehensive policy framework. In the network discussion, Dominique Steverlynck from the Commission's EuropeAid Co-operation Office noted the launching of the EC's Informal Working Group on Decentralisation and Local Governance. A partnership initiative with KfW, the group seeks to improve the effectiveness of local governance and decentralization operations through holistic, aligned and harmonized strategies.

In many countries, the World Bank has been central to work on decentralization, as have the regional development banks. The Asian Development Bank has been active recently on urban sustainability issues, while the African Development Bank is supporting transparent and accountable local governance in light of new resource flows in many countries. In Latin America, the InterAmerican Development Bank, with decades of work on urban development and governance, is emphasizing local economic development strategies and some forms of territorial planning.

Sub-national, national and regional partnerships

Partnership with a national government through a country programme is the starting point for UNDP support to local governance and decentralization. In the course of implementation, national and local partners may include political figures, civil servants, local government associations (see Box 3.3), civil society groups and the private sector (see Box 5.2 and Viewpoint 5.2), traditional authorities (see Box 5.3) and research institutes.

In-country partnerships need to be guided by a spirit of national ownership. They also need to be understood, individually and collectively, within the national context, which is invariably shaped by political relationships, institutional configurations and capacities. The open systems approach described in Box 3.1 may be an appropriate method for this kind of assessment. At times, some caution may be required with longstanding institutional partnerships—for instance, with a sector ministry. While valuable in themselves, these may offer only a narrow band of perspectives that cannot substitute for the more holistic understanding that decentralization processes require.

Some challenges to working with national or local partners stem from decentralization processes that are incomplete or poorly structured. Ernesto Bautista from UNDP Pacific described problems with parallel mechanisms, such as in Fiji, where the local government system awkwardly straddles the Ministry of Fijian Affairs (provincial councils) and the Ministry of Local Government (city and town councils). He noted cases in other countries where the constituency development funds of parliamentarians have grown beyond funds reserved for local governments, to the point where local government viability suffers. The UNDP and German Government evaluation (ibid.) reported cases of rivalry between sub-units of national governments, and advised looking carefully at *sociopolitical* facts and legal criteria in choosing appropriate partners.

Political challenges can arise in countries with a high degree of political fragmentation, where UNDP might be perceived as "taking sides," or where decentralization remains a controversial subject, possibly along political lines. Partnerships here have to be assessed through the lens of UNDP's mandate for neutrality, with attention to the possibility that political rivalries will emerge or shift. Some countries have had successful experiences in drawing different national partners together around dialogues to begin the process of establishing basic consensus. UNDP may also be able to build bridges between national and local partners where these links are weak or missing, although again care should be exercised, particularly in cases where local authorities may be viewed as a political threat to the centre.

UNDP has extended the scope of its partnerships with civil society and the private sector in recent years; the Strategic Plan calls for a continued emphasis on innovative and strategic alliances. Analysis and experiences have repeatedly confirmed that these groups are central to the success and sustainability of local governance and decentralization.

Box 5.2: **The Value of Civil Society and the Private Sector, Carefully Defined**

Two key local governance partners can be civil society groups and the private sector. Civil society groups may act as social mobilizers, advocate for local priorities, increase transparency and accountability through monitoring, and foster public participation. The private sector is a lynchpin of local economic development, including through generating employment and livelihoods. Both civil society groups and the private sector can be part of the equation of providing basic social services.

The ways that they complement local government functions should be clearly defined, however. Neither category can be viewed as a source of a "cure-all" for local governance ills. While the private sector has received relatively little attention from some international donors, civil society groups at times have been treated as more reliable and effective alternatives to local governments. Questions have been raised about what this implies for sustainability and the process of strengthening local governments in order to instill the democratic principles of representation and participation for the longer term. Overly concentrated support for local civil society groups has resulted in the creation of parallel structures, the fracturing of participation as some groups focus on certain issues to the exclusion of others, and the undermining of local government legitimacy.

The network discussion also raised concerns about the limits of civil society capacities. They can be poorly managed, unrepresentative of the local community, unwilling to voice the concerns of poor or excluded groups, subject to traditions that support discrimination, or poorly integrated in local political processes.

With these cautions in mind, the notable contributions of civil society groups to local governance have been widely recognized. In the network discussion, Pradeep Sharma from UNDP Timor-Leste attributed the growing assertiveness of women politicians in some local governments in India to the "simple, innovative and community specific communications methods used by NGOs to create mass awareness among women and the community at large." Terry Kiragu and Ernest Rwamucyo from UNDP's Bureau for Development Policy described how civil society assessments of local service delivery are being used to advocate at the national level for MDG localization in Tanzania.

On partnerships with the private sector, Arun Kashyap from UNDP's Bureau for Development Policy stressed that these can provide knowledge, innovation and resources. They are not just about privatization, but about fulfilling unmet needs for services, creating new economic opportunities, and encouraging inclusive markets and equitable economic governance.

Ideally, a local governance framework guides public-private partnerships, upholding the principles of accountability and the equitable distribution of costs and benefits. It should define the links between public and private roles. Public investments can ensure the construction of adequate infrastructure that supports market growth, for example. Well-crafted and enforceable public regulations provide the level of security essential for economic exchange. A major challenge remains the informal sector, the size of which is inversely related to local economic development and directly related to poverty. Kashyap stressed that more needs to be done to translate macroeconomic and trade policies that could support distributional equity at the local level.

As in the case of civil society, private sector businesses can have gaps in capacities, such as poorly structured management systems and a limited ability to capture and process market information. As for-profit enterprises, they may lack interest in or understanding of the notion of social responsibility. Some may be aligned with political practices linked primarily to short-term monetary gain.

While the privatization of services has been presented as the ultimate form of decentralization, some commentators have also argued that this can be a type of recentralization that is not necessarily a step forward, such as when large multinational corporations are providing services and costs rise, penalizing poorer people.

Their engagement encourages local participation and buy-in, along with bringing additional skills and resources to the table. Care should be taken to avoid benefiting individual interests, but this should not become a blanket jus-tification for avoiding interactions with these groups.

In the network discussion, Maleye Diop and Kwame Asu-bonteng from the UNDP Johannesburg Regional Centre

Box 5.3: **Reaching Out to Traditional Authorities**

Traditional authorities with proven abilities to mobilize their communities around human development, serve as crucial mediators of conflicts and provide insights on local development needs should be included in the scope of local governance programming.

In the Pacific Islands states, for example, many communities are relatively isolated given their locations on separate islands. Helga-Bara Bragadottir from UNDP Fiji reported in the network discussion that this has allowed traditional authorities to continue to exert a strong influence, even though they may not be part of the local governance structures. With most societies organized around lineages and clans, finding ways to harmonize traditional and modern government systems remains a major challenge.

As part of a local governance project in the Solomon Islands, UNDP worked both with provincial government leaders and traditional authorities in the provincial Council of Chiefs and the Catholic Church to institute reforms for improving governance. A tripartite committee was formed with representatives from each group to chart the course of the project, and to discuss and address common issues. A clear demarcation of roles and functions ensured good working relationships while promoting transparency and accountability.

In working with traditional authorities, it is important to question stereotypes or assumptions. A notion that central planning had done away with local authorities was common in Tajikistan, for example. But a traditional system of councils of elders, the *mahalla*, had continued to operate parallel to the central system. It still makes major inputs into all aspects of local development, from education to community value systems.

Engagement with traditional authorities can be problematic, requiring the close management of political sensitivities. Ernest Fausther from UNDP Lesotho described how a project to train newly elected councillors on managing funds received from the central Government encountered conflicts between the councillors and traditional chiefs faced with sharing their power in communities.

There may be a need to balance interaction with traditional and elected political actors. Risks should be assessed, including the potential for support to inadvertently deepen traditional forms of discrimination or consolidate inequitable access to resources. Traditional systems need to be carefully considered for the role they play, but also in light of the global human rights norms the UN is mandated to uphold.

profiled a long-running initiative to foster partnerships through capacity development—namely, public-private partnerships for service delivery. The programme operates in four regions, addressing gaps in local skills and knowledge that stand in the way of exploring service delivery options to complement public services. Global training materials originally developed with Yale University in the United States have been adapted in a number of countries. The Polytechnic of Namibia, for instance, offers a regular curriculum for new students as well as local authorities and elected officials. This in turn supports institutional reforms intended to extend the national reach of public-private service provision.

Networks of institutions based in the global South that operate around local governance and decentralization issues offer many possibilities for partnerships that tap their advocacy skills and expertise. Those participating in the network discussion included the Municipal Development Partnership for East and Southern Africa, which promotes decentralization through programmes to strengthen local governments. Other examples are the Women and Habitat Network of Latin America, FLACMA and the Association of Local Government Training Institutions for Asia.

A major global umbrella organization is UCLG. This consortium of cities in 127 countries often collaborates with UN agencies on local governance advocacy, including UN-HABITAT, which has a series of highly interactive partnerships with local authorities and their associations.

In the network discussion, Alain Kanyinda from UN-HABITAT described how the agency engages mayors from large cities and the leaders of local governance associations in its governance: The UN Ad-

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Richard Batley at the University of Birmingham in the United Kingdom, contributed the following submission based on recent articles:

Non-state provision of basic services is a large and often predominant fact of life for poor as well as non-poor people. In some respects, donors' widespread concern with "scaling-up" seems a little off-track.

Non-state service provision already fills much of the gap in the quantity if not quality of state provision. At least until government can provide

and supporting the quality of outputs. Awareness and the capacity to regulate in this positive sense need to be developed. More likely alternatives to government regulation, particularly where capacity and understanding are limited, are external accreditation, outsourced regulation, the franchising of local service provision to NGOs and private firms with a reputation to defend, and community monitoring.

Governments may be able to create a facilitating environment for non-state provision at a very broad level, with stable legal frameworks and access to generic

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Viewpoint 5.2: **Non-State Service Providers—Filling the Gaps?**

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more comprehensive and better services, what needs greatly to be improved is the level of collaboration between governments and non-state providers.

It is not enough for donors to seek policy statements of governments' willingness to collaborate with the non-state sector; such statements are readily forthcoming. Formal policy dialogue typically engages at the level of policy design in set-piece events with large NGOs and advocacy organizations. The direct providers of services to the poor— community organizations, small NGOs and entrepreneurs—are largely excluded. Engagement between governments and the non-state sector is also missing at the operational level; this is where the history of distrust and rivalry frustrates policy intent.

There are cases of effective (pro-service) regulation by government, but the general lessons are that it can only work where the regulator has information, is capable of enforcing standards and has no incentive to repress non-state providers, and where providers have incentives to comply. Government regulation is only desirable when it is slimmed down and re-directed from the control of service inputs to monitoring

subsidies for salaries and other core costs. But where it comes to working empathetically with communities and reacting sensitively to local realities, the more likely model is of large NGOs mediating between government/donors and local NGOs or community organizations, and offering technical support to the latter.

Tight contractual arrangements between government and non-state providers present challenges to a government's capacity for contract design and implementation, and tend to rule out the local and informal providers that are often most important to poorer people. On the other hand, overly loose partnerships create confusion and conflict about roles and responsibilities. Joint ventures of government with non-state providers and co-production with service recipients present the possibility of clearly stating the roles of the partners without subordinating one to the other. They allow the scaling-up of organized service provision not by creating massive organizations, but by disseminating replicable models of collaboration.

Reports from research projects on the non-state provision of basic services can be found at www.idd.bham.ac.uk/service-providers/index.htm.

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visory Committee of Local Authorities provides substantive input on strategic directions. Globally, UN-HABITAT sponsors the regular exchange of information among

local authorities, civil society and central governments through the World Urban Forum and more recently an electronic networking campaign. Locally, years of work

with hundreds of municipalities, from the poorest towns to the wealthiest cities, have spurred crucial changes in urban management, and opened the door to city-to-city cooperation.

Communities of practice

Decentralization's relatively long history as a development process means that many experiences have been documented and analysed, but they have not always been shared. UNDP, with its own extensive networks across developing countries, can encourage this process, including through national, regional and international communities of practice. Ideally, these feature the exchange of knowledge, opportunities to coordinate initiatives and form new partnerships, and discussion about practical solutions to real-world problems.

Participants in the network discussion consistently underscored the need for a more routine sharing of knowledge about decentralization and local governance, including across countries and even among members of a given country team, as did the UNDP and German Government evaluation (ibid.). The discussion offered proposals to create communities of practice around similar development contexts, such as small-island states, and to make more concerted efforts to reach out to other organizations, particularly those that have not been traditional UNDP partners. A mix of more theoretical analysts and practitioners could expose both to new ways of thinking and doing.

One success story has taken place in India, where UNDP has spearheaded the Solution Exchange on Decentralization through the UN Country Team. It has become a vibrant community of practice that shares practical ideas, with active government participation. It also serves as a feedback mechanism for policy makers. Repeated interactions with India's top-notch research organizations and civil society organizations have made it logical for UNDP to engage them in supporting other countries. A group in Bangalore, for example, has advised on community-mobilization through self-help groups in Timor-Leste.

National and regional forums, or other forms of South-South exchange can be particularly effective in circulating ideas about local governance and decentralization,

since they may be rooted in common experiences and possibly more politically palatable. A regional UNDP programme in Asia-Pacific has found that while certain sensitivities can arise around the open sharing of information, demand for a regional platform for discussion has been strong. The Regional Expert Network on Local Democracy in Asia-Pacific assists countries in developing more inclusive and accountable sub-national councils and assemblies, including through analysis of local representation. It engages central and local government professionals, civil society organizations, UNDP practitioners and other interested stakeholders. A series of e-discussions has included issues such as electoral systems at the local level, and women and disadvantaged groups in local politics.

Another regional programme has evolved in Latin America, where UNDP has disseminated knowledge products such as a guide to administrative and fiscal decentralization. It has also created tools for strengthening the administrative, fiscal and financial management of local governments, and assessing the performance of decentralized public administration, intergovernmental relations and local capacities to absorb new responsibilities.

Martin Vielajus and Michel Sauquet from the Institute de recherché et débat sur la gouvernance (IRG) in France proposed giving some attention to the differences between the French and Anglo-Saxon conceptions of decentralization. The former is more oriented around transferring administrative competencies, while the later takes an integrated approach covering the devolution of power and emphasizing the central role of local democracy. As a French institute, the IRG is a repository of innovative analyses related to governance in French-speaking countries, including cross-national and cross-regional comparisons.

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6 What Skills Does a Country Team Need?

Local governance and decentralization work requires both political and technical skills correlated with national and local priorities. These may be found within the governance unit in UNDP country offices, but complementary sources may include: other UNDP country office programme units, regional and global UNDP experts and knowledge networks, other UN agencies, multilateral and bilateral donors, national and international civil society groups, and academic institutions. Under the umbrella of national ownership, UN reform and donor coordination, these avenues can be starting points for enlarging the skills of programme teams.

The many angles of local governance and decentralization programmes may call for a multidisciplinary team. Preparatory analysis needs to clearly identify the full spectrum of required skills, and pinpoint those that are available or missing. Political skills should receive careful attention, and in sensitive contexts, may outweigh purely technical competencies in importance.

Some participants in the network discussion suggested that work in this field often requires a combination of staff who can implement activities, and conduct ongoing research and information exchanges to guide the programme. Monitoring and evaluation capacities are needed as well (see the following chapter).

This chapter summarizes some typical skills for local governance and decentralization programmes, categorized as political capacities, technical competencies and coordination skills. The following lists are not comprehensive, and the distinctions between them are not always strictly defined. Nevertheless, they may provide a reference point for starting new programmes or strengthening existing ones.

Political capacities

These may be related to:

- Analysing current political dynamics

- Knowing the history of the country and its configurations of power

- Conducting high-level advocacy

- Convening community dialogues

- Encouraging participation, including of civic groups in situations where they may be weak or have a poorly defined role

- Helping to broker consensus

- Managing the differing interests of groups defined by political, ethnic, religious or other affiliations

- Understanding and responding effectively to varying concepts and traditions associated with decentralization

- Supporting conflict-sensitive governance

- Communicating new and possibly challenging ideas

Technical competencies

These can encompass knowledge about:

- Political science and governance systems

- Public administration

- Macroeconomics

- Local economic issues

- Legal frameworks

- Multidisciplinary approaches (political economy, sociology, etc.)

- Specific social and economic sectors

- Crosscutting issues such as gender equality, human rights and the MDGs.

- Political, administrative, and fiscal decentralization models and terms

- Institutional and systems design

- National capacities (political, economic, social, institutional, etc.)

- Different types of capacity development support

- Participatory planning and budgeting

- Data collection and analysis, including disaggregation

- Monitoring and evaluation

Coordination skills

These can encompass:

- Understanding the value of collaboration

- Knowing the comparative advantages of different agencies and stakeholders

- Balancing traditional mandates with new ways of thinking and operating

- Listening to diverse perspectives

- Integrating these perspectives to strengthen programme outcomes

- Brokering consensus

Options for cultivating skills within UNDP offices include the UNDP Oslo Governance Centre, which offers online courses on democratic governance, including a module on local governance and decentralization.

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7 Monitoring and Evaluation

Monitoring and evaluation are important elements of UNDP programmes, framed in corporate policy by the core principles of human development and human rights, UN coordination and global partnership, national ownership and managing for results. This chapter summarizes basic definitions from UNDP corporate policy, and explores dimensions of indicators and measurement relevant to local governance and decentralization programmes.

Basic definitions

Evaluation judges the relevance, appropriateness, effectiveness, efficiency, impact and sustainability of development efforts, based on agreed criteria and benchmarks among key partners and stakeholders. It rigorously pursues answers to specific questions, assesses what works and why, and highlights intended and unintended results.

Monitoring is a continuous function providing managers and key stakeholders with regular feedback on the consistencies and/or discrepancies between planned and actual activities, and programme performance, and on internal and external factors affecting results. It can validate the programme approach or offer guidance on necessary changes. Systematic monitoring is an important input to evaluation.[6]

In local governance and decentralization programmes, monitoring and evaluation may be complicated by two factors. First, many layers of inputs, institutions, systems, actors and processes are involved and interacting with each other. Second, political factors can affect what is being monitored, how it is being monitored and the determination of the results. Monitoring and evaluation for these programmes must acknowledge this complexity, even if they fall short of capturing all aspects of it. They also need to recognize that support for local governance and decentralization often unfolds over the long term.

While evaluations are conducted under certain corporate criteria (see the corporate policy for more details), some level of monitoring should be included in all local governance and decentralization programme plans and budgets. There is no one-size-fits all approach, but some general considerations can be outlined, such as starting with the definition of common terms and indicators. This process may extend outside UNDP to include national and local counterparts, as well as other UN agencies and donors, depending on who is involved in the programme. The open systems approach described in Chapter 3 may be useful (see Box 3.1 and Box 7.1). Expectations should be realistic—decentralization may not have a measurable impact on poverty alleviation in a

6 The definitions of monitoring and evaluation are adapted from the UNDP Evaluation Policy (Executive Board of UNDP and UNFPA 2006).

Box 7.1: An Open Systems Approach to Monitoring and Evaluation

When used to assess outcomes and impacts, this approach would consider:

—Avoiding too many pre-defined performance indicators as this may blur the overall picture

—Using participatory approaches to seek broad acceptance and ownership of performance indicators and ways to apply them

—Understanding the behaviour of organizations and individuals in complex, interactive and multi-organizational settings

—Going beyond quantitative measurement by stimulating dialogue on what constitutes qualitative improvements

—Focusing on context-specific situations, given that conditions can vary across regions and municipalities

—Using anecdotes from practice to clarify what is happening

—Involving various stakeholders, as perceptions on outcomes and impacts may vary, including from a gender equality perspective

—Underpinning assessments with well-targeted studies, surveys and grass-roots methods of enquiry on what actually happens on the ground

—Paying attention to multiple forms of accountability, including to national and local partners, collaborating UN and donor partners, community members, service users, marginalized groups, etc.

—Investing in collective learning on the transformational aspects of decentralization

—Ensuring an ongoing flow of information throughout the assessment, including the local dissemination of findings as warranted

Source: Adapted from EuropeAid 2007.

one-year timeframe, for example. Political, economic and social incentives should be factored in as likely determinants of programme impacts.

Indicators and measurement

Sound indicators lie at the heart of monitoring performance. They should be clear and use valid data to summarize information about a given subject, demonstrating that certain conditions exist or not, or that certain results have been achieved or not. By defining targets or trends that can be understood and acted on by the intended audience—such as local policy makers—good indicators also

provide an incentive for change. They can then be used to support policy dialogue, improve efficiency in the use of resources, flag impending problems, and increase transparency and accountability.

In monitoring the performance of local governance, the chosen indicators need to reflect the local context. They should not be considered simply a subset or duplication of national indicators, although they may need to make connections between local and national processes. Other systems may already be in place as a platform for additional work. Identifying specific, disaggregated indicators for crosscutting issues such as gender equality helps ensure that these issues receive concerted attention.

Challenges to monitoring local governance can include limited or poor quality data. For these cases, qualitative forms of assessment can be explored. While determining and calculating indicators can be a highly participatory process that brings different stakeholders together, it can also easily become politicized. Some attention should be paid to timing—the run-up to a contentious election may not be the best choice for a measurement exercise, for example. There may also be a limited willingness to make monitoring exercises public, although that should be a long-term objective.

UNDP's Oslo Governance Centre has been engaged in assisting countries to develop indicators to measure and assess governance. On the local level, it has looked at methods and tools related to local governance assessments, local government performance, municipal benchmarking, urban governance indicators, decentralization indexes, and the state of democracy. UNDP's Regional Centre in Panama has developed a diagnostic method for measuring decentralization processes. It uses so-called SMART[7] indicators and has been in incorporated in two tools: the Diagnostic Tool for Assessing Intergovernmen-

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7   Specific, measurable, achievable, relevant and time-bound.

tal Relationships and the Diagnostic Tool for the Analysis of Local Management Capacities.

Other major global work on local governance indicators has been done by the OECD-DAC, the World Bank and USAID. UN-HABITAT's Urban Governance Index comprises indicators for effectiveness, equity, participation and accountability. In West Africa, the Partenariat pour le Développement Municipal in Cotonou tracks decentralization in the region and has been involved in monitoring and evaluation.

The Oslo programme is intended to support the kinds of national and regional initiatives described in the network discussion. These included one in India, where UNDP has supported work on indices to measure devolution and rural performance. It looks at how to measure devolution, based on what funds, functions and functionaries state governments have transferred to local bodies, along with performance based on the given devolution levels.

The Philippines intends to nationally roll out a Local Governance Performance Management System and a Local Government Financial Performance Management System. The first is a web-based, self-diagnostic tool with 107 indicators covering good governance, administration, delivery of social services, economic development and environmental management. The financial performance system has 14 indicators covering the quality and efficiency of revenue generation from both traditional and non-traditional sources, the quality and sustainability of expenditures, and debt management.

In Africa, the Impact Alliance has created the Local Governance Barometer. It has been devised to support local capacity development efforts. Driven by local actors and applied so far in seven countries, the barometer involves dialogue, shared learning, ownership of results and collaboration in addressing shortcomings. This process fosters consensus around identifying local governance parameters, while building local measurement capacities. It taps local knowledge and commitment, and reflects an approach to measurement that can be understood outside the locality.

Additional Resources

The following resources provide more detailed, and in some cases region- or country-specific information on the topics covered in this handbook.

Select UNDP and UN resources

Bureau for Development Policy, Democratic Governance/Decentralization, Local Governance and Urban/Rural Development Programme [www.undp.org/governance/sl-dlgud.htm].

Decentralization and local governance in Asia and the Pacific (Regional Centre in Bangkok) [http://regionalcentrebangkok.undp.or.th/practices/governance/decentralization/]

Local governance and decentralization in Europe and CIS (Bratislava Regional Centre) [http://europeandcis.undp.org/governance/lgdc/]

National and regional human development reports, searchable under decentralization [http://hdr.undp.org/en/reports/]

Oslo Governance Centre [www.undp.org/oslocentre]

Programme on Governance in the Arab Region [www.undp-pogar.org/]

Regional Project on Local Governance in Latin America

UN Governance Centre [www.ungc.org/]

UNCDF local development programming [www.uncdf.org/english/local_development/index.php]

UN-HABITAT Global Campaign on Urban Governance [ww2.unhabitat.org/campaigns/governance]

Local government associations

Council of European Municipalities and Regions [www.ccre.org/]

International City/County Management Association [www.icma.org]

International Council for Local Environmental Initiatives [www.iclei.org]

Sister Cities International [www.sister-cities.org/]

UCLG [www.cities-localgovernments.org/uclg/index.asp]

World Association of Cities and Local Authorities Coordination [www.waclac.org]

World Association of the Major Metropolises [www.metropolis.org]

Other relevant institutions

Asian Resource Centre for Decentralisation (University of the Philippines) [www.gdnet.org/middle.php?oid=211&zone=org&action=org&org=2561]

Council of Europe, library of the Department of Local Government and Transfrontier Co-operation [http://www.coe.int/t/e/legal_affairs/local_and_regional_democracy]

European Group of Public Administration, Study Group on Local Governance [http://www.iiasiisa.be/egpa/aggroup/aggrlocaldem.htm]

Fiscal Decentralization Initiative [http://www.oecd.org/document/59/0,3343,en_2649_34533_2675259_1_1_1_1,00.html]

Institute for Housing and Urban Development Studies [www.ihs.nl]

The Institute of Local Government Studies (University of Birmingham) [http://www.inlogov.bham.ac.uk/]

IRG [www.institut-gouvernance.org]

OECD Directorate for Public Governance and Territorial Development [http://www.oecd.org/department/0,3355,en_2649_33735_1_1_1_1_1,00.html]

Open Society Institute, Local Government and Public Service Reform Initiative [http://lgi.osi.hu/]

Taubman Center for State and Local Government and Kennedy School of Government, Harvard University [www.ksg.harvard.edu/taubmancenter].

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