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# DECENTRALISATION AND LOCAL GOVERNANCE

## MODULE 1: DEFINITIONS AND CONCEPTS

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## 1. Introduction

SDC has been implementing projects in support to decentralisation and local governance for about 15 years. Today, around 2/3 of SDC's country programmes include a support to local governance and/or decentralisation. For this reason, an independent evaluation of SDC's achievements on "Decentralisation and local governance" took place in 2006-2007. One of the recommendations of this evaluation was to carry out a capitalisation of SDC's experiences in this field. SDC's Governance Division has been charged with implementing this recommendation and has planned a two-step process: first to clarify concepts; and secondly, to identify SDC's practical lessons learnt in this field.

The present document has 3 main objectives:

- To further a common understanding about concepts linked to decentralisation and local governance within SDC (HQs and field).
- To give basic conceptual elements for capacity-building activities in decentralisation.
- The document does not pretend to be an academically precise paper, but rather a short and succinct presentation of the various concepts.

***Therefore, this document does not present a collection of practical experiences from SDCs many interventions in developing countries, but is the 1<sup>st</sup> module of a series of two documents. The 2<sup>nd</sup> module will be published at the end of 2008 and will include practical and concrete recommendations and tips, which will be compiled at the capitalisation workshop of SDC's experiences in supporting decentralisation and local governance processes (planned for June 2008).***

***The document is a reference document and can be consulted selectively. This is also the main reason behind presenting the paper in the form of frequently asked questions. The aim is to give useful tips to the more frequently asked questions in different situations when dealing with the PCM cycle, e.g. project planning, appraisal or evaluation, and elaboration of a country strategy.***

The SDC Governance Division has developed other key important studies, guides and tool kits in recent years. The following Concept Paper tries to make reference to these key documents wherever this is relevant. The documents are:

- 1) Governance as a Transversal Theme: An Implementation Guide, 2007
- 2) Decentralisation in SDC's Bilateral Cooperation: Relevance, Effectiveness, Sustainability, and Comparative Advantage, Evaluation 2007/2
- 3) Guide to Decentralisation, SDC 2001
- 4) Key Policy Statements of the Governance Division, November 2005
- 5) Study on Democratisation, Rule of Law and Development, July 2007
- 6) Sharing Power for Development: Experiences in Local Governance and Decentralisation, June 2007
- 7) Genre et Budgets, kit actu', June 2006
- 8) Human Rights Policy, SDC 2005

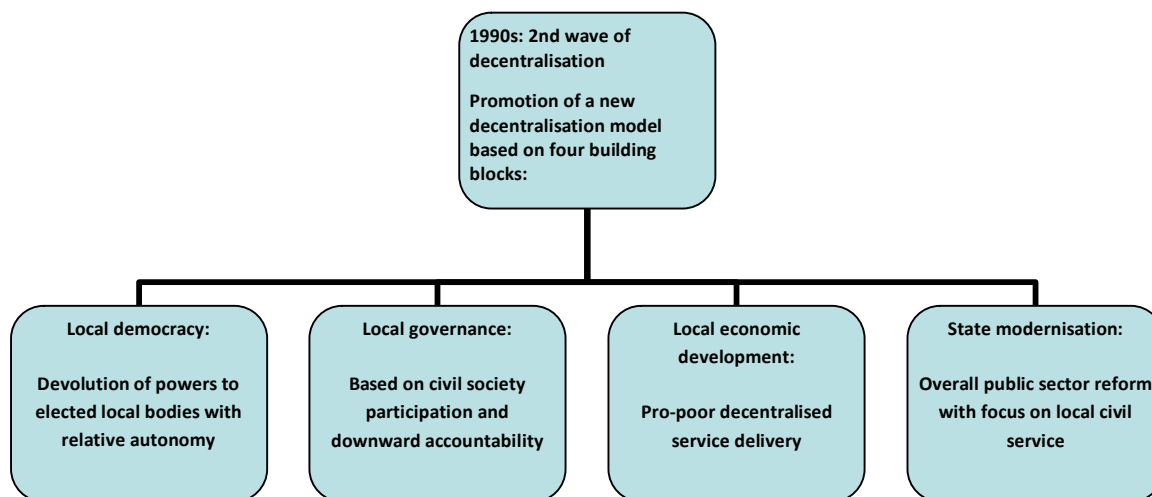
## 2. Background

The experiences of the '1<sup>st</sup> wave' or generation of decentralisation, in particular from Africa, have not been encouraging. **From the late 1960s up to mid-1970s**, administrative reforms as part of the integrated development planning efforts were tried in many newly independent countries. However, the actual impact was very limited: participation was not increased; local administrative performance and capacity were not

enhanced; and distribution of wealth, status and power were not altered. In short, **decentralisation failed in many parts of Asia and Africa.**

But it is important to understand *why* ‘decentralisation’ was not successful. It was not decentralisation *per se*, but the variant of decentralisation labelled *de-concentration*, where functions and powers were transferred to central government field offices. Furthermore, the implementation was poor, including lack of clear objectives, inadequate resources, shortage of skilled manpower, and general resistance from senior bureaucrats. **Decentralisation failed mainly because it did not decentralise enough. It was not sufficiently participatory and it lacked accountability towards local civil society.**

By the beginning of the 90s, a ‘2<sup>nd</sup> wave’ or generation of decentralisation was globally observed in an increasing number of developing countries. Although warning has been raised against believing that decentralisation should be seen as a magic spell that will cure society of all evils, the current substantial movements of decentralisation in the variant of *devolution*, i.e. transfer of powers to elected local governments, cannot be easily dismissed as the latest ‘global fad’. Even if currently assessed as a fragile process, as claimed by many observers in both Africa and Europe, decentralisation is likely to be irreversible. As the local governments now have tasted power, they will resist any attempts to reverse the process. The figure below illustrates the complexity and inter-linkages of the latest decentralisation reform processes, which focus on areas such as state reform, local governance, local democracy and local economic development as key aspects of a sustainable and viable local-level development process.



Government approaches –supported by most of the donors – have varied, but decentralisation has in some cases been part of the general civil service reforms or of the structural adjustment programmes to reduce central government administration and make it more effective. Others, like SDC, have linked decentralisation with local governance and worked more with establishing downward accountability to citizen levels as opposed to upward accountability from local elected governments to the central government level. Transfer of expenditures and political responsibility to the local authorities may be supported to alleviate the burdens on the central government. It may also be a means of more revenue generation by mobilising more local resources. This means that decentralisation can be a “win-win situation” for both central and local governments.

Decentralisation processes may simply provide positive development and democratisation options which a centralised governmental system does not offer.

## 2.1 What is decentralisation?

There is no one single definition of decentralisation but the World Bank, for instance, uses the term decentralisation to describe a broad range of public sector reorganisations: *Decentralisation is the transfer of authority and responsibility for public functions from the central government to intermediate and local governments or quasi-independent government organizations and/or the private sector. This is a complex, multifaceted concept. Different types of decentralisation should be distinguished because they have different characteristics, policy implications, and conditions for success.*

There are basically three types of decentralisation within the public sector:

- 1) Political decentralisation** is the transfer of political power and decision-making authority to sub-national levels such as elected village councils, district councils and state level bodies. Where such transfer is made to a local level of public authority that is autonomous and fully independent from the devolving authority, **devolution** takes place.
- 2) Fiscal decentralisation** involves a level of resource reallocation to local government which would allow it to function properly and fund allocated service delivery responsibility, with arrangements for resource allocation usually negotiated between local and central authorities. The fiscal decentralisation policy would normally also address such issues as assignment of local taxes and revenue-sharing through local taxation and user and market fees.
- 3) Administrative decentralisation** involves the transfer of decision-making authority, resources and responsibilities for the delivery of selected public services from the central government to other lower levels of government, agencies, and field offices of central government line agencies. The most radical form of administrative decentralisation is **devolution**, with local government having full responsibility for hiring/firing of staff and assigning authority/responsibility for carrying out tasks. **De-concentration** is the transfer of authority and responsibility from one level of the central government to another, with the local unit accountable to the central government ministry or agency which has been decentralised. **Delegation**, on the other hand, is the redistribution of authority and responsibility to local units of government or *agencies* that are not always necessarily branches, or local offices of the delegating authority, with the bulk of accountability still vertically directed upwards towards the delegating central unit.

As decentralisation, delegation, and de-concentration have been mentioned above, it is useful to briefly look at the most common definitions of these terms<sup>1</sup>:

De-concentration is often considered as a controlled form of decentralisation and is used most frequently in unitary states. De-concentration redistributes decision-making authority and financial and management responsibilities among different levels of the central government. It can merely shift responsibilities from central government officials in the capital city to those working in regions, provinces or districts, or it can create strong field administration or local administrative capacity under the supervision of central government ministries.

Delegation is a more extensive form of decentralisation. Through delegation, central governments transfer responsibility for decision-making and administration of public functions to semi-autonomous organisations not wholly controlled by the central government, but ultimately accountable to it. Governments delegate responsibilities when they create public enterprises or corporations, housing authorities, transportation

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<sup>1</sup> The definitions below are based on the World Bank Decentralisation Briefing Notes ([www.worldbank.org/html/fpd/urban/decent/decent.htm](http://www.worldbank.org/html/fpd/urban/decent/decent.htm))

authorities, special service districts, semi-autonomous school districts, regional development corporations, or special project implementation units. Usually these organisations have a great deal of discretion in decision-making. They may be exempt from constraints on regular civil service personnel and may be able to charge users directly for services.

Devolution is often considered the most radical form of decentralisation. When governments devolve functions, they transfer authority for decision-making, finance, and management to quasi-autonomous units of local government with corporate status. Devolution usually transfers responsibilities for services to municipalities/district councils that elect their own mayors and councils, raise their own revenues (at least partly) and have independent authority to make investment decisions. In a devolved system, local governments have clear and legally recognized geographical boundaries over which they exercise authority and within which they perform public functions. It is this type of decentralisation that underlies most cases of political decentralisation.

The arguments for the decentralisation or devolution of powers to elected local politicians are, for instance:

- i. That the planning and implementation of services are *best performed* by those concerned with the delivery of the services;
- ii. That a *better quality* will be achieved if the producers and consumers of the services are close to each other;
- iii. That decision-making will be *more participatory or democratic* if elected officials and their electors are in close contact;
- iv. That *more efficient and cheaper* service delivery will be the result of a mix of local demand and supply, since the local authorities know better the actual needs and the costs of production.
- v. Finally, the process of decentralisation can provide an opportunity for the institutionalisation of *gender concerns* at the local level and create spaces at the local level for women as political actors.

However, on the other hand, it may be argued that decentralisation processes may:

- i) *Enhance the inequalities* between richer and poorer regions of a country. This can be the case if there is not an effective fiscal equalisation policy to prevent the more naturally endowed areas of a country with more natural resources from being favoured with even more income;
- ii) Possibly *undermine the national unity* and trigger off political or ethnic conflicts;
- iii) Run the risk of gender concerns' not being taken into account, with women's interests' running the risk of being *marginalised* at the level of the local government, especially in relation to vulnerable groups and migrants;
- iv) Facilitate *misuse* or corruption of local government as well as central government, turning them into regimes of local dictatorship or *elites*. Obviously, it is essential to carefully analyse the motives behind any process of decentralisation and its actual implementation in a given national context in order to be able to assess whether the specific process at hand is a progressive development.

## 2.2 What is the principle of subsidiarity?

**Subsidiarity** is the principle which states that matters ought to be handled by the lowest competent authority. Normally it is defined as the idea that a central authority should have a subsidiary function, performing only those tasks which cannot be performed effectively at a more immediate or local level.

Subsidiarity is, ideally or in principle, one of the features of federalism. The concept or principle is found in several constitutions around the world (see, for example, the Tenth Amendment to the United States Constitution and the Maastricht Treaty of 1993). One of the clearest examples is the case of Switzerland with a strong federalist state built on the principle of subsidiarity.

Decentralisation, or subsidiarity, within a federalist state is important in order to overcome the problems created by political and economic structure of centralised nation-states, namely:

- large, centralised and remote bureaucracies, leading to the alienation of their citizens and to less participation in the decision-making process;
- cultural, political and economic suppression of different minorities by the ruling majority;
- division of natural minority entities by nation-state borders, thus creating strong tensions;
- standardisation of culture through methods such as the centralisation of the media at national level;
- suppression of local diversity and civic vitality;
- a bias in the economic structure towards a national approach that stifles regional development and consequently gives rise to a tendency for economic activity to concentrate in certain areas.

The federalist subsidiarity principle is basically that all decisions in society shall not be made on a level higher than necessary. Each individual has the right to exercise some degree of influence over all matters which concern him/her, limited necessarily by the rights of other individuals. The power structure of society must be such that the authority to deal with a problem lies where the problem arises or naturally belongs; this often means at local levels.

So to sum up, the overarching principle of subsidiarity is that problems are best solved in the subsystem where they arise. Subsystems are encouraged to resolve their conflicts themselves without referring them to higher authority. Whatever solution is adopted, the subsystem will have to carry it out. Since their consent is essential, the optimum condition is for them to resolve their conflicts independently. If a solution is worked out by the subsystem, appeal to authority is not necessary. The principle of subsidiarity, therefore, applies to those areas where a central government does not have exclusive competence, the principle delineating those areas where the government should and should not act. **This means that the concept of subsidiarity has both a legal and a political dimension.** The term has, therefore, relevance in many countries where SDC operates as a key cornerstone of any federalist state.

### 2.3 What is the link between decentralisation and state reform?

State reform has been ongoing in most third-world countries now for the last 20-30 years, not least as part of the World Bank structural adjustment programmes (also called first-generation reform). Mostly, these reforms have been comprehensive in nature, focusing on constitutional reforms, public and civil service reforms, banking and regulatory reforms, divestiture of public companies/assets and various forms of decentralisation. But state reform encompasses more than just a reorganisation of the administrative system, or of the way in which resources are allocated. It also relates to the establishment of participatory and legitimised nation-building processes. By forging democratic development, the participation of the population and rule of law, state reforms are often seen as vital in developing structures that can offer an effective means for the peaceful management of state affairs and not least for avoiding conflicts. The second generation of reforms included democracy, governance and decentralisation with an increased focus on the efficiency of service delivery at local levels as a means of reducing costs of service delivery often carried out by bureaucratic and overstuffed central ministries or state corporations. During the second generation of reforms, the decentralisation process in most developing countries has been

championed by a dedicated ministry of local government which has been mandated to further the decentralisation process and to coordinate with sector ministries in terms of service delivery and policy issues.

Reform of the civil service, therefore, is the process of modifying rules and incentives to obtain a more efficient, dedicated and performing government labour-force in a newly decentralised environment. This means that especially the key reform of the civil service has fairly widespread influence on capacity development at all government levels, and is therefore a key component of decentralisation. The decision to decentralise or retain central control over human resource management – recruiting, hiring, salary-setting, etc. – depends heavily on the existing degree of sub-national capacity. The lack of control over hiring and firing of staff, and the general poor conditions of service in many local governments, leads to a high staff turnover. Civil service reform is usually a supporting strategy for more general decentralisation in government operations or service delivery. This implies that local governments are to be vested with discretionary power in at least three key areas of civil service reform: First, local governments must control the regulatory structure, i.e., they should be able to make, change, and enforce laws and regulations pertaining to local administrative affairs (i.e., on spatial and sector planning, environmental measures, and local economic development). Second, local governments should enjoy a degree of autonomy over the local procurement process. Third, local governments should have control over local civil service and employment policies.

Fluctuating views about the role of government have had a profound influence on approaches to state reforms or public sector reforms taken by development assistance agencies. In the early days of development assistance, donors tended simply to take it for granted that governments should play a major and direct role in economic development efforts.

### 3. Definition of local governance

#### 3.1 What is local governance?

*Local governance* comprises a set of institutions, mechanisms and processes through which citizens and their groups can articulate their interests and needs, mediate their differences, and exercise their rights and obligations at the local level. The building blocks of good local governance are many: citizen participation, partnerships among key actors at the local level, capacity of local actors across all sectors, multiple flows of information, institutions of accountability, and a pro-poor orientation (UNDP 2004).

Local governance emphasises the need to look beyond the narrow perspective of legal frameworks and local government entities. It seeks to include the multiplicity of formal and informal relationships between different actors in development (e.g. local government, the private sector, associations, de-concentrated agencies, CSOs) that shape and influence the output and effectiveness of political and administrative systems at a sub-national level.

There is a large degree of synergy and coherence between supporting national governance processes and local governance, as many of the aspects are in fact the same. Therefore, it is necessary to work with governance principles at local levels to strengthen local governance processes.

#### 3.2 Difference between decentralisation and local governance?

The main differences between decentralisation and local governance are in the actual actors participating in the process and the mode of interaction between governments, the private sector and civil society.



Decentralisation pertains to public sector institutional and organisational reforms and processes and the support thereof, whereas local governance pertains more to supporting the creation of an enabling environment where multi-stakeholder processes - including public and private sector, as well as civil society – interact to foster effective local-development processes. This is summarised in the table below.

**Definition of Decentralisation and Local Governance Support**

<p><b><u>Decentralisation Reforms</u></b> Support to the formal public sector elements of a decentralisation reform</p>	<p><b><u>Local Governance</u></b> Support to the wider involvement of citizens, NGOs, private sector in relation to working with and monitoring local governments</p>
<p>Examples include:</p> <ul style="list-style-type: none"> <li>• Assistance to central ministries responsible for reform to develop new policies and legislation.</li> <li>• Capacity building of local governments for improved planning, financial management, etc.</li> <li>• Provision of development funding to local governments for water, roads, health, etc.</li> </ul>	<p>Examples include:</p> <ul style="list-style-type: none"> <li>• Assistance to private sector contractors to enable them to bid for decentralised works contracts.</li> <li>• Civic education and support to CBOs to strengthen the capacity of local communities to hold their local governments accountable.</li> <li>• Support to gender equality and empowerment.</li> </ul>

Local governance issues can be pursued even without decentralisation. However, decentralisation reinforces and legitimises local governance processes when correctly done.

New strategies for supporting local governance include, among others<sup>2</sup>:

**Taking fully into account the local cultural and institutional context:** All interventions are carried out in a specific context that greatly affects their impact. There are many institutional actors involved and numerous issues to be taken into account. The experience with the Swiss programme for three medium-sized towns in Burkina Faso is similar to that gained with most local interventions. It suggests (a) that sufficient resources should be deployed to ensure adequate prior knowledge of the context, and (b) that, as a corollary, key aspects of the local context should be taken into account in formulating the action strategy.

**Increasing levels of participation:** the level of information-sharing increases local participation and a degree of consultation and contestability arises from increased levels of local participation in decision-making.

**Adapt support for local governance to national strategy:** Local development cannot be divorced from its regional and national context. It is therefore important to link with national authorities and take fully into account the national strategy when designing measures in support of local governance. Such an embedded approach has at least three advantages:

- it makes it easier for de-concentrated state agencies to provide technical support to local authorities,
- it encourages synergy between local-authority development policies and sector-wide policies formulated and implemented by central government, and
- it encourages local and national authorities to capitalise on, and share, relevant experiences.

**Enhance negotiation and consultation between actors:** Negotiation and regular consultation between actors is critical to the success of support for local governance, as it enables the actors to agree both on the goals and on the ways and means of attaining them. It may also help strengthen actors’ organisational and institutional capacities and hence their capacity to monitor and evaluate support for local governance.

<sup>2</sup> The following is based on the publication of the Swiss Agency for Development and Cooperation entitled *Une expérience de coopération originale à Ouahigouya, Koudougou, Fada N’Gourma au Burkina Faso*, Berne, June 2002.

**Encourage transparency and accountability:** Many different actors are involved in local governance, some of whom pursue different goals. It is important, in the interests of all concerned, to cultivate a sense of responsibility among them all. Creating mechanisms that make those in charge more accountable for what they do and that enable the public to obtain clear information from them may make it easier to follow up on actions taken by local actors.

## 4. Decentralisation and local economic development

### 4.1 What is local economic development?

Local economic development (LED) is a transformation process of the way economic and political decisions are made at the local level, with the end objective of improving the living conditions of the local society in an inclusive manner. It takes place through organized negotiation processes between local actors from civil society, the public sector and the private sector that seek to address the different challenges faced by the territory. Through consultation, it intends to make a more efficient and sustainable use of the existing and potentially available resources; aspires to build socio-economic opportunities (such as the creation of employment and income); and tries to strengthen good local governance.

The main aim of LED is therefore to offer local government, the private sector, the non-profit sectors, and the local community the opportunity to work together to improve the local economy. It aims to enhance competitiveness and thus to encourage sustainable growth that is inclusive.

### 4.2 Linkages between local economic development, decentralisation and local governance

The importance of decentralisation and local development processes and the resulting increasing reliance on LED strategies has augmented the need for good governance at all governmental levels. Whereas traditional development strategies have mostly relied on national systems and on the capabilities of central government officials, the success of LED strategies depends, to a large degree, on the existence of appropriate local and regional institutional systems and on the availability of the necessary frameworks and skill-levels at all government tiers. Without properly functioning decentralised local authorities, local economic development is not feasible.

This reliance on good governance – a key component of local governance - at all levels can be advantageous in that it can stimulate the involvement of local interests, enhance interaction among different stakeholders, empower local civic groups and the population in general, and facilitate spill over into other policy areas. However, the necessary level of cooperation and co-ordination can be difficult to achieve and costly to maintain, especially in the context of low and middle income countries.

The **LED approach strongly relies on the participation of a wide variety of stakeholders** to identify local opportunities and threats, and to formulate strategies to address them. This participation can take several forms, from voting in regional or local elections to participating in strategy-formation meetings and knowledge-sharing exercises. The potential success of the LED process is also highly dependent on the horizontal cooperation between the local government and other local stakeholders. The ability of local governments to stimulate the participation of a variety of stakeholders is therefore crucial.

The local environment clearly impacts upon the likelihood of success for a LED strategy. However, even though LED is a locally-owned and implemented programme, the national and regional environment within which a locality is imbedded will impact greatly on its ability to create economic growth and employment.

The LED approach itself and the trend towards increasing decentralisation of government favour the creation of regional and local institutions which may facilitate the success of LED in the future.

## 5. Decentralisation, empowerment and poverty reduction

### 5.1 Decentralisation, Governance and empowerment

One important aspect worth observing is that a functionally decentralised local government system is of particular importance to the flourishing of a strong civil society. The SDC defines civil society as all formal and informal private (non-governmental and non-confessional) non-profit organisations which are self-initiated and regulated and have a voluntary membership. A distinction is made between Community-Based Organisations which are membership organisations aimed at improving living conditions (self-interest) and Associations which have a wider agenda such as environmental and human rights groups which aim at the wider issues of common good.

Similarly, a strong civil society is an important prerequisite to any meaningful, vibrant, democratic, and decentralised governance system. The distinction between local *government*, on the one hand, and local *governance*, on the other, is important in discussions of political and social action. While it is true that the decentralisation of power and authority from central to local government is important for the empowerment of local people, this, in itself, does not guarantee the emergence of enhanced local governance.

SDC<sup>3</sup> works with governance issues at both national and local level. There are five key governance principles which guide the work of SDC:

**Accountability:** refers to the control of the power exercised within state and society, as well as to the obligation for the people holding power to explain their decisions. In addition, it concerns the duty of the controlling agencies to reward good performance and to sanction abuses of power. Accountability presupposes clear definition of the functions, duties, and rules for the scope of action of public and private institutions. In terms of decentralisation and local governance, accountability relations change and one of the foremost issues is the upward accountability from local governments to the national level. Yet at the same time, the downward accountability to local citizens is a very crucial aspect of local governance and decentralisation.

**Transparency:** implies that the public in general, or at least those directly affected, should obtain information from the state about the rationale underlying decisions, decision-making criteria, the intended manner of implementing a decision, and any insight into its effects. Participatory planning and budgeting exercises can promote increased transparency at local levels in resource allocations and increased transparency can be ensured in management of public funds (both revenue and expenditures) through citizen participation in user committees (schools, health clinics, water boreholes).

**Non-discrimination:** means that no group may be excluded from power and resources. This implies that pro-active public integration policies for excluded or marginalised groups need to be implemented. Non-discrimination policies have to be applied for the expressed purpose of reducing inequalities between men and women, urban and rural populations, and between different ethnic groups. At local levels, CSOs and CBOs often lack the capacities and resources to engage in local governance processes effectively.

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<sup>3</sup> Governance as a Transversal Theme: An Implementation Guide, SDC

**Participation:** implies that all population segments need to be connected to the political and social processes that affect them. This means that public forums exist where different groups can express dissenting opinions and personal interests, and where these viewpoints are treated as serious input in the decision-making process. At local government level, the most widely used methodology is that of bottom-up planning approach which encourages wider community participation in setting priorities for local development.

**Efficiency:** implies that financial and human resources are used in optimal fashion (in other words, the target is fixed in relation to the resources, or the resources are adapted to the fixed target), without waste, corruption, or delays. One assumption is that more consultation on the allocation of resources and more opportunities to hold local authorities accountable lead to a greater willingness to pay taxes. This depends, however, on the confidence enjoyed by the local authorities.

Experience worldwide, however, points to the reality that decentralisation has usually meant the de-concentration or devolution of power and authority from the central government to sub-national (local government) authorities, be they provincial or district administrations, urban municipalities, local/rural councils, county authorities, etc. In most cases, decentralisation stops at this level and rarely do governments recognize that civil society/grassroots institutions may suffer as much from the centralisation of power at the sub-national level as they did under the country's central government command. Because of this recognition, the main challenge now in discussions of local governance is to ensure that the strengthening of local government through decentralisation moves hand in hand with a deliberate effort to mobilize and strengthen the civil society structure, processes and institutions at lower levels in a manner that would allow their relationship with sub-national authorities to be more interactive and mutually reinforcing.

A related challenge in empowering civil society concerns the extent to which the political environment is perceived to be supportive of people's welfare. For civil society to be effective, a supportive social, institutional, and policy environment must be created as this is usually required for the development of the sustainable social trust that is so fundamental for continued civil society engagement in social welfare issues/interventions. In the absence of a transparent, accountable and fair system of sharing resources and opportunities amongst the citizens (e.g. employment opportunities that guarantee minimum standards of living), the poorer members of society become more preoccupied with basic economic survival issues than with the more societal common good/pursuits.

There is need to build 'local governance systems' tuned to the situation, and the type of support ('best practice') will also depend on the situation. There is furthermore a need to recognise decentralisation reform as 'a political process'. **Decentralisation reforms offer the opportunity to participate in building a responsive public sector – both at national and sub-national levels – but, as this is a political and social process, it cannot be solved by technical solutions alone.**

## 5.2 Decentralisation, local governance and capacity development

**Capacity** is the ability of individuals, institutions and societies to perform functions, solve problems, and to set and achieve objectives in a sustainable manner. **Capacity Development** (CD) is thus the process through which the abilities to do so are obtained, strengthened, adapted and maintained over time. A capable and accountable state supported by an effective civil society and private sector is essential for achieving the longer-term development goals – such as the Millennium Development Goals (MDGs) – as well as other national development objectives. It is fundamental to long-term sustainable development, and hence also critical to aid effectiveness. Without well functioning organisations and a well performing human resource

base in both public and private sectors, there is little chance that financial resources alone can address poverty in a sustainable manner.

Substantial funding is often set aside for different forms of CD related to decentralisation and local governance. There are basically four main issues to consider in this connection<sup>4</sup>:

- 1) **Avoid fragmented ad-hoc approaches:** This lesson follows logically from the need to see decentralisation as a comprehensive reform process. Specifically, there is a need to focus on: i) fully integrating the political nature of CD; ii) respecting the legitimate role of the different actors throughout the assistance cycles (central/local government, NGOs, CSOs and private sector) and combining the support; and iii) improving methods and tools to forward institutional change processes.
- 2) **Adopt an empowerment approach to institutional development:** In cases where this has been adopted, it has led to impressive achievements in developing local capacities. The key aspects of this support is to: i) start from the local governments and not impose standard formulas for planning and management; ii) accept that any change process is incremental; iii) reinforce the willingness to change aspects; iv) inject discretionary funding into local governments to encourage learning by doing; v) introduce incentives for good performance and penalise non-performance; and vi) take a medium to long-term horizon.
- 3) **Focus more on the demand side:** Often CD approaches are supply driven (conceived, planned and implemented by donor agencies). It is recognised by a growing number of actors that there is a need to focus on the demand side of CD to better map CD gaps. The task is therefore to encourage the local actors themselves in identifying their needs/gaps.
- 4) **Give responsibilities to local structures:** With the Paris Declaration, donors are increasingly called upon to limit the use of parallel implementation structures, align themselves with government, and let the latter assume the responsibility for CD. This principle is of course context-specific, and in some cases temporary structures might be needed to further implementation of a development project.

### 5.3 Decentralisation and poverty reduction

The overall assumption is that increased decentralisation and local governance will ultimately lead to pro-poor development. The discussion of the linkage between decentralisation and poverty reduction is of course dependent on the outcomes over a long time frame such as 15-20 years. Furthermore, experiences in one country or region are not necessarily transferrable. There is little evidence to date in available studies and literature that either democracy or decentralisation is necessary for poverty reduction in rural or urban areas, and indeed some evidence that they are counter-productive. However, there are cases where three conditions have been met which have led to improvements in the living conditions of the poor, i.e., an appropriate balance between autonomy and accountability; constructive support from external actors; and a commitment to democratic deepening. It is worth building on these conditions because democratic activity is not merely an instrumental good, it also has intrinsic benefits for the rural poor.

The evidence available confirms that increased participation and better accountability can result from democratic decentralisation, and that these substantive benefits should not be underestimated. A poor record on service delivery to date does not rule out the scope for improved equity and efficiency outcomes.

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<sup>4</sup> The following is adapted from the EC/Europeaid paper: Supporting Decentralisation and Local Governance in Third Countries, January 2007.

Rather, the challenge is to identify the conditions, methods and approaches under which increased participation in local governance is conducive to enhanced equity and efficiency of services, and therefore leads to poverty reduction.

The poor draw the weakest card, not only in the labour market, but also in the housing market, the land market and the money market. Poverty is clearly not only a question of a lack of employment or income, but also of poor living conditions, the fact that ownership of land, buildings or crops cannot be authenticated, and the resulting exclusion from bank credits. The policy of the various sectors must be coordinated at local level and differentiated as to districts, neighbourhoods, villages, or communities. Decentralisation can thus be instrumental in establishing policies on poverty. The local authorities know the local needs and options, and they are therefore in a better position to establish the right priorities than a central government far away.

Many countries make use of the Poverty Reduction Strategy Papers (PRSPs) introduced by the World Bank to formulate a policy on poverty at the macroeconomic level that enjoys widespread support in society. If a macro framework of this kind is to have a local impact, the administration and civil society at the sub-national level must also be involved. Decentralisation will not automatically lead to the pursuit of a policy on poverty, and certainly not when civil society is insufficiently supportive of the poor and the poor themselves are insufficiently organised to be able to exercise effective influence on policy. Many civil servants and politicians are still quite unaccustomed to consulting with various kinds of civil-society groups, particularly those outside the existing frameworks of cronyism and patronage. Many countries are experimenting with new forms of participation that deviate from Western models, for example by connecting up with traditional leadership structures.

The impact of decentralisation on corruption – and therefore poverty reduction – is uncertain. Corruption is part of the daily lives of the poor. They have to pay bribes for almost all types of services. On the one hand, it could be argued that the potential for corruption increases as more people are involved in political decision-making. On the other hand, there are more opportunities to exercise control locally and thereby expose the corrupt elements at local government levels.

Most of the time, the link between decentralisation and poverty reduction is not clearly established. However, there are some examples (e.g., Kerala State in India) where after ten years of decentralisation, the impact on poverty reduction and access to services has been demonstrated. A recent comparative study of decentralisation and service delivery in East Africa<sup>5</sup> (Kenya, Tanzania and Uganda) shows a tentative link between decentralisation, increased service delivery, and poverty reduction in East Africa over the past decades.

## 6. Relationship to human rights, gender, service delivery and accountability

### 6.1 Does decentralisation increase service delivery?

Following the principle of *subsidiarity*, local involvement in decision-making and supervision is expected to reap both allocation gains (i.e. increased effectiveness through better targeting, and better response to priority needs) as well as efficiency gains (through better tuning to local circumstances and increased governance and accountability). This means that, in principle, decentralisation is expected to enhance both

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<sup>5</sup> Final Synthesis Report: Local Service Delivery, Decentralisation and Governance; A Comparative Study of Decentralisation and Service Delivery in Uganda, Kenya, and Tanzania within Education, Health and Agriculture, by Per Tidemand, Jesper Steffensen and Hans Olsen, January 2007

the effectiveness and efficiency in the use of public funds. This is not least the case when immediate beneficiaries (either directly or through representation) are involved in planning for allocation of public resources. Here, the activities are likely to better suit local needs and priorities as compared to a situation where the central government or ministries plan and deliver on their behalf. Decentralisation also has the potential to increase efficiency with regard to the use of public funds mainly through improved governance partly as a result of (i) increased ownership, (ii) better alignment to local circumstances, and (iii) increased and more direct mechanisms of accountability. A process of decentralisation that best serves poverty reduction is one that combines the strategies of political empowerment, resource mobilisation and enhanced service delivery in a coherent and balanced mix.

While there is consensus on the fact that decentralisation/subsidiarity – in particular, devolution – has a significant potential for enhancing accountability of and local participation in public sector service delivery, there is less consensus on the degree to which it will necessarily *per se* significantly contribute to improved service delivery or poverty eradication for that matter. Some efforts have been made more systematically to assess the impact of devolution on service delivery. One approach applied in a study<sup>6</sup> of this relationship has been to compare a large number of countries with varying degrees of decentralisation and compare this with trends in service delivery of various sorts. A comparison was made with all countries in the world with available data between the share of public expenditure managed by sub-national governments and child mortality and other health indicators. The conclusion by the authors was clear: greater fiscal decentralisation is consistently associated with lower mortality rates.

**Advantages and dangers of local service delivery:**

<p><b>Better service delivery:</b></p> <ul style="list-style-type: none"> <li>• more adequate to local needs</li> <li>• more flexible</li> <li>• more innovative</li> <li>• cheaper</li> <li>• sustainable</li> <li>• mobilising the comparative advantages of local enterprises and the local non-profit sector</li> <li>• local resource mobilisation through taxation</li> <li>• downward accountability</li> </ul>	<p><b>Dangers for service delivery:</b></p> <ul style="list-style-type: none"> <li>• blurred accountability lines</li> <li>• decentralisation of corruption</li> <li>• unbalanced and excessive spending</li> <li>• rolling-back economic and particularly social functions of the state</li> <li>• local civil servants will not be independent enough and motivated enough to take responsibility for risky undertakings</li> </ul>
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Source: Steinich, ECDPM, 2000

## 6.2 Decentralisation/local governance, gender equity and human rights

In the past decade, the human-rights-based approach has received growing attention in the development community. The MDGs reflect many elements of a rights-based perspective. Recent work by the DAC network on Governance (2006) highlights the significance of human rights as an element of development dialogue which can underpin more responsive and accountable governance, and enhance aid effectiveness. A rights-based approach to development is commonly understood as a conceptual framework that is normatively based on international human rights standards and principles, and operationally directed to promoting and protecting human rights (United Nations 2006). It implies an enhancement of the

<sup>6</sup> David Robalino, Oscar Picazo and Albertus Voetberg 2001: “Does Fiscal Decentralisation improve Health Outcome?”

empowerment of disadvantaged and vulnerable groups, their participation in society, equality, non-discrimination and an explicit linkage of social policy issues to human rights.

A rights-based perspective incorporates both channels – of participation and accountability – as it focuses, on the one hand, on increasing citizen awareness of their entitlements and providing them with the information and means for involvement in social programming; and, on the other hand, on ensuring that there are functioning legal and/or administrative mechanisms for redress and enforcement. Treating poor people merely as beneficiaries of services helps to fulfil basic needs, but it does not necessarily strengthen the accountability of duty bearers.

Decentralisation defined as devolution involves transfer of powers to a *local, representative government* (commune, district, and province). Even if a current political leadership may be elitist or a one-man regime, in the long run, the fairly democratically elected local government will probably be more representative of the wishes and interests of the people than central government representatives are or were.

Focusing on these political empowerment and human rights aspects of decentralisation and local governance means:

- 1) Strengthening and deepening local democracy by bringing the services and decision-making closer to the people concerned, including enhancement of women's participation in public life;
- 2) Improving local administrative capacity by enhancing the accountability and transparency of all the decisions and expenditures of the local governments;
- 3) Enhancing the effectiveness and efficiency of local service delivery to the poorer segments of the population;
- 4) Local governments that have been delegated the responsibility to provide services related to economic and social rights can in turn hold national governments to account;
- 5) Enhancing the effectiveness and efficiency of local service delivery to the poorer and most vulnerable segments of the population. The human rights framework affirms that government (including local government) has a duty to deliver certain services (primary education, health, public housing, drinkable water, and so on). These minimum essential services are not discretionary and must be provided without discrimination of any kind.

While, on the whole, devolution appears in many cases to promote democratisation and popular participation - not least more transparent governance monitored by an active electorate - results with regards to enhanced administrative capacity or to an improved service delivery have been more mixed. To some extent, this may be explained by a lack of sufficient political will at the central level to actually transfer powers and resources to the local governments. Furthermore, there is a larger than anticipated need for training at the local levels to enable the elected leaders and civil servants to fulfil their new roles, and not least the need to develop new systems and capacity, e.g., within financial management and auditing. Accordingly, these areas are also seen by many donors as key focus areas in support to decentralisation processes.

The term gender equality denotes equality of access by women and men to various assets and resources in society. Decentralisation and local governance have been shown to open up new possibilities for women's participation in local decision-making processes. Many donors have also focused on the need to improve on gender equality, and one way of doing this is through more active oversight and participation of CSOs in monitoring local government budgets for gender issues. To this end, SDC has developed a Tool Kit – Gender and Budgets – aimed at identifying key information resources and links in this respect.



### 6.3 Decentralisation and accountability/transparency

*Fiscal decentralisation* rearranges roles and responsibilities among different levels of governments with the intent of transferring some of the fiscal decision-making powers from central to sub-national governments. Fiscal decentralisation rules regulate four areas: (i) expenditure assignment; (ii) revenue assignment; (iii) intergovernmental transfers, and (iv) sub-national borrowing. Expenditure autonomy goes beyond merely assigning service delivery responsibilities to local governments—the extent of this autonomy defines, in the eyes of citizens, the relevance of local governments in service delivery. Revenue autonomy and transfer systems define the funding level for local governments to deliver these services.

Fiscal accountability seeks transparency in the management of public funds. It requires that governments manage finances prudently and ensure integrity in their financial and non-financial reporting, control, budgeting, and performance systems. It also necessitates reporting comprehensively on what local governments have achieved with their expenditures. Supply-side measures to improve downward and upward financial accountability include strong local capacity for budgeting and public financial management; standards for control on intergovernmental transfer revenues (i.e., clean audit reports, submission of financial statements); publication of transfer figures; transparent local public audit systems—with publicly available audit findings; clear rules for responsible local borrowing (including rules regarding defaults), with public access to borrowing information; and clearly defined rules regarding hard budget constraints for local governments.

Demand-side measures for fiscal accountability include publicly accessible local government financial information (including budgets and end-of-year financial statements); strong public involvement in the budgetary process through participatory budgeting practices; gender-sensitive planning, budgeting, and resource allocation, reinforced by gender audits; independent budget analysis; and participatory public expenditure tracking programs that monitor budget execution and leakage of funds.

*Political accountability* is a process whereby citizens hold their elected officials to account for their behaviour and performance. This could be, for example, directly through elections. Political accountability can also be improved through elected local officials' overseeing local executives, through activities that increase awareness about the policy performance of local governments, or through direct citizen involvement in policy decision-making beyond elections.

#### Forms of decentralisation and accountability<sup>7</sup>

Decision-makers located at	
Central level	Local level

<sup>7</sup> See: Dr Per Tidemand and Hans Olsen: Final Report, Survey on Support to Decentralisation and Local Governance, for the Informal Donor Group, December 2006

<b>Decision-makers accountable to</b>	<i>Central body</i>	<p><u>Centralisation</u> The Ministry of Health HQs centrally deploys health staff among different administrative units in the country.</p> <p><u>Delegation:</u> A relative autonomous central health board or health service commission manage staff deployments nationally, as well as an executive agency with delegated powers under ministries.</p>	<p><u>De-concentration</u> Health field officer is granted discretion by the HQs regarding the assignment of responsibilities and duty stations to subordinate staff members.</p>
	<i>Local body and Citizen</i>	<p><u>Delegation with participation</u> A relative autonomous local /district health board or health service commission manages staff deployments locally.</p>	<p><u>Devolution</u> An elected local government is given the responsibility for the recruitment, deployment and discipline of local health staff (in addition to other relevant sector staff). User participation - a health committee formed at a local clinic is given responsibility for managing the clinic, including some discretion on recruitment of support staff and certain aspects of general staff welfare.</p>

An appropriate local political setting conducive to downward accountability requires free and fair elections and local political competition for mayors and councillors. This kind of political setting also supports competitive multi-party systems and provides a clear separation of power between the executive (i.e., mayor) and legislative (i.e., council) bodies of local governments. It also establishes mechanisms and provides tools to the legislative body in overseeing the operations of the executive body.

In order to make local governance strategy within accountability concrete, there are four key areas of focus:

- a) Actors, powers, and accountability relationships (research on the impact of the local political environment on the subsequent outcome of decentralisation reforms);
- b) Economic and social inequalities (to better understand the relationship between socioeconomic inequalities and "elite capture" as they affect the design of decentralisation reforms);
- c) Local electoral structure and the party system (to grasp the structure of local government electoral systems and processes, and their impact on the degree of accountability of local governments to citizens);
- d) The drivers of locally-elected-leader accountability and performance (to examine factors that drive the performance of locally elected leaders, including accountability).

However, the risks of local misuse of funds or corruption are also evident as more funds and more powers are devolved to a new, untrained local leadership and a local administration with limited capacity for, e.g., financial management. If more funds are channelled to local governments through general budget support and sector support programmes, the risks of 'decentralisation of corruption' are of course latent, although they may be exaggerated. Even though funds misappropriated may be insignificant when compared with the far larger central misuse, the examples of a very limited overdraft of an account or an outright theft from the coffers of a local government is often much more visible to the general public than a complicated kick-back or fraud at the ministerial level. Such cases are also easily utilised in the debate – in particular from the line ministries - to substantiate the need for more central control on local activities, although it could also be interpreted as evidence of the well-functioning public monitoring on local government administrations. This is why strong emphasis should be put on developing the *general* financial

management capacity of local governments and administrations, and enhancing the overall financial accountability and auditing, i.e., and not uniquely focusing on separate sector capacity.

## 7. Risks of decentralisation

### 7.1 Risks with decentralisation processes

**Financial Equalisation:** one of the major risks of decentralisation is the risk of increasing inequality through fiscal decentralisation that is not balanced throughout the country. Certain already endowed districts, regions or localities might be better off than poorer districts and regions, and therefore potentially stand to benefit even further from an unbalanced fiscal decentralisation process. This means that, to the extent that resource endowment differences within a given country's constituent jurisdictions are quite significant, equalization measures have to be taken to avoid the ever-so-present potential of fiscal decentralisation perpetuating greater developmental disparities. A number of countries have recognized this important consideration and equalization formulae have included the application of discriminatory fiscal transfers based on the poverty profile of the recipient regions/municipalities. What is important to observe is that there exist many guiding principles for the formulation of fiscal equalization and that the choice of what to consider should reflect the actual situation on the ground.

**Local elites:** there is a risk that decentralisation can reinforce existing local elite structures and that local elites capture a fledgling decentralisation process. Obviously this only reinforces the need to work with both aspects of decentralisation and local governance when trying to improve local democratic and political processes. The need for a vibrant civil society is also emphasised here.

**Political commitment:** it is widely accepted that political commitment on the part of federal or state governments is a *sine qua non* of effective democratic decentralisation, and especially of forms of decentralisation that are specifically geared to the interests of the poor. Successful pro-poor decentralisation is associated with governing parties that are politically committed to the democratic empowerment of local governments. Yet it is essential to consider the wide range of issues that influence decentralisation. There is a need for a stronger focus on institutional issues, i.e., both on the rules that influence the behaviour of actors at different levels of government, in the private sector and in civil society, and on the organisations that implement these rules. This has become increasingly evident. Such a broader agenda has led to an enhanced focus on accountability and capacity, has strong implications for project design and policy dialogue, and calls for a reinvigorated research effort focused on developing countries.

**Long-term commitment of donors:** if the development of viable local governance systems is seen as a priority task, it logically follows that the decentralisation policies of donor agencies call for long-term institutional vision. This is due to the fact that the process of decentralisation is highly political, fragile and risky, and the need for a long-term institutional perspective is crucial.

### 7.2 Decentralisation and new aid modalities: risks and opportunities

A recent series of studies carried out for an informal donor group on decentralisation and local governance (which includes SDC) has led to some key findings and recommendations in relation to the Paris Declaration and donor support modalities to decentralisation and local governance. The studies are rooted in the context of the Paris Declaration (2005) and the five main principles for enhancing aid effectiveness which bear strong reference to the core issues identified above for the specific field of support to decentralisation and local governance:

- **Ownership:** Partner countries exercising effective leadership over the development policies and strategies, and coordinating development actions;
- **Alignment:** Donors basing their overall support on partner countries' national development strategies, institutions and procedures;
- **Harmonisation:** Donors' actions are more harmonized, transparent and collectively effective;
- **Results:** managing resources and improving decision-making for results;
- **Mutual Accountability:** Donors and partners are accountable for development results.

The emerging issues identified in the preceding studies, as well as the general framework for future development aid as put forward by the Paris Declaration, provide the basis from which the four key thematic issues for the analysis have been derived in the latest report which consisted in case studies of harmonisation and alignment in Tanzania, Benin, Nicaragua and Nepal. The major findings are:

**Management of the decentralisation process:** The underlying policy and strategy documents for the decentralisation process as well as the overall orientation of the government as expressed in broader reform programmes, poverty reduction strategies, and national development initiatives set the context for the implementation of decentralisation and local governance reforms.

**DP coordination mechanism:** Donor coordination mechanisms have been established in most developing countries and have evolved with regard to their relevance and their formal mandate over the last years. Existing mechanisms range from informal groups' meeting irregularly and focussing on exchange of information, to highly formalized set-ups with clearly defined roles, rules and responsibilities both on the DPs' as well as on the partner countries' side. Reference is again made to the Paris Declaration Principles, in particular to effective coordination of development actions by the partner governments.

**Alignment of DPs support to country strategies:** The survey on support to decentralisation and local governance highlighted the problems related to the multitude of individual projects supported by different DPs, leading to overlap, lack of coordination or even conflicting program design. Furthermore, these DP-supported programmes are quite often not in line with the relevant country strategies for decentralisation and local governance. This can be partly due to the fact that a number of countries have only recently elaborated specific decentralisation policies and reform programmes to which the DPs support is to be aligned.

**Modalities of DP support:** Even while being aligned to overall country strategies for decentralisation and local governance, DP support often shows large variances with regard to the modalities and points of entry in their approach. This can refer to the funding modality (budget support, basket funding and programme/project support), to the entry level (national or local), as well as to the different partners (central or local government, civil society, others) involved in programme management and implementation.

#### **ACTION POINTS FOR IMPROVING DP ALIGNMENT AND HARMONISATION**

##### **Management of the Decentralisation process:**

Various factors are necessary for ensuring that the decentralisation reforms will improve local-level accountability and service delivery and contribute to the reduction of poverty. The core issues identified in the four countries are:

- Recognition of decentralisation as a cross-cutting issue and coherence with other core public sector reforms are essential
- High-level political leadership required for successful decentralisation and local governance reforms
- Broad participation of civil society as a success factor

##### **DP Coordination Mechanisms:**

To improve coordination between government and DPs and between DPs in order to make support to decentralisation and local governance more efficient, it is essential to :

- Make coordination more comprehensive horizontally and vertically to be able to address all dimension relevant to the decentralisation process in a coherent manner.
- Ensure government commitment for its leadership role in DP coordination.
- Set-up a road map with specific milestones for enhancing coordination and harmonisation within the DP group, moving from exchange of information, mapping exercises and the development of ToRs for the group towards joint missions, common funding mechanisms, and partnership and representation arrangements.

##### **DP Alignment to country strategies:**

The alignment of DP support to country strategies depends strongly on the framework provided by partner governments. The alignment process can take various forms:

- Alignment to non-coherent national strategies can lead to conflicting and contradictory support strategies, therefore integration of decentralisation into overall national strategies is essential (PRSP).
- Gradual alignment to key elements of national framework can facilitate the development of a comprehensive overall support programme with joint funding mechanisms.
- Overall strategy for development cooperation and partnerships (Joint Assistance Strategy) will facilitate alignment and harmonisation.

##### **Modalities of DP support:**

To promote harmonisation of aid modalities required for successful support to decentralisation, it is essential to:

- Improve communication within DP organisation on decentralisation as cross-cutting issue to avoid contradictory / uncoordinated support programmes.
- Provide clear orientation and motivation from HQs to DP country representatives and / or responsible project managers for engaging in (difficult / new/ tedious) harmonisation and alignment processes, and delegate more authority to country offices for improving decision-making based on local priorities.
- Facilitate harmonisation of aid modalities by supporting evaluation of best practices in and development of uniform country systems.

## Annex 1: Web-Based resources on Decentralisation

**World Bank** has probably the most comprehensive range of papers on decentralisation with analytical approaches, case studies, and country analyses – three sites are worth checking: [www.decentralization.org](http://www.decentralization.org), [www.worldbank.org/publicsector/decentralization](http://www.worldbank.org/publicsector/decentralization) and <http://www1.worldbank.org/prem>

### **Decentralization and Sub-national Thematic Group/World Bank**

The aim of the Decentralization and Sub-national Thematic Group is to share information and deepen knowledge among a wide range of practitioners -- macro, sectoral, urban, and rural -- to bring about a more informed, consistent and comprehensive approach to decentralization and sub-national development in our country programs. The Thematic Group seeks to share and deepen knowledge on intergovernmental relations, regional development and poverty reduction, and central and local governance to enhance the effectiveness of multi-tiered governments. The website contains decentralization-related material, papers and documents of the World Bank.

### **United Nations Capital Development Fund [www.uncdf.org](http://www.uncdf.org)**

UNCDF has substantive practical experiences with piloting modalities for decentralised financing for local governments as well as for emerging LG structures. The site contains several useful documents with policy papers, various case studies, analytical work as well as project documentation.

### **United Nations Development Programme**

[www.undp.org/governance/decentralization.htm](http://www.undp.org/governance/decentralization.htm)

### **The Local Government and Public Service Reform Initiative <http://lgi.osi.hu>**

Several resources – mainly Eastern Europe

**GRC Exchange** hosted by the Governance Resource Centre (GRC) of the UK Department for International Development (DFID) and compiled by leading international experts, the GRC Exchange provides a focal point for sharing ideas in governance. The site below presents a broad introduction to the topic and various suggested readings.

[www.grc-exchange.org/g\\_themes/cc\\_decentralisation.html](http://www.grc-exchange.org/g_themes/cc_decentralisation.html)

**IDEA:** Democracy at the local level - This handbook offers practical advice on designing systems of local governance, promoting representative local democracy, and fostering citizen participation. The handbook defines key concepts and includes case studies, checklists, and lists of options for policy-makers in particular settings.

[http://www.idea.int/publications/democracy\\_at\\_local\\_level/index.htm](http://www.idea.int/publications/democracy_at_local_level/index.htm)

**United Cities and Local Governments** *United Cities and Local Governments* is a new world organisation established by the International Union of Local Authorities (IULA), the United Towns Organisation (UTO), and the World Associations of Cities and Local Authorities Coordination (WACLAC). It is dedicated to promoting the values, objectives, and interests of cities and local governments across the globe. It is the largest local government organisation in the world, with a diverse membership that includes both individual

cities and national associations of local governments. *United Cities and Local Governments* supports international cooperation between cities and their associations, and facilitates programmes, networks and partnerships to build the capacity of local governments. It promotes the role of women in local decision-making, and is a gateway to relevant information on local government across the world.

**Participation in Local Governance** Citizen participation in local governance is an important theme in policy and development debates. This website, which among others is supported by HABITAT Platform, VNG/Netherlands and IULA, aims to contribute to this debate. The toolkit offers information on tools which promote citizen participation in local governance. Over a hundred cases are described and analysed. The site also presents articles and links for further reference. There are four main areas: in *ABOUT TOOLKIT*, you'll find how the Toolkit came into being. In *ANALYSIS*, the website summarises lessons learnt from the cases on this site about how to make participation in local governance work. In the *TOOLKIT*, one can search through over a hundred participation cases. The *NEWS & FORUM* section shows a number of links from around the globe.

**Local Government and Human rights: Doing Good Service** [http://www.ichrp.org/paper\\_files/124\\_p\\_01.pdf](http://www.ichrp.org/paper_files/124_p_01.pdf)  
<[http://www.ichrp.org/paper\\_files/124\\_p\\_01.pdf](http://www.ichrp.org/paper_files/124_p_01.pdf)>

**Local Rule: Decentralisation and Human Rights** <[http://www.ichrp.org/paper\\_files/116\\_p\\_01.pdf](http://www.ichrp.org/paper_files/116_p_01.pdf)>  
[http://www.ichrp.org/paper\\_files/116\\_p\\_01.pdf](http://www.ichrp.org/paper_files/116_p_01.pdf)

**Online Sourcebook on Decentralization & Local Development** The Online Sourcebook provides on its website a collection of general information, case studies, tools and documents on the issues of decentralization and local development. The information is available in English, French and Spanish. The sourcebook is being developed and supported by a variety of national and international organisations, including the FAO, SDC, UNDP, GTZ, and the World Bank.

#### **Urbanet (Network for Decentralization and Municipal Development)**

URBANET is the network for GTZ staff, associated professionals, and researchers in the field of decentralization and municipal and urban development. URBANET provides, ready for download, documentation, analyses, and concepts of key political and practical relevance in this thematic area. Staff from GTZ projects and other development institutions share their expertise and present and discuss the results of their work. URBANET promotes the exchange of knowledge and information, interdisciplinary cooperation among actors in municipal and urban development, as well as debate on and conceptual refinement of key issues. In addition, it provides technical and advisory support for its members.

**Best Practices (HABITAT)** Website of HABITAT with information and a database of best practises in local government.

#### **UNDP**

The website of the Management and Governance Network of the United Nations Development Programme (UNDP) provide management with numerous papers and information on governance issues. [Their old website has been archived.](#)

**International Union of Local Authorities (IULA)** Website of the International Union of Local Authorities (IULA) provides information regarding the activities of IULA , including capacity development and institution building. It also includes links and addresses of member organizations.

[German Institute of Urban Affairs \(DIFU\)](#) German Institute of Urban Affairs website, with documents and working papers related to the Institute's matter of interest (urban development, urban management).

[Local Governance Study Group of the EGPA](#) Study Group on Local Governance was established by the European Group of Public Administration (EGPA) in 2000 as a mechanism to deepen and widen the involvement of academics, politicians, public officials, and representatives of other local stakeholders in scientific discussions on European local governance issues.

#### [Eastern Regional Organization for Public Administration \(EROPA\)](#)

The Eastern Regional Organization for Public Administration (EROPA) is an organization of states, groups and individuals in the general area of Asia and the Pacific, focusing on promoting regional cooperation in improving knowledge, systems and practices of government administration to help accelerate economic and social development. It was the first organization in the region to be devoted to the development of public administration in order to advance the economic and social development of countries in Asia and the Pacific. EROPA consists of state members in the region, institutions in the area such as institutes or schools of public administrations, universities, agencies and municipal cooperation, and individuals whose achievements in the field of governance and public administration are recognized. EROPA endeavours to achieve its objectives through regional conferences, seminars, training programs, special studies, surveys, research studies and publications.

#### [MUNISOURCE.ORG](#)

Munisource.org is a private sector internet portal with information on local government sources worldwide.

#### [Regional Governance Programme for Asia \(PARAGON\) \[UNDP\]](#)

This UNDP initiative works towards "a social movement for humane governance" in Asia, with a strong focus on decentralization. In this context, PARAGON's working fields are, e.g., public sectors ethics & accountability, and gender responsive governance. PARAGON is "supporting different measures in different countries, all designed to promote effective decentralisation and community empowerment. These include support for constitutional reforms, capacity building, citizen's voice and learning experience studies" (from their website). Their website features various publications, newsletters and a calendar of events.

#### [The Asian Resource Centre for Decentralization \(ARCD\)](#)

This regional initiative based in the Philippines serves as a networking and information hub on decentralization in Asia. Besides this, it is engaged in its own research and training activities. ARCD's website offers an online forum, a news section, downloadable publications such as the "Decentralization sourcebook", as well as an overview of training activities on decentralization and capacity building.

#### [Urban Governance Initiative \(TUGI\) \[UNDP\]](#)

"The Urban Governance Initiative (TUGI) is a regional project of the United Nations Development Programme (UNDP) that acts as a hub for promoting good urban governance through institutional capacity building, providing policy advisory services, enabling innovations on tools and methodologies for good urban governance and ensuring wide information dissemination and collaborative networking on all of the above within and between cities in the Asia Pacific region" (from their website). Specially worth mentioning



are their annual TUGI-UNDP Awards, which goes to cities, city-based projects, as well as individuals that have shown special commitment and related measures for promoting good urban governance. Among other things, their website houses the "Urban Links" newsletter, as well as a calendar of events.

[www.cities-localgovernments.org](http://www.cities-localgovernments.org)

United Cities and Local Governments (UCLG) represents and defends the interests of local governments on the world stage, regardless of the size of the communities they serve. Headquartered in Barcelona, the organisation's stated mission is:

*To be the united voice and world advocate of democratic local self-government, promoting its values, objectives and interests, through cooperation between local governments, and within the wider international community.*

UCLG's work programme focuses on:

- Increasing the role and influence of local government and its representative organisations in global governance;
- Becoming the main source of support for democratic, effective, innovative local government close to the citizen;
- Ensuring an effective and democratic global organisation.

United Cities and Local Governments supports international cooperation between cities and their associations, and facilitates programmes, networks and partnerships to build the capacity of local governments. It promotes the role of women in local decision-making, and is a gateway to relevant information on local government across the world.

## Annex 2: References

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