



Towards an EU approach to democratic local governance, decentralisation and territorial development

Background Paper

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BACKGROUND PAPER

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BACKGROUND PAPER

Support Study : **Towards an EU approach to democratic local governance, decentralisation and territorial development**

1. Purpose and Structure of the background paper

This Background Paper (BP) is constructed around the ToR drawn up for the ‘Support Study in view of Public Debates on Local Development..¹’ Local governance has become a key issue in the EU development policy debate. The European Consensus on Development makes reference, both as part of the EU vision of development and of the European Community Development policy, to drivers of local development such as governance, decentralisation, civil society and local authorities participation, and to country-led, participatory, decentralised and environmentally sustainable territorial development. The European Commission is currently involved in launching a debate aiming at shaping a EU approach to local governance for development.

The Paper is structured as follows: Sections 1 to 3 outline the EC instruments, documents and programme modalities which provide the policy background to the three specific programmatic areas of Local Governance, Decentralisation and Territorial Development (TD). Section 4 presents the analysis of the three subject areas. In section 4.1 , the concept of Local Governance are defined in terms of actors, approaches and constituent elements. Section 4.2 discusses Decentralisation, firstly within a definitional context, then lessons learned and existing approaches. Territorial Development is analysed in 4.3 where definitions, policy linkages and donor challenges are discussed. An overall conclusion illustrates how Local Governance, Decentralisation are interlinked and with complementarity, thus contributing to strengthening Governance.

2. General introduction

The Millennium Declaration was adopted by 189 nations and signed by 147 heads of state and governments during the UN Millennium Summit in September 2000. It included a statement of values, principles and objectives for the international agenda in the 21st century and outlined a number of collective actions and marked 2015 as the deadline for achieving them.

From this Declaration the following eight Millennium Development Goals (MDGs) were agreed:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop a Global Partnership for Development

¹ Local Development was the theme identified in the ToR; these were altered to become Local Governance at the request of the EC in the course of the assignment.

Having in mind the results achieved so far (MDG's Report 2007²), it seems obvious that these complex challenges cannot be addressed and implemented in the foreseen timeframe exclusively from the top.

The need for a participatory decision-making process, the demand for adapting development strategies to local needs, the requirement to take local knowledge into account, make it necessary to look at development from a local perspective.

Even more, the success of most of the MDG's can only be ensured with the support of the local authorities, local autonomous agencies or non-state actors. This means - in terms of development outcomes - that local governance processes, where public institutions, civil society and individuals build a close relation, are particularly relevant for service delivery in many sectors and forms, and also for the sustainability and effectiveness of territorial development strategies and the implementation of the MDG's. Too often, however, sub-national levels of government are not involved in consultations on national poverty reduction strategies or sector policies. Nor are they given the mandate or institutional and financial capacity to plan and deliver local development interventions such as social services and local infrastructure, local economic development initiatives, natural resource management, etc.

The public debate launched by the EC in 2008 will particularly focus on local governance and development, and more specifically, on the links between local democratic governance, decentralisation and territorial development. For finding innovative ways to enhance aid towards decentralised actors, such as municipalities and regions, it seems essential to explore whether and how, the 3 themes are interconnected, how they can co-operate, and if how they influence each other.

In this sense, creating a right policy climate for local governance, where local authorities can plan, budget, implement and monitor local development activities, shall be a key step in multiplying the efforts for development. In those efforts, the three variables of local governance, decentralisation and territorial development should play their role. The decentralisation process, understood as the process of shifting responsibilities and financial capacity from central to local level, is a clear precondition for sound, effective and good working local governance. At the same time, a sound and sustainable territorial development needs to rely on accountable, transparent, good functioning and self-responsible local governance.

However, in spite of the linkages under the broad framework of local governance, the considerable practical experience gained by bilateral and multilateral aid programmes and the extensive documentation accumulated over the last years, only a modest amount of that knowledge and experience provides a good guidance.

Both the European Commission and the European Union have undertaken significant changes in the structure and delivery of Development policy over the last years. On the one hand they have been active and determined when discussing these issues in the international community. On the other hand, the process of decentralization and new sharing of competences has also taken place within the EU External Action itself, and a new stage for Development policy as a whole was created when the European Council adopted in December 2005 the European Consensus for Development.

In this regard, the possibility of a new policy framework for local governance must be anchored within that context, and learn from the extensive experience and records accumulated over the last years. This covers thematic, geographical, methodological and conceptual issues as well as links with other relevant areas of EU policy, particularly EU Regional policy and EU Enlargement.

² <http://www.un.org/millenniumgoals/>

3 State of play at EU level

The ToR require the consultants to analyse the documentation produced by the EC on local development. The following section will undertake this task and the linkages to Local Governance, Decentralisation and Territorial Development will be explored.

3.1 EU initiatives and policy documents

Within the framework of Development policy, the European Commission and the Member States are, over the past years, coming together in their agendas and instruments to face new developments and challenges. A number of relevant documents shall be mentioned in this regard:

- In October 2003, the European Commission launched the first real debate on the issue of Governance in third countries with the release of the **Communication on Governance and Development**³. This document offered a new vision on how to support governance in developing countries.

The Commission moved away from a traditional standpoint that automatically related governance and corruption, and proposed a more strategic approach to consider it as an essential element to eradicate poverty and foster sustainable development.

It identified measures to be applied to improve governance in, what it calls, “three different scenarios: (i) effective partnerships; (ii) difficult partnerships; and (iii) post-conflict situations”.

This was followed in 2004 by a draft “Handbook on promoting good governance in EC development and cooperation”, that which deemed decentralization and local governments to be one of six “governance clusters” and proposed direction and know how on how to support it.

- In October 2005, the **EC Communication on the EU Strategy for Africa: Towards a Euro-African Pact to Accelerate Africa’s Development**⁴, emphasizes the role of in partnerships with other regions and countries. It realizes the importance of the local level and calls for a “systematic dialogue with national governments and local authorities on how best to support decentralization processes”
- In December 2005, a major political breakthrough occurred when the **European Consensus for Development**⁵ is signed. For the first time in fifty years of cooperation, a new common framework of action is agreed. Above all, it includes a record of common principles within which both the EU and the Member States shall implement their development policies, “in a spirit of complementarity”.

The European Consensus on Development enshrines the ideas of ownership and participation as core principles of the European Union Development policy, and applies them to the existing cooperation agreements with the ACP countries, Asia, South America and “neighbouring” countries.

³ Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee, Brussels, 20.10.2003 (COM(2003)615 final)
<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2003:0615:FIN:EN:PDF>

⁴ EU Strategy for Africa: Towards a Euro-African pact to accelerate Africa’s development {SEC(2005)1255} http://eurlex.europa.eu/LexUriServ/site/en/com/2005/com2005_0489en01.pdf

⁵ **The European Consensus on Development**, Joint statement by the Council and the representatives of the Governments of the member states meeting with the Council, the European Parliament and the Commission, 2005
http://ec.europa.eu/development/center/repository/eu_consensus_en.pdf

While the Consensus offers a new structure and vision over principles, objectives, priority areas and competences, it remains unclear on where issues regarding local development and decentralisation stand. These areas are, in fact, hardly mentioned in the introduction or in the competences of the European Commission.

- In August 2006, the European Commission produced a new Communication on Governance⁶: **Governance in the European Consensus on Development: Towards a Harmonised Approach within the European Union**. This new communication is an attempt by the Commission to harmonize European Community and EU Member States' approaches to supporting governance. In addition, the European Commission reaffirms its commitment to support governance in developing countries in the understanding that:
 - It recognizes that there is no such a thing as "one size fits all"
 - It broadens the approach: Governance is more than tackling corruption
 - It aims at slowly developing a common approach through dialogue and mutual accountability.
 - It acknowledges the importance of different levels of governance (local, national, international) and "the key role of local authorities can play in achieving the MDGs".
 - It emphasizes the aspiration of the European Commission and the Member States to work with other donors to provide complementarity and support each others efforts.
 - It indicates budget support as a relevant form of aid modality.
- In January 2006, the European Commission adopted **the Thematic Programme "Non-state Actors and Local Authorities in Development"**⁷ Underpinned by the principle of subsidiarity, this new programme supports the right of initiative of non-state actors and local authorities, funding their initiatives when other existing programmes (for example geographical) are not the most appropriate instruments.
- In September 2007, the European Commission adopted a **Report on Policy Coherence for Development (PCD)**⁸. The importance of coherence for development is reflected in the European Consensus on Development, "when exploring ways to accelerate progress towards achieving Millennium Development Goals (MDG), the European Union (EU) must consider how non-aid policies can assist developing countries in attaining the MDGs".

This report highlights the interactions and complementarities between development policy and twelve other internal and external EU policies that have a direct impact on developing countries.

In 2005, the EU agreed to improve coherence in 12 policy areas: trade, environment, climate change, security, agriculture, fisheries, social dimension of globalisation, employment and decent work, migration, research and innovation, information society, transport, and energy. The report establishes a number of general guidelines for each of these priority areas as well as a number of concrete measures to support progress towards the MDGs. In terms of actors, it remains very focused on EU or national cooperation.

6 Governance in the European Consensus on Development- Towards a harmonised approach within the EU,

Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee and the Committee of the Regions, Brussels, (SEC(2006)1020); (SEC(2006)1021) ; (SEC(2006)1022) + annexes <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2006:0421:FIN:EN:PDF>

⁷ Communication from the Commission to the Council, the European Parliament, the European Economic and Social committee and the Committee of the Regions - The Thematic Programme "Non-state Actors and Local Authorities in Development" /* COM/2006/0019 final */

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2006:0019:FIN:EN:HTML>

⁸ Commission Working Paper - EU Report on Policy Coherence for Development {SEC(2007)1202} /* COM/2007/0545 final */ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52007DC0545:EN:HTML>

- In October 2007, The European Commission released the Communication **Towards an EU Response to Situations of Fragility- Engaging in Difficult Environments for Sustainable Development, Stability and Peace**⁹. This report follows a number of documents that include the European Security Strategy (2003), the European Consensus on Development (2005), the EU strategy for Africa (2005), the EU policy Framework for Security Sector Reform support (2006), the European Union concept for strengthening African capabilities for the prevention, management and resolution of conflicts (2006), the EU concept for support to Disarmament, Demobilisation and Reintegration (2006) among others. This Communication delineates a comprehensive EU strategy to tackle state fragility and promote sustainable development, stability, peace and democratic governance. The Commission highlights this area as strategic to local development in order to create the conditions for human security and democracy building.
- Finally, in December 2007, the **Lisbon Declaration**¹⁰ on the EU-Africa summit aims at developing a new political partnership between the EU and Africa aiming at being more effective in a number of areas:
 - Achieving the Millennium Development Goals.
 - Establishing a vigorous peace and security architecture in Africa.
 - Strengthening investment, growth and prosperity through regional integration.
 - Promoting good governance and human rights.
 - Supporting an open and multilateral framework for global governance..

References to the importance of local development were mentioned in different areas (Annex 1).

In parallel, there is the opinion from the European Committee of the Regions in June 2007, on **Governance in the European Consensus for Development**¹¹. In brief, among other issues, it called on the Commission, "in accordance with the objectives of the cooperation agreement for the development of decentralised cooperation, to work with the Committee of the Regions on the establishment of a decentralised cooperation exchange with a view to facilitating and more effectively coordinating the development of decentralised cooperation activities conducted by EU local and regional authorities and their counterparts in developing countries".

Along the same lines, a recent European Parliament resolution¹² recognised that the involvement of local authorities in development policies was essential both for achieving the MDGs and ensuring good governance, and stated that the role of local authorities in development had so far been under-estimated and under-exploited. It called on the Commission to strengthen direct cooperation between European local authorities and their international partners. Steps should be taken to ensure the continuity of the solidarity networks set up by the URB-AL, Asia URBS and other programmes, due to end in 2007.

Other relevant policies

⁹ **Towards an EU Response to Situations of Fragility- Engaging in Difficult Environments for Sustainable Development, Stability and Peace**, Communication from the Commission (DOC.14356/07+ ADD1), 2007) + Council conclusions + EP Resolution on situations of fragility <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0643:FIN:EN:PDF>

¹⁰ http://ec.europa.eu/development/services/events/eu-africa-summit-2007/index_en.cfm?CFID=479556&CFTOKEN=81263818&jsessionid=24302332a07e76521b55#

¹¹ <http://eur-lex.europa.eu/Notice.do?val=454280:cs&lang=ga&list=461478:cs,461476:cs,455753:cs,456061:cs,454280:cs,451317:cs,454733:cs,451532:cs,449695:cs,447099:cs,&pos=5&page=1&nbl=1239&pgs=10&hwords=>

¹² The European Parliament adopted a resolution on local authorities and development cooperation: 15/03/2007 - EP: non-legislative resolution.

It is also relevant to mention the importance that local governance has in other areas of EU policy:

- **EU Regional Policy:** Perhaps the most robust and developed approach to local governance and development, stimulated within the borders of the EU. The European Commission acknowledged years ago the increasing importance of the regional and local level, and suggested ways for developing areas like employment, gender equality, social inclusion, economic development, innovation information society, etc. It remains determined to boost interaction between the national, regional and local authorities.

The European Fund for Regional Development (EFRD), the European Social Fund (ESF) and the Cohesion Fund contribute to the three overall objectives:

To create the conditions to promote growth and gradual convergence for the least-developed Member States and regions.

To strengthen competitiveness, create employment and foster the attraction of investments. The former programmes Urban II and Equal are part of these two objectives.

To strengthen cross-border co-operation through joint local and regional initiatives, trans-national co-operation aiming at integrated territorial development, interregional co-operation and exchange of experience. It draws its know-how from the former Community initiative - INTERREG.

- **The EU European Neighbourhood Policy.** A new policy was launched in 2004 and directed to the EU's immediate neighbours¹³. It aims at preventing new dividing lines between the enlarged EU and our neighbours. In this regard, fostering prosperity, stability and security in those areas where the overall objectives. The EU offers a privileged relationship, which in practice tries to be translated into deeper political dialogue and economic integration. It is different both from the Enlargement process and other regional cooperation agreements.

Projects and programmes take place in the areas of local governance, decentralization and territorial development but are not highlighted as one of the main objectives of the strategy. It is, however, one of the EC objectives to strengthen the area of civil society exchanges, thus creating more fluid contacts between different stakeholders: NGOs, private sector, trade unions, local and regional authorities.

- Perhaps like Regional Policy, **EU Enlargement** is a unique and solid instrument that has become a defining part of the EU "way of doing things". In the current phase of enlargement, specific technical help and targeted financial aid for acceding countries is still provided to deal with the challenges of establishing political stability, democratic institutions and functioning market economies. Programmes such as ISPA and Sapard, Phare and CARDS and a specific programme for Turkey have delivered more than €100 billion for aspiring countries and new Member States over the last decade are still in operation. Many of these funds are devoted to local development or promote the involvement of local actors, civil society, etc.

Other activities where the local dimension is very important are:

- **LEADER**, where support is granted to the acquisition of skills to conceive and implement local rural development strategies, and the implementation of integrated

¹³ Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine

territorial rural development strategies. Since its creation in 1991, Leader and its successors (Leader I, Leader II then Leader+) have enabled rural communities to pursue their own development strategies, as well as encourage the creation of international, national and regional networks of best practices.

- **European Employment Strategy**, particularly since 2003, local employment development has been explored through various programmes at the Community and Member State level. The level of involvement of regional and local actors in the EES depends on the political and constitutional structures of each Member State and is determined by the principle of subsidiarity.
- **Town twinning**, which can be regarded as a fully fledged reality in Europe due to the considerable number of municipalities that are linked to each other through a formal town twinning agreement. Their aim is to encourage collaboration between the towns and mutual understanding between their citizens. It relies upon the voluntary initiative and commitment of citizens in collaboration with their local authorities and associations.

Additionally it is important to acknowledge all the different initiatives, instruments and projects taking place through the different EU Member States, which classification goes beyond the capacity of this paper.

Lastly, to highlight the huge number of projects taking place in the area of decentralized cooperation. Local authorities are increasingly involved in cooperation activities to help tackle poverty and improve lives and livelihoods. This kind of actions between local authorities both in developed and developing countries often includes sharing of knowledge, expertise and traditional practices and helps to promote widespread participation in development. In many cases they foster very appropriate channels to learn from different practices and contribute to economic and social progress through the promotion of territorial development, decentralization and the empowerment of local authorities (see more under Local Governance section and list of best practices in Annex II).

3.2 EC Support for local governance

A large number of developing countries are already involved or seriously considering the promotion of local governance.

The support provided by the community of donors has responded to that development, but still lacks a proper policy framework for that strategic line of action. In fact, it occurs more in a flexible and unsystematic manner, according to the particular contexts and cooperation agreements.

The European Commission has become progressively more engaged in support to decentralisation and local governance processes across various regions (see Annex 1). The Europaïd Reference Document on Supporting Decentralisation and Local Governance in Third Countries provides a useful categorization of the “entry points” for EC support:

Entry point	Focus	Examples
Policy support and institutional development	Overall support to the formulation, implementation and monitoring of a national decentralisation policy. Projects and programmes targeting policy and institutional reform at the macro country level as well as local government capacity building (including	<p>MALI: Integrated EC support to administrative reform and decentralisation as well as to the regions.</p> <p>HONDURAS: Sector support programme to the decentralisation policy.</p>

	through budget support modalities)	
Good governance including local governance	Support to local democracy and elections; enhanced participation of local actors in policy processes; empowerment of local governments; civil society strengthening	<p>CAMBODIA: Capacity building for pluralistic democratic structures at the commune level.</p> <p>CONGO: Support to institutional development in the framework of democracy and rule of law.</p> <p>TANZANIA: Support to the local government capital development grant system (fiscal decentralisation).</p>
Decentralisation and delivering of services	Support to the decentralisation of services in health, education, water and sanitation, (rural) infrastructure and transport sector, generally related to sector reform programmes targeting poverty alleviation. It also builds local authorities capacity to deliver, manage and maintain services. In some countries, budgetary support or capital investment facilities are provided to municipalities	<p>THAILAND: Decentralisation of health budget management to the provincial level.</p> <p>KENYA: Supporting pro-poor service planning and delivery.</p>
Local (regional) development and rural development	Capacity building activities to improve local and rural government structures' ability to promote participatory community planning and rural economic development. In some of these programmes particular attention is given to spatial planning and area-based development Local economic development, urban development and community participation as well as support to decentralised actors (including local authorities)	<p>VIETNAM: Integrated rural development in the Northern Uplands.</p> <p>JORDAN: EU support to poverty reduction through local development</p> <p>MADAGASCAR: Programme d'Appui aux Communes et Organisations Rurales pour le Développement du Sud</p> <p>NIGER: Programme de coopération décentralisée</p>
Decentralised cooperation and multi-annual micro projects	Support to decentralisation in countries recovering from conflict (with a strong governance focus) Improvement of sustainable urban management in cities by enhancing local good governance and administration, urban growth planning and the efficiency of key services	<p>UGANDA: Successive multi-annual micro-project programmes</p> <p>BURUNDI, SIERRA LEONE, BENIN: Decentralisation programmes</p>

As the EC moves into the decentralisation arena, it is confronted with a number of tactical and effective tests, such as the commitment of central states, the role of local authorities and their capacities. It also affects issues such as: harmonisation of aid, donors' coordination and capacity reinforcement at each level of governance (central and local).

There is no doubt that supporting local governance and development involves a certain level of political participation. In other words, even if this kind of interventions can be conveyed under the alleged detachment of administrative instruments, the fact is that they ultimately act as engine of change in sensitive areas of any state.

In the case of the EC, its approach to local development and decentralisation varies from place to place corresponding to different levels of experience and evolution, in addition to the willingness and commitment of countries to decentralise. In this regard, the evolution in different countries has taken place from pilot projects and micro projects to programme support to decentralisation.

Financial instruments and local development

Broadly speaking, the EU's aid priorities are:

- To progress in its strategy towards new neighbour states,
- To lead as an actor in sustainable development and
- To assert the role of the EU vis-à-vis new security challenges.

As will be examined more in detail later (Annex I), support to local development is already taking place through the EC geographic (at the national as well as the regional level) and thematic financial instruments.

For the 2007 to 2013 financial perspective the EU has adopted a package of six new instruments for the implementation of external assistance.

- European Neighbourhood and Partnership Instrument (ENPI) * which is implemented via 3 types of programmes:
 - Country or multi-country programmes
 - Thematic programmes (TEMPUS, LIFE)
 - Cross border cooperation programmes.
- European Development Fund (EDF) *
- Development Co-operation Instrument (DCI) *
- European Instrument for Democracy and Human Rights (EIDHR) *
- Instrument for Stability (IfS)
- Nuclear Safety Co-operation Instrument (NSCI)

The Instrument for Pre accession Assistance (IPA)* is at the junction between external assistance and internal policies. It aims at providing targeted assistance to countries which are candidates and potential candidates for membership to the EU. The Twinning programme* is one of the principal tools of Institution Building accession assistance.

If a specific issue cannot be implemented through a geographic instrument, then, depending on which area of the world the programme is in, the issue can potentially be covered under one of the **seven thematic instruments**:

- Tackling universal challenges *
- Governance and democracy *
- Human and social development *
- Economic support *
- A stable present means a brighter future*
- Natural resources* and
- Infrastructure for sustainable development *

All the instruments marked with an asterisk are in one way or another linked to local governance, decentralisation and regional development issues. To avoid fragmentation, overlapping and inefficiency, the EU should take a clear decision on how to provide support to Local Governance and Development through the financial instruments.

The programming process

The EC has a main instrument to design its cooperation objectives with the third countries. This takes place in the multiannual programming process, which analyses and selects which priority areas will be supported. The programming process in the EC's external cooperation is an essential decision-making process aimed at defining the EC strategy for countries receiving external assistance.

This takes place through the production of Country Strategy Papers (CSP) and National Indicative Programme (NIP) or Regional Strategy Papers (RSP) and Regional Indicative Programme (RIP), that describe the scope of the cooperation and the priority sectors that will be supported.

An important challenge lies in the linking of country-based thematic projects and strategies and priorities established in the Country and Regional Strategies, where they exist. Country and Regional Strategies, while establishing the policy mix, should identify opportunities for adding value to the national and regional programmes.

It is important to underline that the EC does not have specific tools to assess the needs for local governance, decentralisation and territorial development during the programming process.

In this regard, if this area of development policy develops into a more solid ground of action, further coordination and coherence, first at EU level but also with the rest of the donor community, becomes a must, particularly in the context of the Paris Declaration on Aid Effectiveness¹⁴.

All in all, and regardless of the existing shortcomings in this rather new area of work, it is important to highlight that local development policies and local initiatives have been increasingly present in the mind of the institutions in general and the European strategies in particular. What remains is to systematize the experience accumulated in the areas of local governance, decentralization and territorial development and bring about a coherent and solid policy approach.

Case Study : The programming process of the 10th EDF and the Cotonou agreement linked to local development programmes: Is Local development properly integrated in the countries programming

The Cotonou Partnership Agreement (CPA)¹⁵, designed to last for a period of 20 years and is based on four main principles: (i) equality of partners and ownership of development strategies; (ii) participation open to other actors (e.g. civil society, the private sector, and local governments); (iii) dialogue and mutual obligations; (iv) differentiation and regionalisation. The CPA wishes to give a stronger political foundation to ACP-EU development cooperation, based on political dialogue, good governance, and most important, participation of non-state actors and local governments in development cooperation, which are now considered complementary actors to central governments who traditionally have been the key actors of cooperation between the EU and the ACP countries.

For all actors involved, the introduction of participatory development approaches amounted

¹⁴ The Paris Declaration, endorsed on 2 March 2005, is an international agreement to which over one hundred Ministers, Heads of Agencies and other Senior Officials adhered and committed their countries and organisations to increase efforts in harmonisation, alignment and managing aid for results with a set of monitorable actions and indicators.

¹⁵ The Cotonou Agreement is a treaty between the European Union and the group of African, Caribbean and Pacific states (ACP countries). It was signed in June 2000 in Cotonou (Benin) by 79 ACP countries and the then fifteen Member States of the European Union. It entered into force in 2002 and is the latest agreement in the history of ACP-EU Development Cooperation.

to some sort of 'cultural revolution'. Decades of centralised management of development and cooperation processes are not erased with the stroke of a pen. In regard to the programming process of the 10th EDF, the CPA still has potential, but fundamental adjustments are needed to confront new realities, such as:

- While the main pillar of the Cotonou Agreement was Poverty Reduction, aid allocated to Africa under the 9th EDF has had limited impact on the majority of the poor;
- The innovations of the CPA are still a source of inspiration for a modern and original approach to international cooperation: political dialogue, participatory approaches, programming, performance-based management, concrete mechanisms for learning through mid-term and end-of-term reviews, etc. The challenge will be to make sure that this original framework also works in practice and that it can promote positive change in terms of development;
- If the political dialogue between EU and ACP countries is complemented by the introduction of non-state actors (NSAs), a clear distinction is needed among them. Elected local authorities, having first hand knowledge of the day-to-day problems of the inhabitants and a legitimate mandate should be distinguished, on a donor's side, with NGOs and civil society¹⁶.
- Need to carry out a detailed political follow-up with associations of elected representatives of the implementation of development projects within both the EU and developing countries, in particular by examining country strategy papers.

¹⁶ A sound analysis of the conditions and dynamics in which non-state actors are acting in their country specific context is yet to come. Only a very few Commission Delegations have political advisers or governance experts. NGOs' authority and legitimacy could sometimes easily be put into question since they were not really membership based and depended on financing from international partners.

4. Local Governance and Development

Local governance is, according to the EC Communications and Council conclusions issued in 2003¹⁷ and 2006¹⁸, inextricably linked to democratic governance. A European Parliament Resolution in 2003¹⁹ and a Committee of the Regions opinion in 2007²⁰ also support this view. Governance has become a fundamental subject in the EU development policy debate and is now seen as a key element of both donors' and partner countries' policies and programmes.

In its Communication on Governance and Development in 2003, the European Commission refers to governance in the following terms:

Governance concerns the state's ability to serve the citizens. It refers to the rules, processes, and behaviours by which interests are articulated, resources are managed, and power is exercised in society. The way public functions are carried out, public resources are managed and public regulatory powers are exercised is the major issue to be addressed in this context. In spite of its open and broad character, governance is a meaningful and practical concept relating to the very basic aspects of the functioning of any society and political and social systems. It can be described as a basic measure of stability and performance of a society. As the concepts of human rights, democratisation and democracy, the rule of law, civil society, decentralized power sharing, and sound public administration, gain importance and relevance as a society develops into a more sophisticated political system, governance evolves into good governance.

A number of relevant issues arise from this definition, having a direct influence on the concepts of local democratic development, decentralisation and territorial development.

1. Local governance resembles the capacity of local authorities to manage their affairs. It is fundamental to acknowledge the role of local governments in its democratic and developmental mission aimed at improving the quality of life of their communities. Effective local governance has a direct impact on essential issues such as maintaining human security, promoting human rights, local economic development, basic infrastructure and public services, etc.
2. Local governance demands processes of decentralisation where local structures are capable, accountable and responsive to the needs and rights of citizens. Decentralisation is a long-term endeavour, but an indispensable one to achieve local democratic governance. In this process, building mutual trust through robust linkages across different levels of governance must be complemented with the adequate technical and managerial capacity, as well as with substantial support for capacity building at local level.
3. Local governance has a key role in lifting people out of poverty. A tactical and holistic vision of territorial development, that creates an enabling climate for sustained growth through strategic investments, taking into consideration a good balance between economic, social, environmental and good governance issues is the other necessary pillar for local development. Local territorial development demands a shift from

¹⁷ <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2003:0615:FIN:EN:PDF>

¹⁸ <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2006:0421:FIN:EN:PDF>

¹⁹ <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2002:153E:0314:0323:EN:PDF>

²⁰ http://cor.europa.eu/cms/pages/documents/relex/EN/Avis/cdr383-2006_fin_ac_en.pdf

sectoral to a territorial policy approach, which integrates different policy areas at regional and local level in proper coordination with national authorities.

The next sections provide a more in-depth examination on the concepts, experiences, linkages and dilemmas arising from those three areas: local democratic governance, decentralization and territorial development.

4.1 Local democratic governance

4.1.1 Introduction

The sections that follow will deal with several aspects related to local governance (definition, context, main actors and key elements). It will further examine several approaches to local governance, both political and practical, and finally look into some proposals for follow-up action. On this point, it will put in perspective linkages between developments at national and local level suggesting the need for the various levels of government to act in partnership for the benefit of political stability and lasting impact of development efforts

In theory, governance is a neutral concept and can be applied at different levels and to all sorts of entities, both public and private. In the practise of international cooperation it is generally understood as referring to the quality of public institutions and the provision of public goods to the community at large.

In the context of this Background paper, governance is very much related to the decision making process, the implementation of decisions, and the allocation of resources at the **local level**. This means, it is closely linked to local government (as the level or sphere of government closed to the citizens) on the one hand and a variety of local stakeholder groups (or so called non-state actors) on the other.

The quality of local governance can span a wide range of practices ranging from 'bad' to 'good' (or good enough) governance, whereby bad and good refer to basic elements and principles of the local governance process (see section 4.1.4). The situation at hand can be described and qualified in terms of those basic elements, thus providing an evaluation of the quality of local governance there and then. Obviously, local governance is not a static concept, but should be looked at in a dynamic and pro-active manner.

Democratic local governance is a further qualification of the term, whereby local governance is linked to democratic values such as the rule of law, separation of powers, representation, checks and balances, and respect of human rights and fundamental freedoms. As such local governance is part of a wider institutional framework that sets the 'rule of the game' in political and legal terms. This contextual framework is primarily national, but increasingly supra-national (federal, intergovernmental or global) because of a trend towards globalisation and internationalisation.

Democratic local governance is not an end in itself, but a means towards sustainable development as the ultimate goal. It can help create the conditions believed to be necessary for an inclusive, responsive and effective development process. As such, it has a clear link with Decentralisation and Territorial Development, which are the other two major themes that will be dealt with in this paper. For decentralisation policies to succeed it is imperative to build the necessary trust and institutional and operational capacities to cope with decentralised tasks and responsibilities and communities' growing demand on local governments' leadership and service delivery. With regard to Territorial Development, local governance is seen as a pre-condition that will enhance and reinforce the main assets of territorial development, i.e. resources, players, institutions and networks.

4.1.1 Defining the concept

Local governance can be defined as follows:

A process of decision making (by local council and relevant stakeholder groups) on matters of local/municipal development and the implementation and management of development plans and the provision of basic services through allocation of available resources in order to achieve agreed development goals and targets.

In essence, local governance is about:

- a- who is participating in decision making, how is this process organised, and to what extent are actual decisions reflecting the community's priority needs;
- b- once decisions have been made, how are they translated into action and who is involved in the implementation process;
- c- what resources (natural, human, material, financial) are available and how are they allocated to meet people's needs in terms of basic services and participatory development.

In general terms, the following *four aspects* are important:

- I. Governance is conceptually broader than government. It recognizes that power exists inside and outside the formal authority and institutions of government. The interaction of the different stakeholders in the political, economic and administrative domain creates a cumulative impact on the lifestyles and living standards of its citizens.
- II. Governance is broader than management, which tends to focus on the implementation and administration functions of government. This implies that good governance is not only concerned with the management function a local government performs but also about the environment in which management decisions are taken and implemented.
- III. Governance is a process. The concept recognizes that decisions are made based on complex relationships between many actors with different priorities.
- IV. Governance is a neutral concept. The actors, mechanisms, processes and institutions can produce positive or negative results, hence the notion of "good governance".

As (local) governance is often used in the context of decentralisation policies, it is perhaps useful to look into aspects such as interdependency, specificity and elements they have in common.

Interdependency

From an analytical point of view the two concepts can be looked at independently. Both governance and decentralisation have their own material substance and realm of application. The notion of 'governance' is used in a variety of areas, at different levels, and for a wide range of actors or players. For 'decentralisation' this is not fundamentally different. A central theme in decentralization is the difference between a hierarchy (based on authority: two players in an unequal-power relationship) and an interface (a lateral relationship between two players of roughly equal power). The more decentralised a system is, the more it relies on lateral relationships, and the less it can rely on command or force.

While 'decentralisation' gives guidance on WHERE in essence decision-making takes place, 'governance' deals with HOW the process of decision-making is organised. A decentralized organization shows fewer tiers in the organizational structure, wider span of control, and a bottom-up decision-making and flow of ideas. The latter represents in essence what we commonly refer to as 'local governance'. So, the two can be looked at separately, but are often seen as interrelated. The term 'decentralised governance' is in fact bringing the two

worlds together and is usually applied to the area of public administration. The two can be mutually re-enforcing to the extent they are considered in an integrated manner. Especially when governance is narrowed down to 'local governance' the aspect of interdependency becomes even more critical.

Points in common

The two concepts also have certain elements in common:

- Their *role is primarily instrumental*, which means that as a means towards an end they aim to make the development process more effective and efficient;
- As part of a process, they *need a mid to long-term time* frame to produce concrete results;
- They *link up partners and levels of action* though orientated differently (vertically versus horizontally), and
- They require *political and financial support* to sustain.

The overall approach by donor agencies such as the EU is beginning to shift towards supporting recipient countries policies (through the so called sector-wide approach or SWAP and budget support for selected sector policies). At the same time, there is a renewed interest in the role of local governments working in partnership with civil society and the private sector. It remains to be seen how this will work out for a cross cutting subject like governance.

The above trends should be given systematic donor attention and support in ways such as:

- Making sure that sector wide approaches and budget support do not impact negatively on strengthening local government and building local development capacities;
- Urging national governments to include non-state actors in the process of formulating and implementing development policies and programmes that affect them directly (such as policies and legislation related to national development, PRSP, decentralisation, local government, and privatisation);
- Coordinating programmes and where appropriate pooling resources aimed at decentralisation and building local governance capacities, both public and non-state actors;
- Streamlining criteria and procedures of accessing and spending local governance capacity building funds;
- Increasing gradually the share of funds aimed at joined action between local government and non-state actors at the local level;
- Mobilising forces working towards integrating local development initiatives into a coherent local/municipal development plan for the mid and long term;
- Enabling partners in local development (public and non-state actors alike) to represent and defend their interests, both nationally and internationally;

It is clear that governance is an area where the Paris Declaration demands for greater country ownership of the development agenda and it will be challenging to realise that.

4.1.2 Local governance in context

The notion of (local) governance emerged in response to developments that have impacted on the lives of millions especially the poor in developing and transition countries. Those developments are taking place at all levels and involving a multitude of actors representing public, private and community sector interests and their institutions.

Because of growing global interdependencies, we have to be aware of the (potential) mutual impact of and linkages between such developments. In the table below, a number of such

governance related elements are listed. They are presented in pairs so that the link between national and local becomes more apparent.

Table 1: Linkages between national and local developments impacting on local governance

National	Local
<ul style="list-style-type: none"> ○ Democratisation & multi-party politics ○ Nat. development policies (e.g. PRSP) ○ Decentralisation & legislation on local government and integration of traditional authorities into LG system ○ Establishment of mechanisms for state-civil society consultation ○ Privatisation & contracting out of service delivery ○ Mechanisms to prevent/deal with social conflict and civil war; ○ Formation of local government associations (LGA) ○ Institutional environment allowing international municipal cooperation 	<ul style="list-style-type: none"> ○ Local elections & growing awareness of human & political rights ○ Development of municipal dev. plans; ○ Local councils & traditional authorities executing powers & functions according to LG law ○ Establishment of mechanism for local council –community consultation ○ Contract management & service delivery through PCP & PPP ○ Mechanisms for mediation & handling local conflicts (social, ethnic, tenure, natural resources etc) ○ Municipalities benefiting from LGA services ○ Cities and municipalities developing partnerships with counterparts abroad

What follows from the juxtaposition in the above table can be summarised as follows:

- In a number of areas, national developments run parallel to and sometimes go hand in hand with local developments;
- Since local development is supposed to take place in the context of national policies and programmes, the latter must be clearly spelled out and communicated to lower levels of government;
- Decentralisation and local government legislation must provide a clear mandate for traditional authorities and their relations with local government;
- Communication between state and non-state partners in development is not obvious; therefore mechanisms for consultation have to be established and formalised;
- The need for enhanced private and community sector involvement in local service provision is increasingly recognised at both national and local level; the challenge is to establish appropriate legislation (national) and operational modalities (local) for its effective implementation;
- In specific areas (such as natural resources, land, environment, public safety) conflicts may arise which have a national and local dimension; it is of the utmost importance that proper legal and institutional arrangements are put in place for both national and local authorities to respond to them in an adequate manner;

For a proper understanding of the above, it should be noted that intermediate levels of government can exist between national and local. This varies a lot across countries and should be dealt with on a country specific basis. For the sake of simplicity, the above table has merged all sub-national levels into one local level.

4.1.3 Key actors in local governance

As stated before, local governance is characterised amongst others by the involvement of a great number of actors. They represent a wide range of interests and will act accordingly and are presented below.

Table 2: Major stakeholders in governance include²¹:

Stakeholder	Their Role	They include
The State (government)	Creates the conducive political and legal environment through: <ul style="list-style-type: none"> • Maintaining the rule of law • Regulating socio economic standards • Developing social and physical infrastructure • And ensuring social safety nets and citizens protection 	<ul style="list-style-type: none"> • Executive • Legislative • Judiciary
Local government (incl. traditional authorities)	Provides institutional and admin framework for conducting community affairs <ul style="list-style-type: none"> • Political decision & policy making • Provision basic services • Management local dev planning • Handling land and land-use issues • Mediation in resolving conflict 	<ul style="list-style-type: none"> • Local council • Committees (standing & other • Specific issue boards (tender/ Marketing, Land) • Traditional leaders • Local courts
Private sector	Provides the foundation for economic growth and development through: <ul style="list-style-type: none"> • Employment generation, • Production and trade, • Human resource development • Service delivery and • Upgrading corporate standard 	<ul style="list-style-type: none"> • Small, Medium, large enterprises • Trade & Investment Assessment • Chamber of Commerce • Producers groups
Civil Society	Facilitates social and political interaction through: <ul style="list-style-type: none"> • Organizing and educating communities • Mobilizing groups • Supporting solidarity actions & watch dog functions, • Fostering culture, etc. 	<ul style="list-style-type: none"> • NGO's, CBO's. Sectoral Organisations • Civic Organizations • Academia, Research • Religious Groups • Media

In this context, local government is in a strategic position between and among the above partners. In the performance of its functions it will ideally have to comply with the following **lines of accountability**:

- *Downward accountability* of local governments to citizens (= core of democratic decentralisation);
- *Horizontal accountability* within local government (i.e. the accountability of local civil servants to locally elected officials)
- *Upward accountability* of local government to central government (which enables upper tiers of government to verify that local governments are complying with major policy goals and statutory; monitor or track local government expenditure and revenues, etc.)

4.1.4 Basic elements of local governance

The concept of 'good governance' has over the past decades become a fashionable term in development discussions. It has been widely used as a normative reference to policies and practices that respond to a set of basic principles. A core set can be summarised as follows:

- Participation
- Equity
- Transparency

²¹ Manual for the use of Report Cards, Prepared by Institute for Housing and Urban Development Studies (IHS), Rotterdam/Netherlands, 2003

- Accountability
- Rule of law
- Legitimacy

Over the years, the number and formulation of principles have evolved. It means that there is no consensus on what the term actually represents, reason why it has been criticised for being non-scientific and subjective. One can observe a tendency to increase the number of basic principles (UN started with above five, TUGI²² extended the list to nine) with increasing performance requirements for the major stakeholders.

In order to promote local governance, the following action is suggested²³:

- *Improving internal governance at the level of local governments*: The governance agenda requires that local institutions are well performing, are transparent and accountable to their constituencies.
- *Relating people and institutions*: It can require facilitating the creation of new relationships between the state and its citizens to break down barriers of the past, change mindsets and shape new attitudes in order to productively relate people and institutions.
- *Working on both sides of the equation*: Investments need to be made into local government structures as well as with a multitude of “new actors”, ranging from citizen groups to private sector associations and non-governmental service providers.
- *Extending the concept of participation*: Seeing the citizen as the “maker and shaper” instead of a mere “user and consumer”. The extension of the concept of participation to one of citizenship implies a right to participate and to be an active part of the process.
- *Experimenting with new forms of citizen-state engagement*: Innovative mechanisms of stakeholder involvement are demanded which go beyond the traditional participation through voting. This requires testing forms of participatory governance in institutional and cultural environments which had never been exposed to approaches such as participatory planning and budgeting, citizen engagement in committees or monitoring public services.

Key tasks can be summarized as follows:

1. Concerning the overall setting, the interplay between the local government and the civil society and private sector partners is of prime importance. Together they make up the institutional environment and social capital that need to be mobilised and work together for the betterment of the community;

2. More specifically, this should translate in the following tasks:

- a- Create mechanisms for exchange of *information and dialogue*
- b- Encourage community *participation* in decision making and service delivery
- c- Assist in the necessary *capacity building* of the local stakeholder groups, and
- d- Establish clear procedures of *accountability* (see section 4)
- e- Ensure *legitimacy*

One key factor has to be added, which is *local finance*. The size of the municipal budget and its allocation will have a major impact on whether the above tasks will be carried out and, if so, to what effect. While the local government should make every effort to generate local sources of revenue, they will always rely to a certain degree on central government funds through so called intergovernmental transfers.

²² The Urban Governance Initiative (TUGI), a project developed, funded and implemented by the United Nations Development Programme (UNDP);

²³ Gaventa, J. (2003) 'Towards Participatory Local Governance: Assessing the Transformative Possibilities'

4.1.5. Approaches to local governance

To many people local governance is a rather vague and abstract term. The fact that it has to do amongst others with people's (democratic) rights and formal institutions' duties towards citizens makes the term even more difficult to grasp. Especially in a context where the observance of such rights and duties is not an integral part of the institutional set-up of society, the notion of local governance does not have an obvious frame of reference. This makes it all the more important to link local governance directly to people's living and working conditions and how they are affected by the quality of it.

<i>Political approaches:</i>

Respect for and promotion of human rights

What the 'voices of the poor' have told us is that poverty is more than income, water and sanitation, school books, and the availability of medicine and drugs. Surely, they are all important and need to be catered for. But the very essence of development seems to reside in translating people's basic needs into basic rights on the one hand and the institutions' power over basic goods into duties to provide them to those who are entitled to them on the other.

This comes down to accepting and observing the human rights of citizens be they civil or political, social, economic or cultural. All formal institutions and bearers of political and administrative authority, including those at the local (government) level have to comply with Human Rights instruments such as the EIDHR, ECHR and the UN Charter..

Democratisation and multi-party politics

As has been pointed out in section 3.2, several forces at international and national level are at play that may help the quality of governance at the local level move forward. But this is not something to be taken for granted. One of those forces is undoubtedly a call for democratisation and the institution of multi-party politics.

The formal introduction of such institutions has taken place in a significant number of third countries, which is a major step towards ensuring that the decision making process at national and local level become more democratic. However, the actual output of that process is essentially holding elections of one sort or another based on agreed principles and rules of procedure.

While it is important to strengthen and consolidate those political institutions, the quality of governance will be mainly reflected by what they do for people's daily life and working conditions in between elections. Organisations like Human Rights Watch have made it clear that governments and international donors should continue to address governance issues beyond the electoral cycle, including local elections. In essence, this comes down to saying that there is no local democracy without national democracy, and democracy cannot be reduced to exercising political rights only; the broader the perception of democracy, the better the local governance quality.

Only when people see elected officials addressing their daily concerns (from personal safety to participation in decision making through to meeting their basic needs) will they be interested in the electoral process. This will require the necessary mechanisms for citizens to exercise their political rights other than casting their vote during election time. If the two don't go hand in hand, the value of the newly gained political rights will soon erode

Policy formulation, legislation and operational procedures

The trend towards democratisation, decentralisation, strengthening local government and supporting good governance practise has gained momentum over the last couple of decades. These will now be studied from the viewpoint of policy, institutional frameworks and decentralisation.

- ***Policy and institutional framework***

In a good number of countries there are major flaws in the policy and institutional framework related to public administration in general and to decentralisation and strengthening local government in particular.

- ***Legal framework***

Another weak element is the necessary legislation and legal underpinning of political decisions made by the national government. Even if the policy makers have done their job, it is the lawmakers that should follow by grounding such decisions in an appropriate piece of legislation. This can be done in a variety of ways by incorporating the policy in the constitution (South Africa) and/or prepare special legislation for this purpose in the form of a local government law with special bye-laws for related issues (civil service arrangements, personnel policies, remuneration policy etc).

At a time where the legal system's capacities are already seriously tested by the regular flow of work, additional demands emerging from the introduction of such comprehensive new policies cannot easily be absorbed without an increase of personnel and may result in delays in delivering the required legal provisions.

The issue of legal anachronisms also deserves attention. The fact is that certain countries operate laws that are old and outdated that no longer suit the present needs of a country (Jordan, Iraq, Sudan, Egypt) and/or in fact those of neighbouring countries (Palestine). This can be a major hindering factor in the pursuit of goals and principles that have changed meanwhile. This implies either modifying the current laws through one or more amendments or to overhaul it completely and formulate and instate an entirely new law tailored to today's realities.

Once the necessary institutions have been put in place and mandated by law, they have to be made to work. This means that all relevant parties need to be informed about their tasks, rights and duties, and the resources required to carry out their mandate. Only when the 'rules of the game' are applied and the council is acting according to the will of the people (and accounting for it = legitimacy), will there be a meaningful process of democratic decision making and participatory development. This is a learning process that will take years to take shape. This offers an excellent opportunity for EU and its MS to engage in a local governance process in close consultation with national and sub-national partners.

<i>Practical approaches to promoting local governance</i>
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Millennium Development Goals²⁴

The MDGs offer a political basis and operational framework for further action. The aim is to translate MDGs to the local level through the national MDG umbrellas. UNDP puts it as follows:

²⁴ This section draws on the UNDP Practice Note on Capacity Development for MDG Localisation, Draft 2007;

“Localising the MDGs is a flexible process that either adapts and sequences the targets and indicators of existing local development strategies as needed or elaborates a MDG-based development strategy, to reflect local priorities and realities through a participatory and locally-owned process. Efforts to meet the adapted targets and indicators are often negotiated depending on the pool of resources available in a given year, the prioritisation of needs, and the availability of capacity in a given sector”.

The value-added of localising the MDGs can be expressed as follows:

- Localisation provides an encompassing definition of poverty as well as a clear framework for integrated local development planning that adopts a more holistic, multi-sector approach to poverty reduction and human development;
- Localisation links global, national and local levels through the same set of goals which allows for comparisons and benchmarking, and provides a target-based, measurable framework for monitoring and reviewing local development results;
- The MDGs are an effective tool for advocacy, mobilisation of resources, including efficient and sustained investments for local action;
- Localisation facilitates mutual accountability;

These efforts can build on previous initiatives and experiences in localizing global/national agenda's into local action (for ex. Local Agenda 21 emerging from the Earth Summit of 1992). See also below.

City-to-City cooperation- Municipal international cooperation

This form of international municipal relations has been practised very strongly by cities and municipalities in Europe (twinning) and North America (sister cities) in the aftermath of the WW II.

The aim was to restore peace and friendship through city and municipal exchange programmes mainly in the area of culture, sports and tourism. The phenomenon took on a new dimension in the late 1980s/early 1990s when cities and municipalities became interested in developing relations with counterparts in developing countries in order to bring international cooperation closer to the average citizen and give it a human face.

This has resulted in a wave of city-to-city cooperation programmes and partnerships often in association with national NGOs. National and international local government associations have strongly supported this concept and are providing assistance through technical advice and financial support. In addition, national governments and intergovernmental donors such as the EU have wholeheartedly supported through various budget lines.

The EU has recently revised its so called Decentralised Cooperation policies by merging the previously separated programmes for non-state actors and local authorities into one, called NSA-LA framework.

Local government associations and city networks

Local government associations and city networks can be instrumental in achieving local governance and development goals. Through their members and partners they are strongly rooted in local government practise of both politicians and professionals. They have hands-on experience in handling a wide range of local government issues and how to respond to the needs of their communities and constituencies. They also have reached out to partners in third countries for cooperation and assistance either at the level of individual municipalities or that of national associations. In the box below a number of international associations and network are presented.

Local Agenda 21

The International Council for Environmental Initiatives (ICLEI) established in 1991, has built up a strong reputation as the local governments' environmental arm. As such, they have supported and facilitated a large number of intercity programmes with a particular focus on

environmental issues and how the global agenda for action can be translated to the local level. Through its international campaigns and programs, ICLEI works with local governments to generate political awareness of key issues; establish plans of action toward defined, concrete, measurable targets; work toward meeting these targets through the implementation of projects; and evaluate local and cumulative progress toward sustainable development.

The most relevant programmes for local governments are Local Agenda 21 and Sustainable Cities:

The Local Agenda 21 (LA21) Campaign promotes a participatory, long-term, strategic planning process that helps municipalities identify local sustainability priorities and implement long-term action plans. It supports good local governance and mobilizes local governments and their citizens to undertake such multi-stakeholder process. The LA21 process leads to the preparation and implementation of a long-term, strategic plan that addresses priority local sustainable development concerns.

The movement from Local Agenda 21 to Local Action 21 ushers local governments from general sustainable development planning to work with local stakeholders address inter-related challenges to poverty and sustainability. ICLEI seeks to build Sustainable Communities and Cities by enabling local governments achieve justice, security, resilience, viable economies, and healthy environments.

City Diplomacy

City Diplomacy is the latest form of cities playing a role in international relations. More specifically, cities can play an intermediary in the prevention of conflict or as brokers in peace building initiatives. In city-to-city diplomacy four different roles municipal governments can play²⁵:

The above approaches are not the only ones; many other programmes and initiatives focussing on local government and development could be mentioned. However, these are relatively well known among a large local government audience.

4.1.6 Proposals for follow-up action

The following proposals are offered for consideration to follow up on the key points for action as they emerge from this Background Paper. They only represent a selection of priority areas and issues that need urgent attention. They are probably not new or ground breaking, but perhaps by repeating them they might stand a better chance to be incorporated in the future support policies and strategies by the EU and other members of the international community.

Consistent with the overall approach of the paper, the proposals will target the local level where most of the actual work needs to be done. Operating in the overall institutional environment of the country, linkages will be made with key issues to be addressed at the national level.

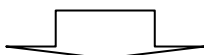
It is beyond doubt that the functioning and performance of national and local actors are influenced by and have linkages with developments at the international and global level. However, those will not be elaborated in further detail in this paper. In outlining the proposals for follow-up action, a distinction will be made across the board between the political and practical agenda building on the approaches as described in section 3.7.

An overview of proposals for follow-up action at national and local levels is presented on the next page.

²⁵ Human Security in Urban Spaces, A CCHS/DFAIT Conference, Vancouver, 8th of June 2006; Speech Peter Knip, Director VNG International

Table-3: Proposals for follow-up action

NATIONAL	
POLITICAL	PRACTICAL
<ul style="list-style-type: none"> • Define overall national development policy framework • Formulate public sector/ decentralisation policy framework including role & responsibilities of local government • Formulate fiscal decentralisation policy including modalities for intergovernmental transfers • Define legal framework for local government (local government law), including civil service operations & management • Formulate rules and regulations for implementation of decentralisation & local governance policy • Policy decision to establish agency to manage and coordinate decentralisation and local governance process • Formulate policy and strategy for capacity building of local government/governance capacities • Enable through an act of parliament the establishment of a national association of local government; 	<ul style="list-style-type: none"> • Inform all levels of government & local governance stakeholders about key policy issues of policy framework • Same • Same • Same; set up body responsible for civil service policies and regulations; • Distribute rules and procedures, set help-desk and provide back up where needed; • Set-up, staff and oversee operations of decentralisation coordination unit • Implement CB strategy, mobilise human resources required, and coordinate inputs from various donors and service providers • Support and facilitate (technically and financially) the formative stages of the association;



LOCAL LEVEL	
POLITICAL	PRACTICAL
<ul style="list-style-type: none"> • Organise local elections • Define clear division of tasks and linkages between local council and deconcentrated departments of central government; • Agree communication policy between local government and civil society/private sector (local stakeholders) • Define roles and responsibilities of elected local politicians and appointed local administrators; • Decide on a policy on people's participation in local development planning and management • Decide on a policy for delegating or out-contracting service delivery to local service providers; • Define accountability mechanisms between 	<ul style="list-style-type: none"> • Organise information campaigns on rights and duties of citizens in local elections • Organise practical ways of exchange and dialogue between the two local council and deconcentrated admin entities; • Organise practical ways and means of communication between the local council and the civil & private sector; • Work out protocols to ensure proper communication among and between politicians and administrators & professionals; • Work out the modalities for involving the community in local development and financial planning (for ex establ. of CDCs) • Establish local protocols for involving civil society and private sector in infrastructure and service provision; • Local council to account for conducting

local council & other levels of government on the one hand and between local council & community/ constituency on the other;	local affairs (both activities and finance)
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4.2 Decentralisation

4.2.1 Defining the concept

Over the past two decades decentralisation and local governance support have become major fields within international development co-operation. Whether by choice or as a result of external pressures, a large majority of developing countries are currently involved in some form of decentralisation. Indeed, there is a world wide trend toward increasing transfer of power, resources and responsibilities to sub-national levels of government, mainly with elected local authorities bound to operate close to citizens and mandated by law to provide a wide range of public goods and services (cf. table on the core definitions on decentralisation in the following pages).

International and bilateral donor agencies have increasingly recognised the importance of working on decentralisation in its various forms in developing countries, which is considered an integral part of poverty reduction strategies, enhancing the local dimension of development and contributing to the achievement of the Millennium Development Goals (MDGs).

As such, decentralisation is too often seen as a panacea for addressing a wide variety of development changes that decentralisation alone could not deal with (i.e. rebuilding the state, fighting poverty, promoting civil society participation, etc.). In fact, decentralisation is a long-term endeavour, characterised by incremental reforms with uncertain results, as there is no immediate guarantee of success.

Despite the developing trend for joint programs and aid harmonisation –in the spirit of the Paris Declaration- the dominating approach for delivering donor support to decentralisation and local governance still remains the project approach (either focusing on selected geographical areas or specific separate discrete area, with its own project institutional arrangements).

Over the last years, donors made efforts to channel their aid either through direct support to decentralisation reforms or as part of other sector programmes (such as education, health, agriculture, water, roads etc). While the support for sector programmes and specific decentralisation programmes aim to be mutually supporting, it has in reality proved difficult to achieve such synergies as some sector programmes are not implemented fully in compliance with national stated decentralisation reform objectives. Thus, partner countries (beneficiaries) are often confronted with a confusing number of responsible spoke persons, multiple administrative procedures and a multitude of differing decentralisation approaches.

Much like other donor agencies, the Commission is experimenting with new approaches (e.g. using sector budget support for decentralisation) and learning on the job. As mentioned earlier on in this paper, despite the solid body of knowledge on decentralisation and local governance, there is neither an institutionalised framework nor a specific EC policy position.

While that may shortly change, more clarity is needed from the EU on its support to the decentralisation process. The existing “entry points” (see section Local development in reality) with different labels such as “policy support for decentralisation”, “good governance”, “decentralisation of services”, “urban management” or even “rural development”, each of

them with proper modalities, can lead to a very fragmented approach both at central and local levels.

Local authorities should not be regarded as just another local partner but as the principal agent of the local development process as they have first hand knowledge of the day-to-day problems of the inhabitants. Their recognition as real political counterparts and partners on the same level as States is yet to come. The role of local authorities in the fight against poverty is crucial. On the basis of the “subsidiarity” principle, local authorities are often given the responsibility for managing many “pro-poor” priority sectors including education, primary health care, agricultural extension, water and sanitation services, and local roads and public infrastructure. Often responsibilities for reducing income poverty and improving food security are also assigned to the local authorities, because of the proximity of the latter to the target groups which reduces the information and transaction costs associated.

The process of decentralization requires concerted efforts in capacity-building and institutional reform and should therefore be associated with the strengthening of local authorities. From a donor's perspective, they should be involved in the definition of development policies and be considered as catalysts in fuelling collaboration between local actors and in defending local interests at higher level of governance.

The inadequate transfer of resources, reluctance to fully exploit potential resource options, and failure to develop local technical and administrative capacity, may hamper decentralisation and the ability of local governments (LG) to carry out their obligations. Consequently, more attention should be spent to developing local capacity and substantial LGs' based fund raising, either through direct support or through decentralised cooperation.

Both bilateral and multilateral aid programmes have gained a wealth of practical experience enabling donors to draw on lessons learned. In spite of the considerable background information on decentralization and local governance, only a modest amount of this knowledge and experience provides guidance on how to link these to existing strategies, national and local needs, MDGs and in particular to poverty reduction.

Conceptual framework

The term “decentralisation” embraces a variety of concepts that must be carefully analyzed in any particular country before determining local needs. In practice, a mix of different forms of decentralisation co-exists. The following definitions reflect a normative approach to decentralisation and local governance²⁶.

Agencies	Core definitions of decentralisation	Added value
European Commission (2006) <i>Programming Fiche on decentralisation</i>	Decentralization is a process which involves the transfer of a range of powers (decision making, revenue-raising, etc), responsibilities (service delivery) and resources (financial, human, administrative) from higher levels in political systems (central governments) to authorities at lower level, sometimes democratically elected, sometimes appointed.	- Transfer of power
World Bank (website: public sector/decentralisation / what.htm)	Decentralisation is the transfer of authority and responsibility for public functions from the central government to intermediate and LGs or quasi-independent government organisations and/or the private sector. 3 different types of decentralisation	- Private sector and “market decentrali sation”

²⁶ The original data of this table are extracted from *Supporting Decentralisation and Local Governance in Third Countries – Reference Document n°2*, Europaid –European Commission, January 2007.

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

There is broad consensus in policy papers on terminology to state three different types of decentralisation: political, administrative and fiscal, all three kinds are decentralized under a framework of devolution of power:

- **Political (democratic) decentralisation** normally refers to situations where political power and authority have been partially transferred to elected and empowered sub-national levels of government, ranging from village councils to state level bodies. It is a top-down process, which aims to give citizens or their elected representatives more power in public decision-making.

It is often associated with pluralistic politics and representative government, but it can also support democratisation by giving citizens, or their representatives, more influence in the formulation and implementation of policies. When political decentralisation is promoted, the role of central sector ministries is expected to shift towards policy formulation, guidance, standard-setting, monitoring and budget supervision, promoting the existence of LG with their own prerogatives.

- **Administrative decentralisation** aims at transferring decision-making authority, resources and responsibilities for the delivery of a select number of public services, or functions, from the central government to other (non-elected) levels of government, agencies or field offices of central government line agencies. Administrative decentralisation is primarily concerned with increasing efficiency, such as improving service delivery and increasing the ability to recover costs by different levels of government, removing bottlenecks and reducing delays, etc. Administrative decentralisation is associated with three possible variants, each having different characteristics:

- De-concentration, by far the weakest form of decentralisation redistributes decision making authority, financial and management responsibilities from central to local level. It refers to a shift of authority when local entities act as the local agents of central government, manage personnel, expend resources allocated to them by central government authorities and remain accountable to higher levels in hierarchy;
 - Delegation is a hybrid form of transfer of functions and duties to semi-autonomous bodies or public enterprises where authority is retained, especially for the revocation of powers, by the central body while functions and duties are shifted to a subsidiary body;
 - Devolution is regarded as the strongest form of decentralization, with the clearest attributes, as it involves transfer of powers, resources and administrative responsibility from central to sub-national authorities.
- **Fiscal decentralisation** is possibly the most traceable type of decentralisation, since it is directly linked to budgetary practices. There is no decentralisation without fiscal decentralisation. This in short captures the situation of many countries that have gone into administrative decentralisation (deconcentration), but for good or bad reasons have not (yet) devolved fiscal powers to sub-national governments.

Fiscal decentralisation is not only a question of transferring resources to the different levels of local government. It is also about the extent to which local governments are empowered, how much they exercise authority and control over the use and management of devolved financial resources, for the provision of local services for which they are responsible (taking into account the subsidiarity principle); the level of local taxes and revenues (base, rates and collection); and the grant resources with which they finance the delivery of local public services. Successful fiscal decentralisation goes hand in hand with political and administrative decentralisation.

The situation that usually emerges is that of the latter being faced with an increasing number of tasks and responsibilities (as defined by the local government law) without having the resources to perform them properly. They do not generate enough revenue from local sources and strongly depend on central government transfers (general grants, equalisation funds, and specific grants).

Fiscal decentralisation refers to resource reallocation to sub-national levels of government, including: (i) delegation of funds within sector ministries to the de-concentrated levels, (ii) self-financing or cost recovery through user charges, (iii) intergovernmental transfers from central to LGs, (iv) authorisation of municipal borrowing and mobilisation of either national or LGs' resources through loan guarantees. Experience in fiscal decentralisation has led to a building of capacity in expenditure and revenue assignment as well as the design of fiscal transfer formulas and sub-national borrowing. Although these transfers do take place, they are often insufficient, untimely and sometimes withheld for political reasons. Thus, in countries where fiscal decentralisation has not been instituted, local councils face a difficult dilemma: they either run the risk of building up serious financial deficits if they take their responsibility seriously and respond to community needs (including infrastructure and other capital investments) or play safe by leaving the initiative to deconcentrated central government departments to implement essential parts of the municipal development plan.

Only strong and well-equipped local councils will be able to execute the functions they have been assigned. This will require the necessary back up from central government institutions in areas such as legal advice, the provision of model bye-laws, technical and financial support, monitoring and coordination. It implies the need for entertaining constructive and responsive relations between the various levels of governments.

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

Main arguments in favour of political decentralisation are:

- Decision-making power will be in the hand of local-authorities who are more aware of the local situation and hence are in a better position to take judicious decisions.
- There would be a greater cognisance of community preferences in decision-making which would lead to a greater participation of people in the governance processes and their greater sense of belongingness towards the infrastructure set up. This would have positive implications on the sustainability of infrastructure.
- Decision-making at the lower levels would imply a significant reduction in the time-taken for taking a decision as well a reduction in the administrative costs.
- There will be greater spaces for participation of marginalized communities in the governance processes as the LG would comprise of local representatives elected by the local community itself.
- Political decentralisation would lead to a balanced regional development as much inefficiency arises from attempting to administer a very backward economy through a highly centralized political authority and the development of that area often gets neglected.

4.2.2 Summary of existing approaches

Regarding decentralisation, a large variety of country-specific situations are likely to prevail: some start from scratch, others have to deal with momentary difficulties in their process, some others have a strong commitment to democratic decentralisation and local governance and have developed a coherent national policy and institutional framework for effective implementation.

Main prerequisites for a successful decentralisation

The most important findings can be summarised as follows:

- Government commitment and leadership to decentralisation as a crosscutting issue is essential: decentralisation reforms are often initiated as one reform among other public sector reforms. The lack of coordination and coherence between the different reforms tends to provoke diverging developments.
- Efforts to promote political decentralisation are unlikely to succeed in the absence of administrative deconcentration and fiscal decentralisation (i.e. there is a risk of having communes without capacities and resources). Thus, the following conditions are needed: (i) existence of a basic legal framework for decentralisation, (ii) financial resources to undertake assigned functions, (iii) human resources in LGs, (iv) mechanisms for political accountability, (v) existence of central and deconcentrated institutional arrangements to steer and implement the decentralisation process.
- Successful decentralisation reforms require high-level political advocacy: reluctance is in most cases encountered from sector ministries, not being prepared to devolve part of their functions to other tiers of government. Consequently, reforms risk becoming marginalised on the political agenda and implementation of the different reforms obstructed by diverging interests.
- Local government participation in programming is essential and requires donor agencies to work closer through national associations of LGs, involve LGs from the early stages of

the programming process despite the government's often reluctance to associate with other stakeholders.

- Political character of the decentralisation process makes it vulnerable to changes in government as it differs from classical sectors with regard to the political nature of the reforms.

Management of decentralisation and local governance processes

Over the last years, decentralisation and local governance have increasingly become integral elements of the overall national development strategies, in particular the PRSP, and local government reforms and decentralisation strategies have been launched alongside core public sector reforms. Decentralisation is in most countries still treated as a separate sector or on a project basis and the effective recognition of decentralisation as a cross-cutting issue relevant to all areas of development is yet to come. Furthermore, from a donor's perspective, support to this process shows results in the long run, which tends to be under-estimated.

However, some donor agencies are moving towards increased use of comprehensive support in dealing with all key aspects of decentralisation reforms (policy, legal, political, fiscal and human resource management aspects), jointly supported by several donors through basket funding or similar arrangements. Countries like Tanzania, Uganda, Rwanda and Mali are good examples of an overall government decentralisation programme being supported by a multitude of donors in a coordinated manner.

Donor's coordination mechanisms in regards to aid harmonisation

The introduction of decentralisation and other governance related policies is in itself already quite an operation. But, the follow-up is equally critical to the overall progress and quality of the process. The follow-up in terms of information, oversight, coordination, M&E and managing the inputs of the various parties (both internal and external) is not well organised.

Improving coordination between donors and partner governments has been put forward for some years now as an essential element for improving aid effectiveness and also figure prominently in the principles of the Paris Declaration. The reality on the field shows that the coordination mechanisms are far from fully developed, as each funding agency is obliged to remain within its own policy and mandate. Some coordination mechanisms exist in most of the countries, though with a different degree of formalisation and mode of operation and with various government leaderships from the partner's countries. Without a clear vision and orientation from governments, existing coordination mechanisms will lack the mandate and the demand for aligning support modalities and harmonising approaches.

Development partner's alignment to country strategies largely depends on existence within the countries of comprehensive national reform programmes and specific entity that has prime responsibility for the overall coordination and management of the decentralisation process (for ex the establishment of Decentralisation Secretariat in countries like Mali, Sierra Leone, Tanzania, and Uganda). This implies procedures being coherent with regard to decentralisation and local governance. Faced with non-existent or weak national strategies in the recipient country and wanting to respond to the needs of local governments and their constituencies, donors work out programme arrangements and modalities without the required coordination and coherence as stipulated by the Paris Declaration. Thus, in the early phases of a decentralisation process, the lack of an approved government strategy and policy leads usually to very fragmented or individual approaches from donors' side. However the co-existence of different development strategies targeting overall issues (poverty reduction, gender) alongside more specific sector strategies (water, health) creates a situation in which support programmes are well aligned to the respective countries' strategies but follow a different approach, sometimes profoundly affecting LGs' room for manoeuvre.

4.2.3 Main lessons learned

Need for long-term support

Effective support can be provided only if there are long-term commitments and financing horizons. Evaluation literature shows that successful decentralisation may take more than a decade when in a context of financial and political instability. Proper attention has to be given to the question of transition: a major criterion of reform is the need to develop local government systems that are capable of flexible, rapid and adaptable responses. This complicates the life of development partners given their current strategies, programming arrangements and procedures and the pressure to show quick results.

Central government commitment limits and state reluctance

It is an overall observation in existing approaches that implementation of decentralisation support is not always coupled with top-level commitment by partner governments. Sometimes, such commitment is only found in local government ministries. Many countries embarked on a no-return path in decentralisation of the public administration. Some of them did so with a certain reluctance and considered decentralisation and local governance as the new paradigm they had to deal with to benefit from the donors community's support. The donor community should continue to support this process having in mind that decentralisation and local governance are not ready-made policies. The extent of decentralisation may depend on central government motives and objectives, primarily political and economic. For example, central governments may retain policy-making power while decentralising delivery functions to the local level. Alternatively, it may prefer to decentralise administratively (i.e. deconcentrate central government departments) rather than devolve responsibilities to local government.

Furthermore, decentralisation implies an overall rethinking of inter-governmental relations and new demarcation lines between the different layers of government: it's too important a process to be left to central government alone. Economic and political motives are, on state's perspective, real issues: some countries might push for decentralisation for economic reasons (reducing demand on national revenue) or political reasons (such as maintain political stability by preventing challenges to the ruling party if opposition parties are given a political platform locally). The political economy of Decentralisation is specific to each country and is hapes the degree and format of decentralisation.

Increase the role of local authorities

Effective LGs are seldom created from the top and local authorities need to demonstrate their determination and ability to set their own priorities. This implies a tradition of acceptance of challenging the centre, a set of conditions that are often lacking as there is generally little capacity at the local level to take on the new responsibilities.

Furthermore, the challenge of meeting the MDGs is placing an increasing emphasis on local government as the delivery agent for key basic services including: water, sanitation, primary health care, housing, economic and community development. Thus, the decentralisation of responsibilities must go hand-in-hand with the financial empowerment of local governments. Different paths have to be further explored including Local Governments' capacity building in the long run, private-public partnerships, municipal bonds and direct access to international development funding.

Improve donor-coordination

Although there are examples of effective coordination between donors, in general it is considered weak at both national and local government levels. This is a result of many factors including: (i) the common belief that donor co-ordination should be the government's responsibility rather than the donors' and (ii) the governments' preference of dealing with donors on an individual basis. The capacity of donors to align themselves to existing framework heavily depends on the commitment and ownership of the partner government

(national entity, national programme with specific procedures) as well as the implication of LGs in the process.

Enhance Capacity Building at the local level

Capacity building should be considered an integral part of the process and not as a poor cousin of aid or as a stand-alone activity. It should be systematically considered by donors as a continuous, flexible and responsive process, and not a one-off event that is undertaken and 'ticked off' as having been achieved to complete a specific project. Policy makers therefore must recognize the challenge of meeting immediate demand while simultaneously building, rather than weakening institutions. To ensure that technical services and contracting owner institutions remain in place to deliver their services in the future, attractive incentive plans should be initialised.

SWAPs, PRSPs and decentralisation

For the poorest countries, there is a need to carry out focused follow-up evaluations to determine more precisely whether Poverty Reduction Strategy Paper (PRSP) processes and sector-wide approaches (SWAPs) are supporting or undermining decentralisation efforts. A review of the Poverty Reduction Strategy Credits (PRSC) for decentralisation – similar to the present central government budget support system - is also required.

Decentralisation and conflict or fragile situations

The combination of decentralisation and local-level participation is perhaps the best means of promoting capacity development, which is essential for the ongoing process of rehabilitation, during and after conflict. However, it requires specific approaches, such as:

- Understanding the context of decentralisation in terms of local political sensitivities, traditional authority and social structure is critical (ex: chieftdom system in Sierra Leone or in Mali, absence of state in Liberia, reluctance in Cambodia);
- Integrating the relationship between traditional authorities and district councils, particularly when the law does not clearly establish mechanisms for dealing with potential conflicts. For example, restoring traditional authority does not necessarily lead to establishing legitimacy or good governance.
- The reconstruction of fiscal institutions can contribute to macroeconomic stabilisation and create a conducive environment for further institution building.

4.2.4 Emerging issues and open questions

Is decentralisation an efficient approach to reach the MDGs ?

The coupling of decentralization with poverty reduction is a relatively new preoccupation. Traditionally, decentralization was thought of in context to politics, political sciences, and to the sphere of power play between the centre and the periphery, whereas poverty reduction was relegated to economic growth and distribution. Decentralisation is often considered as an integral part of poverty reduction strategies and can thus be part of sector support programmes in key sectors such as education, health, agriculture, water, transport etc. However, the question is still pertinent whether the form of decentralization advocated and practiced leads to poverty reduction or whether this is a pure, but untested, presumption.

Evidence on the effects of decentralization on community welfare, and specifically on poverty reduction, is not conclusive. Strong local governance needs available resources at the most effective level and poverty reduction is only possible if there are financial, human resources and capacity at the local level. Where decentralization is accompanied by participation, empowerment, transparency and accountability, its impact is likely to be positive for it reduces cost of service provision and transaction costs. However, in other cases

decentralization may not be a real transfer of power but rather an opportunity for politicians and power groups to capture power, and in extracting rent, at the sub-national level.

Poverty focus needs to be strengthened even though the links between decentralisation and poverty reduction remain indistinct. At least, it is possible to improve the poverty orientation of such programmes by:

- Supporting poverty-targeted programmes implemented by LGs;
- Establishing poverty-targeted capacity building, training and pilot programmes.
- Incorporating poverty reduction as a key objective of decentralised LG

Improving the financing conditions of local development

The financing conditions of local development are not met in the majority of developing countries, particularly due to the poor transfer of financial resources from the Centre to the Local authorities and the relative incapacity of the latter to assure recovery of the taxes that affect them. The infrastructure needs are estimated by the World Bank at around 600 billion US\$ a year for the next 25 years, and it is accepted that local authorities in developing countries are depositories of potential infrastructure markets of around 260 billion dollars a year.

The co-existence of different development strategies often by-passes the local government level by intervening either at the central level or directly at the community level. Similarly, these sector approaches tend to blank out the role of local government in service delivery (such as education, transportation, housing and any public services) and focus on the centralised technical structures unless decentralisation of service delivery guarantees a level of local accountability.

Some innovative programmes approaches could focus on the following issues:

- Key solutions should be located in domestic financing, that could be supported by aid. Aid tends to be too volatile for advancing good governance and aid should not be advanced as the only solution to the fiscal misery of many local government authorities.
- Accessing capital markets is a relatively new idea, which should be supportive of local governments' access to credit.. Innovative financing tools and instruments should be foreseen for municipal service delivery such as subsidies and direct loans to local authorities (so-called "sub-sovereign" loans without State guarantees), borrowing from private capital markets (including international markets), guarantee mechanisms, support to commercial credit, compulsory bonds, BOT (Build Operate and Transfer), etc²⁷.
- Central and local government should seek technical assistance from international donor, finance and non-governmental organisations in developing pilot infrastructure projects geared to accessing domestic capital markets.

Role of local authorities (both from developing and developed countries)

Local governments are central to the promotion of democratic local governance that tend to facilitate dialogue between various local stakeholders. The European Commission is

²⁷ Although the by-laws of bilateral agencies and regional banks authorise them to perform sub-sovereign operations, they only do so rarely. The AFD has experienced it recently and wishes to accentuate recourse to this kind of intervention; it has also contracted a direct loan with the commune of Ouagadougou to renew the central market (2 M euros concessional rate completed by a gift of 3 M euros). Some other innovative approaches were recently developed, either under SFI umbrella – India, Vietnam, South Africa- or other instruments such as: Development Credit Authority (USAID), Community-Led Infrastructure Finance facility, Cities Alliance, Slum Upgrading Facility. Some others have managed to move local private saving towards local development by resorting to different techniques: issue of bonds devoted specifically to certain infrastructure projects, credit pooling, loans, bonds with a partial credit guarantee, resorting to investment funds...

gradually engaging with local governments as a dialogue partner (primarily through their regional and national associations and specific thematic programs such as “Non-state and local authorities in development”) with a more strategic and focused approach corresponding to the principle of implementing different co-operation instruments as closely as possible to the beneficiaries. But this commitment is still in its infancy and the State-to-State dialogue is still dominant. Local authorities and their representative associations must be allowed to benefit both from substantive recognition and from direct and appropriate funding.

In addition to this, local authorities should be involved upstream in the definition of the cooperation strategies of developing countries, the drawing up of geographic and thematic programmes, their implementation and their evaluation.

Within EU; European local authorities should be integrated in a structured political dialogue with the Community institutions and the other Northern development stakeholders;

It is a paradox that the lowest level of government increasingly has to provide the most comprehensive response to the most complex development challenges. Unequal power relationships and lack of coordination at the local level are still at the heart of tension between decentralisation and the distribution of resources. Accordingly, local governments should not be regarded as just another local partner, but as the principal and legitimate agent of the local development process, which calls for financial support that is more in keeping with their new responsibilities. This has major implications for the donor agencies intervening at the local level, such as:

- the nature and modalities of support to local authorities and civil society, i.e. further exploring innovative financing support (cf. 4.1);
- the need to enhance accountability of local governments to ensure funding resources: hierarchical control (by central government) or internal controls (internal audit mechanisms);
- the urge for local authorities to be transformed from passive service providers to more proactive facilitators of infrastructure and services. The city's ability to raise resources, create and maintain infrastructure as well as pay for these costs over time is a vital component to be strengthened.

4.3. Territorial Development

The objective of this section is to analyse the parameters of Territorial Development within the context of Local Development, Local Governance and Decentralisation. It is divided into four sub-headings: 1. the definitional debate; 2. the macro and micro policy linkages; 3. implementation issues and 4. the Territorial Paradigm and donor challenges.

4.3.1 Defining Territorial Development (TD)

Introduction: Background to Territorial Development

Territorial development, in terms of spatially-based development, has a long and chequered history. The spatial dimension has previously been analysed in the context of regional or district planning, watershed development, aménagement du territoire or sub-national territorial units. In TD, there is also a convergence between cultural and spatial aspects of development and a symbiotic relationship between territory, economies and territorial autonomy/decentralisation.

In the context of low income countries, more emphasis is given to the strategic role of TDs in MDGs, in particular the goal of the halving of extreme poverty by 2015. Other issues that figure prominently in the context of TD in the developing country context include: the role of the agricultural sector for food security, state fragility and weak governance. The United Nations Forum on the Eradication of Poverty considers that a balanced and sustainable Territorial Development can best be achieved by addressing issues such as : agricultural

growth, strengthening rural-urban linkages, pro-poor and participatory local governance institutions.²⁸

Definitions of Territorial Development

The ToR requests that the study defines ‘the strategic approaches to support participatory TD’. As a prelude to that, a definition of TD itself will be explored and the strategic approaches will be analysed at 4.3.4.

Given the diverse roots of TD and its historical evolution as a development strategy over time it is understandable that there is no one universally agreed definition of TD. Reference is made in the preceding paragraph to a United Nations perspective. Within the EC, The Programming Guide for Strategy Papers suggests the functional purpose for Territorial Development (TD) to be²⁹:

‘aimed at involving beneficiaries in the identification of investments and the management of resources in order to support the emergence of local development clusters, while respecting the capacity of ecosystems’

An interim definition of the Programming Guide is proposed as³⁰:

‘territorial development is a concept based on a multi-sectoral approach, including the sustainable management of the rural space and its economic and social links with urban centres, as well as the decentralization process and issues of local governance’.

An alternative definition adopted by HARDS Discussion Paper³¹ within the EC is that TD is: *‘an approach aiming to improve regional cohesion (and ultimately overall development) of a country, by unlocking the specific potential of its different territories, thanks to more efficient and sustainable development strategies’*³². In the light of the contributions made by the member states at the Meeting of 04 April in Brussels; this definition was amended to read as follows:

‘TD aims at improving regional and national cohesion by unlocking the specific potential of the different territories of a country, thanks to more efficient and sustainable development strategies’

This latter text has been the definition adopted by the Issues Paper. However, each definition focuses on salient aspects of TD. The interim definition offered by the Programming Guide captures the multi-sectoral approach and places the management of rural space at the centre of its concerns; it acknowledges the significance of urban centres and their interaction with rural space. It is also more explicit on the importance of governance and decentralisation. These are important features of TD, which will be referred to later in this document.

The Issues Paper definition highlights regional cohesion, thus implying the elimination of poverty, social exclusion and relates to the MDGs. It is not sector specific but emphasises both multi-sectorality and sustainability. It also suggests that national development could be perceived as the upscaling and aggregation of individual territorial units. The character of the linkage between TD and national cohesion may need careful spelling out.

²⁸ United Nations; International Forum on the Eradication of Poverty, 15-16 November 2006, United Nations, New York

²⁹ EC (2006) Programming Guide for Strategy Papers p.1.

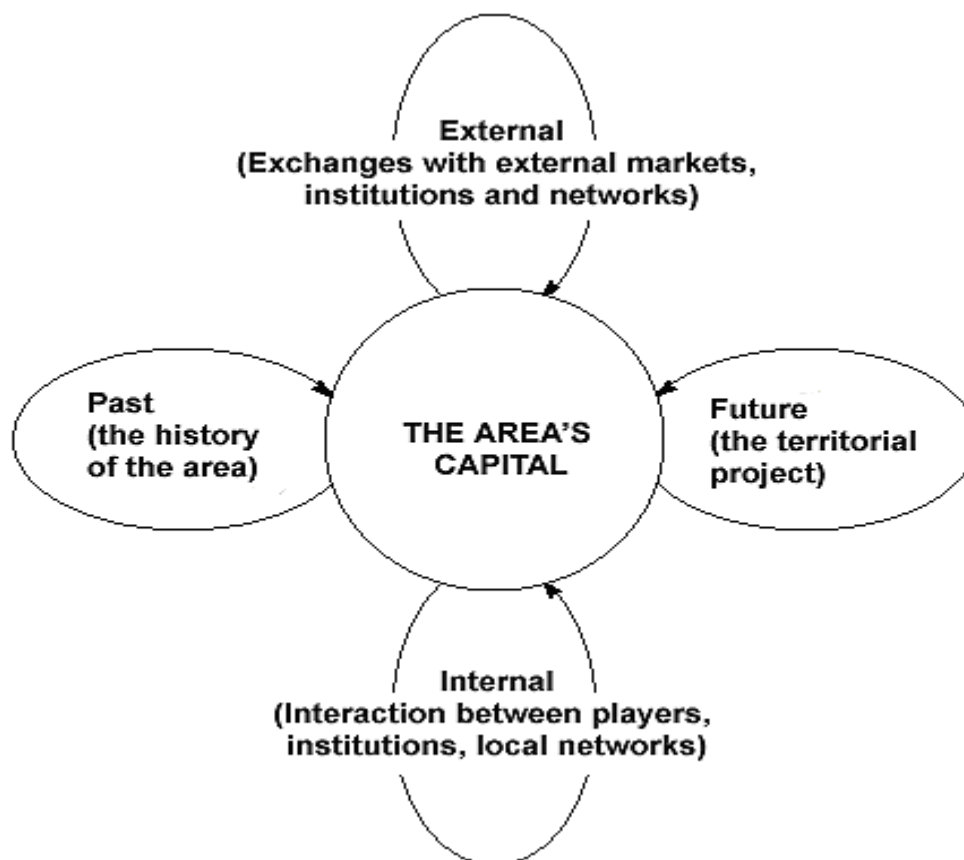
³⁰ Ibid.

³¹ HARDS being the acronym for the Heads of Agriculture and Rural Development of MS development cooperation (HARDS) who debated a discussion paper entitled Territorial Development at Brussels on 22 February 2008. The authorship of the paper appears unattributed and its policy status, other than being a discussion paper, is not quite clear.

³² EC Heads of Agriculture and Rural Development of MS development cooperation ‘Territorial Development’ Brussels 22 Feb. 2008

This latter approach is often to be found in the LEADER programme when marginalised regions have been disaggregated into separate territorial units, each with its own specific, bespoke programme.³³ At the same time, there is considerable overlap between administrative boundaries as a coherent Territory is often based upon the presence of a natural resource, such as a watershed. This could overlap a number of administrative units but for effective TD to take place, a proportion of local administrative powers would need to be delegated to the relevant Territorial authority. In this respect, decentralisation is central to the efficient working of TD. The Issues paper definition also emphasises the heterogeneity of different regions and the appropriate adaptive approaches. As such, therefore, it will be taken as the working definition of this Basic Paper. The various dimensions of this definition are illustrated in Diagram 1 below:

Diagram 1: Dimensions of Territorial Development³⁴



The above diagram highlights the interactiveness of the Territory's human, financial and physical capital with a) the historical bequest of the past and the vision of the future; b) external linkages with markets, local, domestic and international, which raises issues of comparative advantage, value added and competitiveness and c) internal interaction with stakeholders, CSOs, NSAs local governance and the specific concordat of decentralisation in relation to devolution of powers from regional and national governments and arguably, privatisation. This aspect reflects the Issues Paper's perception that TD 'must include a multi-level governance that facilitates coherence between policies at different territorial levels'. The effectiveness of TD depends on the positive interplay of these factors.

³³ An example of the LEADER programme for County Mayo in the West of Ireland, is the spatial sub-division into Mayo-Sligo, Erris and the Gaeltacht and South Mayo. See also Chiara Saraceno (1999) 'The Evaluation of Local Policy Making in Europe: Learning from the LEADER Community Initiative' in *Evaluation* 5,4, pp.439-457

³⁴ Source: EC LEADER European Observatory European Commission

4.3.2 Policy Linkages of Territorial Development

Four critical aspects of TD at the level of implementation are emphasised (HARDS 1.3); these are capacity building of local stakeholders, analysis of the territory, partnerships and a coherent strategy to achieve the objectives.

However, these four aspects are critically dependant upon the level of transfer of decentralisation powers from the centre to the locus of action. It is acknowledged that these four activities are strategically important but their activation depends upon critical political decisions relating to the level of autonomy accorded to the territory and the modus of decentralisation (deconcentration, delegation, devolution, privatisation). It must also be acknowledged that there is a certain heterogeneity in the different formats of TD in different countries.

There is a policy backdrop to TD, both in terms of macro upward linkages and downward micro linkages which situates TD in the meso development context, in addition to its operational significance in EC operations, such as: emphasis in Country Strategy Papers (CSP) and relations to the regions. (See diagram 2 below)

The strength of this linkage may also affect the qualitative content of decentralisation that is envisaged in TD. If space is to be given to the market, Non State Actors and Civil Society Organisations in the context of TD, then we are technically considering a substantive transfer of fiscal and administrative powers to underpin the autonomy of regions and territories. This approach would raise questions in relation to the premises of deconcentration of state powers, which effectively strengthens control of the central state in relation to peripheral TD units. This may be complementary to the more state-driven format suggested in the contribution entitled *Gouvernance Locale et Developpement Territorial*³⁵, which approach raises a set of issues in its own right, which await clarification in the EU Charter on support to Local Governance.

The Preconditions for TD : Local Governance and Decentralisation

A key pre-requisite of TD is of Decentralisation and Local Governance as both of these underpin the powers upon which the effectiveness of TD is based.

Decentralisation and Local Governance need to be looked at from a spatial point of view and from the eclectic richness of TD as outlined in Diagram 1 above. The task of coordinating Decentralisation and Local Governance with Territorial Development implies the following tasks:

- Assessing whether the territory in question is conducive to decentralisation
- Linking intersectoral coordination to Local Governance and Decentralisation
- Promoting synergies between rural and urban territories in a mutually beneficial way
- Designation of 'hubs' within Territories to facilitate dialogue and articulation between local governance institutions and Territorial planning

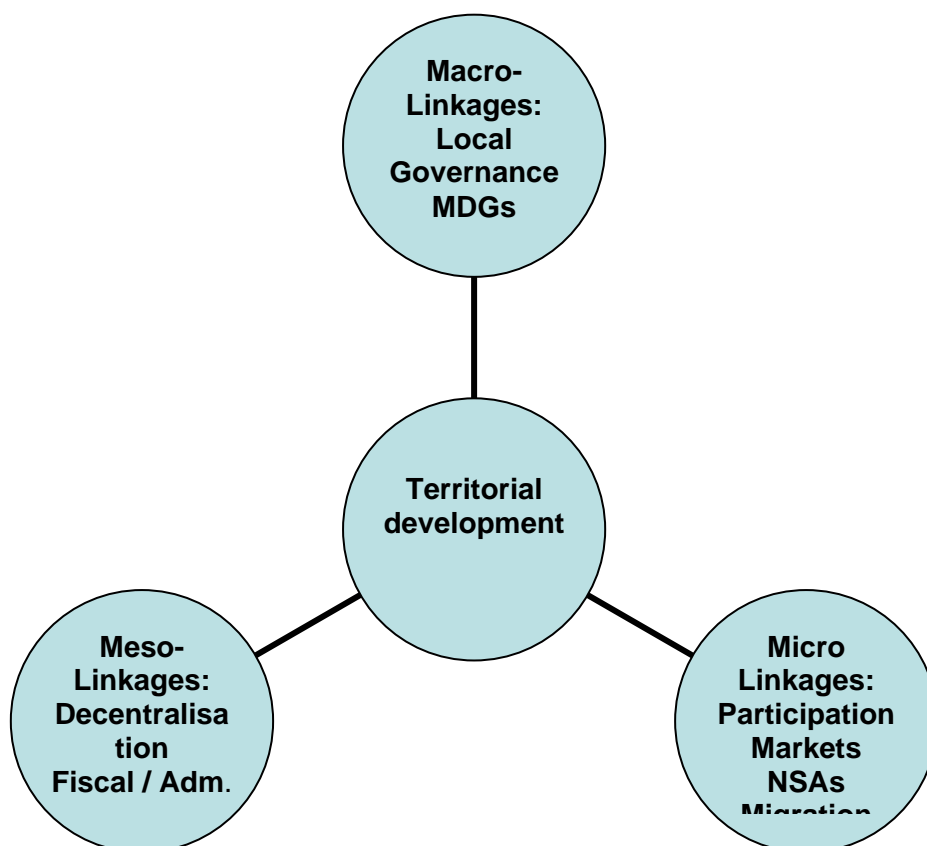
The linkages of TD to Local Governance and Decentralisation are illustrated in Diagram 2 below:

Each level of linkages implies a set of sub-linkages, which, when configured together create an overall effect. For example; the macro-level linkage presupposes the presence of an enabling economic environment to create the stability required for investment and the delivery of services to citizens and in turn the achievement of MDG targets. The fact that this

³⁵ Section 2 'La deconcentration et les politiques d'aménagement des territoires; viz.'au niveau local, il apparait en consequence necessaire que l'Etat veille au renforcement de ses propres competences au niveau territorial, en particulier par le biais de la deconcentration'. Deconcentration means that the central power of the state is transferred to a local level without a qualitative transfer of power to local associations or citizens organisations with a moral personality. Arguably, this would imply a weaker form of local control.

environment is often thwarted by conflict in a large number of developing countries deserves mention as a limiting factor to achieving the desired level of poverty reduction or social cohesion and is a significant factor in limiting the impact of Territorial Development.

DIAGRAM 2: LINKAGES OF TD TO DECENTRALISATION, GOVERNANCE AND CIVIL SOCIETY



Fragility and Local Governance: the MDGs , Sub-Saharan Africa and Latin America

Territorial Development is concerned with social cohesion and in the context of developing countries, this means the elimination of extreme poverty as subscribed to in the context of the MDGs.

The EU/ACP Strategy for Africa³⁶ states that the central purpose for its actions in Africa is working in partnership...to promote peace and prosperity for all their citizens. Its main

³⁶ EU (2005) EU Strategy for Africa: Towards a Euro-African pact to Accelerate Africa's Development. Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee. COM(2005) 489 final.

objective is to promote the achievement of MDGs in Africa. It correctly identifies the 'prerequisites for attaining the MDGs (peace, security and good governance)' as preconditions to creating:

'the economic environment for achieving the MDGs (economic growth, trade and interconnection) and areas directly targeting the MDGs (social cohesion, decent work, gender equality and the environment) . Taken together, these measures constitute the EU's common, comprehensive and coherent response to Africa's development challenge'

Latin America, where, paradoxically, land inequality is greatest, provides some seminal examples of TD as a strategy for poverty elimination and the achievement of TD targets. The World Bank's World Development Report (2008)³⁷ on Agricultural Development confirms that 'Latin American countries are pursuing a distinctly territorial approach...territory-driven development projects go beyond community-driven development to create new economic opportunities, based on scale, local synergies and market accesses. Boisier³⁸, who has written widely on spatial development in Latin America, considers that 'territorial environment is one of the key factors for development' and identifies six key components of the process: resources, actors, institutions, governance, culture and linkage to externalities³⁹. These have been picked up by the World Bank's successor project in the same state and the strategy of TD has been utilised to achieve integrated pro-poor growth and integrated strategies to reduce poverty.

Migration and the Role of TD

The correlation between failed and fragile states (which are causationally related to governance) and migration to EC countries is statistically significant. The validity and effectiveness of TD as a strategy of population stabilisation deserves further discussion.

In relation to involuntary population flows, mainly asylum seekers, emanating from conflict-affected countries, action must also be taken in the source countries. The corollary proposition of addressing the causes of conflict, and gross human rights abuses in situ, with TD and governance strategies, through the strategic re-orientation and re-focussing of cooperation programmes is an approach which calls for serious consideration⁴⁰. These could be considered through spatially – specific 'peace and governance dividend' programmes⁴¹, with peace and conflict impact assessments⁴², thus presenting a unique opportunity to address issues of migration, refugee flows and spatial development within the context of TD. The peace dividend has been a central plank of the EC CSP (SISAS) for Somalia and since clan settlement patterns had distinct spatial characteristics, territorial development assumed a strategic importance in the selection and operationalisation of programmes. This led to TD-type programmes, where ethnicity, social and cultural institutions and spatial characteristics coincided and development programmes then became an incentive to local stabilisation and conflict reduction. The refugee flows are the most visible aspect of population dislocation in

³⁷ The emphasis given to TD in the report must also be taken in context; territorial development is discussed over two paragraphs in a report in excess of 280 pages. However, it is a central theme in the forthcoming 2009 WDR.

³⁸ See Serge Boisier (1998) 'Theories and Metaphors on Territorial Development' in Regional Development Dialogue, 19,2, 1998 UNCRD

³⁹ As example he cites the ARIDAS project in Ceara State in North East Brazil. The same State has been the location for a Pilot Study of Territorial Development of the World Bank using the methodology of Accelerating Results Together (ART) to achieve improved institutional coordination and the development of integrated strategies to reduce poverty. See WBI Events: Seminar 1 Integrated pro-Poor Growth: the Case of Ceara 2003

⁴⁰ See Glenys Kinnock MEP & Joseph Mullen 'Asylum system not fit for purpose' The Guardian, May 17 2007; a case study of a successful attempt to address migration at source was published in The Guardian of 08/05/07 as 'Spanish grassroots charity helps halt deadly Moroccan migration'

⁴¹ The EC SISAS (CSP) of Somalia is an example

⁴² The Canadian Municipalities have developed a practical Handbook for Peace and Conflict Impact Assessment (2003) See also Saferworld.

receiving countries but there are also massive Internally Displaced Person ((IDP) flows which require humanitarian protection and intervention⁴³, in which process TD has a role to play. The operationalisation of the peace dividend approach as a strategy and incentive for stabilisation in the context of TD, has precedents both within the LEADER programmes in Northern Ireland and the EC programmes in Somalia.

Externalities and Territorial Development

Territorial development does not suggest isolation from the wider forces which provide the architecture of livelihoods at local and national levels. External variables impacting upon rural and urban communities have included structural reform, trade liberalization and globalization, particularly of commodity markets, which in turn has led to increased indebtedness. It is widely acknowledged that the poor – and particularly the rural poor – have been adversely affected in terms of their weaker purchasing power, removal of concessional credit schemes, lack of quality inputs, collapse of extension systems and risk aversion in relation to export cropping opportunities. These have been powerful vectors of rural differentiation, erosion of livelihood systems, marginalization, and disempowerment of men and women. Worsening socioeconomic differentiation between rural and urban areas, particularly in terms of public goods, such as healthcare and education, and income-earning opportunities, are also in evidence⁴⁴. However, by contrast, TD can provide a valuable tool in addressing pockets and enclaves of poverty if progressive policies are mediated to the local level and fully espoused and resourced by decision makers. The mediation of policies to the micro level is a key function of TD.

4.3.3 Key Implementation Issues of Territorial Development

Review of Past Experiences of TD

Spatial issues in economic development came into prominence already in the 1940s when these were linked to dualist economic theories whose main protagonist was Arthur Lewis⁴⁵. The 'Lewis' model also influenced the spatial politico-economists Gunnar Myrdal and Albert Hirschmann, both of whom advocated regional inequality as a pre-requisite of overall development.⁴⁶ The consequence in terms of public sector policy was to generate spatial models of investment based on the belief that existing growth had to be maximised by concentrating investment in well endowed areas and equity or targeted poverty reduction was viewed as a potential residual effect of growth. Spatial development thereby developed a strong growth dimension and failed to address issues of social exclusion or lagging rural areas.

Elements of Territorial Development have, therefore, had a previous incarnation under a number of closely related concepts and activities, such as area development, district or regional level development, multi-sectoral development and in the rural sector, integrated rural development and sustainable rural livelihoods. In francophone countries, while "aménagement du territoire" assumed significant importance in national spatial planning, there were numerous commodity-based area development enterprises (such as 'offices') which assumed responsibilities for social and economic service provision in

⁴³ The IDMC of the Norwegian Refugee Council maintain regular monitoring reports of IDP flows, particularly in Iraq, Afghanistan, Burma, Occupied Palestinian Territory, Sudan, Somalia, DRC and Uganda

⁴⁴ The State of Orissa in India has recently provided examples of pervasive and chronic poverty, inept service delivery in the realms of education and health, at total variance with the nation of India's aspirations to be the economic powerhouse of South and South East Asia.

⁴⁵ His seminal paper 'Economic development with unlimited supplies of labour' was published in 1954

⁴⁶ This gave rise to growth poles and developed regions as a privileged driver to overall development. Myrdal recognised the centrifugal force of well-endowed regions in attracting in newly-available investments, the benefits of which would gradually spread outwards to less developed regions. Hirschmann envisaged 'trickle down' and polarization effects similar to Myrdal's 'spread' and 'backwash' effects. This thinking was also echoed in French economists, particularly Francois Perroux with the emphasis on the 'pole de croissance' .

return for monopoly purchasing power over the commodity (often cotton or groundnuts) in question and remained as islands of progress outside of the control of national ministries⁴⁷. Various aid donors⁴⁸ also viewed district development programmes as a useful conduit of aid to marginalised spatial entities that were deficient in social and economic development⁴⁹. While this format of spatial intervention had its merits, perceived problems of the lack of coordination between central ministries and locally decentralised area units were at odds with the measurable results-driven culture of donors, particularly on issues of economic growth and poverty reduction. It was also mechanistic in its approach to a top-down delivery system, often overriding local cultural sensitivities and cultural specificities.

The multiple lines of accountability, large volume of investment required in under-utilised physical infrastructure, top-down planning, conflicting interests between departments, lack of participation by beneficiaries or Non-State Actors, problems of sustainability when donor funding ended; all contributed to a decline of the spatial model as a strategy of donor intervention, although this was not necessarily reflected in the choices made by national or local governments⁵⁰.

The role of Sectoral Development in TD: Operational Implications

The TOR states that both rural and urban development strategies as a correction of spatial inequalities be studied in this context. It is important to recognise the tensions existing between sectoral approaches and area-based approaches. Furthermore, there is the additional complication of the project-based approach, widely used by ODA donors and NGOs. In the Communication from the Commission to the European Parliament entitled Governance and Development, it is stated that in governance-related interventions, the EU should 'consider shifting from a "project approach" to a sector programme approach where appropriate'⁵¹. TD is flexible enough to be inclusive of both the project and the sectoral approach, as the scale of TD is generally commensurate with community-based self-management systems.

The HARDS paper emphasises the central role of Natural Resource Management (2.3) and its pivotal role in creating conditions for sustainable development. Agricultural development in a European context suffers from market distortions in terms of levels of subsidies but also there is a keen awareness of the relevance of backward and forward linkages of the industry in terms of creating a sustainable livelihood for farmers. This has led to a diversification into agriculturally related activities such as micro agribusinesses, agrotourism, rural industrialisation and niche market-led enterprises that enjoy a

⁴⁷ Perhaps the mother of all these schemes was the Tennessee Valley Authority (TVA) in the US, founded in 1933 and had a number of overlapping spatial jurisdictions.. Under the leadership of [David Lilienthal](#) ("Mr. TVA"), the Authority became a model for American efforts to modernize [Third World agrarian](#) societies. One transplant was the USAID-funded 'Office de Developpement de la Tunisie Centrale 1979-82 based on the OMVVM..

⁴⁸ The World Bank and Asian Development Bank both utilised a form of spatially-based management, with specially recruited staff with levels of remuneration far in excess of that prevailing in the public sector and enjoying a level of autonomy from local ministerial jurisdiction.

⁴⁹ In this respect the case of Tanzania is particularly illustrative in that during the period of ujamaa or African Socialism (1967-74) regional planning was pursued by donors as a mode of intervention; many of the plans were not accepted by the government and the expenditure implications were not accepted by donors. From 1975-1995, District development plans and programmes were adopted both by donors (particularly the Netherlands, Ireland, UK, Finland, Danida and SIDA) and Local Government. In the mid 1990s donors moved towards sectoral programmes and budget support as district-based programmes became more complex, required closer monitoring and possibly led to differentiation between districts that had been adopted by donors and those that did not. This in turn led to the improvement of local government reform, with greater fiscal, financial, technical and administrative powers being devolved to the districts and more transparent arrangements with national ministries in relation to functional responsibilities. The Local Government Reform Programme, funded by the World Bank, EC, DFID, Ireland, the Netherlands has spearheaded this groundbreaking effort to reconcile area-based or territorial programmes with centrally funded sectoral programmes through budget support.

⁵⁰ The HARDS paper on TD could perhaps be enriched by an analysis of past experiences and empirical programme data in addition to its elegant conceptual frameworks.

⁵¹ See Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee; Governance and Development Brussels; 20.10.2003 615 final

comparative advantage. Pump-priming capital to encourage entrepreneurial initiatives is a necessary requirement as part of an overall economic enabling environment, which TD can provide.

Classic regional planning has generally recognised the need for a lead sector around which the other contributory sectors would be built. It would be judicious to adopt a similar approach in TD. In rural areas that has tended to be agriculture and in urban areas it has been industrial developments. A complementarity and often-economic symbiosis between the two exists in the context of good planning. More often than not a specific sub-sector has been identified e.g. livestock development, watershed management, SMEs as a leading sector with potential, around which complementary investments are constructed. However the process implies a rigorous resource inventory, human resource profiles, market appraisals, infrastructure and energy assessments, environmental impact analysis and spatial planning, often based on GPS. At the micro level we would be looking at land and water use systems, workforce projections, financial markets and intermediaries, education and health provision. The economic space to justify the investment may be a watershed, or an urban conurbation catchments' area, which could overlap a number of municipalities, regions or counties thus requiring a flexible administrative approach by concerned actors. Underpinning this is the role of citizens in policy formulation, consultation fora and mechanisms. Issues of equality, gender, cultural and religious sensitivity are also relevant to this setting.

Agriculture remains critical to halving poverty and hunger by the year 2015. IFAD maintains that 'investment in agriculture, more than any other sectors, provides four times the returns'⁵². Three out of four poor people in developing countries lived in rural areas in 2002 and most depend directly or indirectly on agriculture, so 'a more dynamic and inclusive agriculture could dramatically reduce rural poverty, helping to meet the MDG on poverty and hunger' states the World Bank's first major report on agriculture since 1982⁵³. Agriculture therefore continues to have a significant role in TD but in a more holistic manner in terms of food production, market led productivity and eco-friendly and sustainable technologies. However, urbanisation is also a key component of TD and this we will discuss below.

Climate change has a significant impact on agriculture and by proxy on TD. The study by the Intergovernmental Panel on Climate Change has predicted differential impacts on rich and poor communities, urban and rural. The effects of increased drought, crop failures, extreme weather events such as floods or tsunamis will have impact upon vulnerable rural populations in Africa and Asia than their peers in industrialised countries, though the latter's will also be significant. The costs for Afro-Asian countries of adapting to these changes is estimated at between 5 and 10 per cent of GDP (source IPCC⁵⁴). The populations that have contributed most to generating greenhouse gases and consequent climate warming are least likely to be the ones that will feel the aggressive effects of these. Floods and drought associated with tsunamis or the 'el nino' effect have made agricultural activities unpredictable. This has led to climate change having a much wider impact than in the immediate environment; rather it is becoming a humanitarian disaster, involving the erosion of land and water resources, the destruction of livelihoods and social capital, the breakdown of state governance and the exacerbation of conflict, all of which undermine the stability required for Territorial Development.

⁵² Kanayo Nwanze, Vice-President of IFAD quoted in IRIN 21/02/08

⁵³ World Bank: World Development Report 2007: Agriculture for Development Washington

⁵⁴ IPCC 'Fourth Assessment Report: Climate Change 2007 Synthesis Report

Urbanisation and balanced Territorial Development

In the National Strategic Reference Frameworks, which gives an overview of how territorial dimensions have to be taken into account, the urban dimension complements rural as a key component of Operational Programmes and a demonstration of best practice. Primarily at the European level, as opposed to developing countries, TD would advocate a polycentric form of regional development and a balanced development of urban and metropolitan areas. This is critical as the world's urban population now equals its rural population and the growth of 12 mega cities with populations in excess of 10 million (of which seven are in Asia and three in Latin America) and are expected to forge ahead while drawing in migrants from their rural hinterlands. However, the division is not clearcut; large sections of the rural population live and work in peri-urban settings or draw income from non-agricultural sources. Conversely, substantial sections of the urban population work in agriculture or in urban enterprises focused on rural demand. By treating urban and rural as discrete sectors, there is the risk of overlooking the flows between them of labour migration, goods, information and capital. Urban and rural livelihoods are generally composite and contain various elements drawn from both sectors and herein lies a distinct advantage of adopting TD as a strategy for development.

In an overview of the Territorial Dimension in the NSRFs among member states⁵⁵, it is acknowledged that:

- Household welfare is paramount and household purchasing power is central to the TD approach
- Balanced TD is clearly an objective, while setting out growth strategies but addressing deprivation, competitiveness and territorial balance simultaneously
- Problems of Rural Development receive less emphasis than Urban Development. The role of complementarity between urban and rural agglomerations is examined and the critical role of urban settlements in remote rural areas to ensure service provision, new forms of governance arrangements and joint action by different local authorities
- TDs could include a customised rural/urban development strategy appropriate to the area and based upon a detailed analysis of needs and spatial analysis
- Participatory planning institutions would be put in place together with stakeholder coalitions and CSOs
- If planning is to be integrated between sectors, then the methodologies of TD planning would require discussion and the statistical requirements relating to human resources, economic data, human resources and skill profiles, infrastructure and energy data. The conversion process from plan to action and the many mediating agencies, market presence, and competing Local Authority jurisdictions would require the setting up of a comprehensive institutional infrastructure to include: action planning, planning with reduced data, scenario planning and high levels of interactivity with the participating citizens and their representative organisations.

Alternative sectoral approaches are also possible; in particular, the use of Local Government entities such as the District, Department, Region, or County or parts thereof

⁵⁵ See EC: The Territorial and Urban Dimension in the NSRF and OPs (2007-2013) May 2007

which are given an ad hoc administrative status.⁵⁶ The ownership over territorial development is not the monopoly of any one sector and for it to be successful, requires a multi-sectoral approach within a geographical space. There are many justifications to choose Local Government Development as the lead sector, or as the area of the TD often overlaps a number of Local Authorities. It already deals with a defined spatial reality and integrates the various sectors within the terms of its brief. It has an established capacity for sub-contracting and a format of Public and Private Partnerships with a focused programme of administrative reform. It would be in a position to negotiate clear administrative guidelines on how national sectoral ministries will devolve its budgetary, technical and administrative powers to the new Territories.

4.3.4 The New Territorial Paradigm: Strategic Approaches to support Participatory TD and the comparative advantage of TD

TD , Economic Change and the World Bank

The rapid changes which confront regions in their development choices against a background of globalisation, climate change, high commodity prices, natural resource scarcity, economic pricing of land and water, international migration flows and a more articulate citizenry, oblige countries and regions to engage with the new order; which presents both challenges and opportunities. Against this background, traditional sector policies, which have often attracted significant subsidies in the past, are giving way to new economic activities, such as incubator industrial units, non-traditional crops, off-farm activities, SMEs and micro agri-businesses. Recent spikes in food prices will lead to the transformation of food markets. Effective economic choices within a TD paradigm require a whole new set of support activities in terms of marketing, infrastructure, executive and skilled worker development, information technology and social networking to ensure an equitable and efficient use of resources. The procurement of such a diverse range of resources within the relatively confined spatial unit of a TD illustrates the advantages of an integrated TD approach over previous development strategies

Perhaps the clearest indicator that TD is back to the central stage is that TD is the central theme in the World Bank's World Development Report on 'Seeing Development in 3D 2009'. This Report will examine the themes germane to our current analysis of TD; i.e. disparities between urban and rural areas, interactions between geography, growth and living standards; changes in spatial dimensions of household welfare and poverty. The Report will highlight the dimensions and significance of spatial forces that shape development and the transformations necessary to promote growth, reduce inequalities and poverty. The Report aims to reframe three significant policy areas: TD policies, regional integration and urbanization in developing countries.⁵⁷ In the following sections, key areas of TD will be analysed in brief in terms of multi-sectoral development and the increased effectiveness of packaging together the spatial, anthropological and the economic into a TD package. The World Bank, as a leading donor, is leading the way in adopting a spatial or territorial dimension to development cooperation.

Multi-Sectoral Development as a given in TD

OECD studies (cited below) have identified a various composition of factors which drive lower GDP per capita in rural regions. These include: inappropriate sector specialisation, employment rate, participation rate, low labour productivity, poor skill levels, dependency rates and distance to travel to work.

⁵⁶ A particular example which overlaps counties and local councils is the Moy Valley Resources in the West of Ireland which was originally an offshoot of a LEADER project but is largely self funding and shares its experiences with accession states.

⁵⁷ See <http://econ.worldbank.org>

Conversely, the correct mix of these factors, when the market environment and good local governance are in place, should enhance the quality and the prospects of TD. The World Development Report (2007) specifies the different conditions prevailing in Asia and Africa. It recommends improved price incentives, increasing the quality and quantity of public investments; greater efficiency in product markets; effective access to financial services; enhancing the performance of producer organisations and promoting innovation through science and technology. Irrespective of the lead or focal sector in a TD programme, these economic criteria constitute a template for efficient TD management.

Role of the Public, Private and Third Sectors including NSAs

In the past, the public sector has been the major driver of TD and its variants. While the role of the state in TD will continue to be vital in terms of public investment, governance and the regulatory environment; markets and competitiveness will play a more significant role in enhancing livelihoods and delivering benefits to consumers (See HARDS 3.4). While acknowledging the predatory character of some TNCs in the context of weak states and their potential for encouraging corrupt practices, the promotion of the 'third sector' or representative organisations of civil society could manage oversight of TD activities, or even become service providers (examples of Grameen Bank or BRAC in Bangladesh may be apposite). This would provide a form of competition between the private sector and the third sector and give greater consumer choice and competitiveness.

The Cotonou Agreement (see 3.2) has emphasised the role and importance of Non State Actors⁵⁸, it binds both ACP states and the EC to a mutual recognition of the significance of NSAs in the development process. NSAs are mandated under Art. 4 to be:

- Involved in consultation on cooperation policies and strategies
- Be provided with financial resources to support local development processes
- Involved in the implementation of programmes...in areas where they have a comparative advantage
- Be provided with capacity-building support

NSAs are already heavily involved in TD programmes and in certain instances take the lead role as the institutional delivery format chosen is that of a private sector organisation. Definitions and competences of NSAs cannot be debated at length in this paper but references thereto are noted below⁵⁹

Organisational Change and Participatory Approaches in TD

The institutional format of delivering TD (see HARDS adapting the institutional set-up 3.2) will require careful fine-tuning. Public sector or private sector approaches in themselves will require re-orientation. Organisational change arising from public accountability and participation will present a challenge to institutional cultures. Hierarchical organisations may have to develop a flatter organigram, be more consumer friendly, open, transparent and accountable. Techniques such as Participatory Rural Appraisal, Participatory Poverty Assessments, Stakeholder Analysis, Poverty and Governance Auditing, Common Property

⁵⁸ See Articles 4 to 7 of the Agreement

⁵⁹ EC(2004) 'Guidelines on Principles and Good Practices for the Participation of Non-State Actors in the development dialogues and consultations' Development Policy and Sectoral Issues, Brussels; see also EC (2003) Governance and Development COM(2003) 615 final

Resource Inventories may have to be accommodated with the more conventional management tools to achieve high quality growth that is socially progressive.

Social Capital in TD

The 'glue' that will cement social cohesion in terms of interaction between the physical territoriality and civil society will be social capital underpinned by a vibrant democracy, active involvement of Non-State Actors on the basis of the Cotonou Partnership Agreement recommending active involvement in contrast to just consultation⁶⁰. The World Bank⁶¹ has defined social capital as 'the informal rules, norms and long term relationships that facilitate co-ordinated action and enable people to undertake co-operative ventures for mutual advantage'. Since many aspects of TD are people-oriented and depend on voluntary participation and partnerships, social capital is a key driver of TD in parallel to the economic and spatial considerations. This will provide the foundation for a form of autonomous development to enable communities to build their own future, protected from aggressive state interventionism or predatory, profit-seeking carpetbaggers.

The comparative advantage of TD

The key issue is whether TD as a strategy can deliver on improving empirically verifiable performance on a range of commitments to meet the Millennium Development Goals and Local Development. The comparative advantage of TD over other approaches is its ability to address the interface between beneficiaries and actors in a location specific manner; particularly as poverty and social exclusion tend to exhibit strong regional and spatial characteristics, either in terms of causation, governance, or service delivery. It has already been established that TD relates to citizens in the context of space, historical events, ethnicity or multi-ethnicity, stakeholder ownership of the historical space, degrees of permanence and sustainability. When democratic and decentralised governance is added to the shared geographical and historical experience, TD is likely to demonstrate significant comparative advantages over strategies that have, to date, not tangibly delivered.

However, evidence-based observation and monitoring should be mainstreamed into TD in order to ensure that its performance is regularly monitored against pre-determined indicators. An appropriate diagnostic tool to assess the relationship between space, poverty and governance is a Poverty and Governance Audit.⁶²

Conclusion

Territorial Development to be effective is dependant upon a realistic level of Decentralisation, the support of Local and National Government and the ideals of Local Governance, centring upon a common spatial entity and social coherence, clearly defined outcomes to which the stakeholders have signed up and within which context there are incentives ensuring that TD is greater than the sum of its individual parts and collective benefits equal personal benefits.

⁶⁰ See also EC Thematic Programme: Non State Actors and Local Authorities in Development, Strategy Paper 2007-2010

⁶¹ World Bank (1997) 'SocialCapital: the missing link?'

⁶² An example of Poverty and Governance Auditing has been adopted by the Local Government Reform Programme Tanzania (WB/EC/DFID) based on work by the author.(2004) This was in response to the considerable volume of poverty and governance aspirational discourses engaged in by donors but with little transparent correlation between the rhetoric and programme implementation on the ground.

Social units upon which TD is based spatially are heterogeneous and donors may require to support these in an adapted and customised manner . Irish Aid has elaborated a useful list of Guiding Principles for Local Development⁶³, which equally apply to TD. These are: partnership, long term sustainable development, effective quality assurance, coherence and public ownership and transparency. TD can provide the micro-successes that can eventually be upscaled across the broad spectrum of Local Development.

5 Conclusions

Local democratic governance, decentralisation and territorial development are becoming high in the development agenda, however, both their definition and practice remain “work in progress”. They are, in fact, the result of different experiences that respond to particular political, cultural and historical backgrounds. Broadly speaking, the overall process of local governance and development is considered to be an engine that supports processes of societal change at various levels within the national system (national, regional, local, etc) and across the political, institutional, economic, social and cultural fields.

All in all, supporting local governance, decentralization and territorial development becomes de facto a political choice. A shift that must take into consideration the interaction of fundamental elements that far too often conflict: complex institutional settings, national actors with different interest (often opposing interests), international actors that frequently add to the confusion rather than support, diversity of views, opinions and priorities, lack of resources and capacities (financial, physical and human), division regarding the implementation or success of interventions, etc.

Decentralisation, understood as the process of transferring responsibilities and financial capacities from central to local level is a precondition for a sound, effective and good working local governance. At the same time, sustainable territorial development can hardly take place without being based on transparent, accountable, well functioning and self-responsible local governance. However, in spite of the linkages between those concepts, the considerable practical experience gained by bilateral and multilateral aid programmes and the extensive documentation accumulated over the last years, only a modest amount of that knowledge and experience provides a clear policy framework and, thus, a solid strategic approach to local development needs further investigation.

Democratic local governance

Local governance has become a central theme in development policy debate and is generally seen as a key element of donor policy and programmes. There is a consistent emphasis in international cooperation on creating ownership among beneficiary communities and a shift from mobilising development (f)actors from outside to those working from within.

The notion of local governance emerged in response to developments that have impacted on the lives of millions especially the poor in developing and transition countries. Those developments are taking place at all levels involving a multitude of actors representing public, private and community sector interests and their institutions.

Local governance makes reference to a broader process than just management of resources. Local governance is about the environment in which decisions are taken and implemented and also by interactions amongst the institutions in charge of managing local affairs and all relevant actors at local, regional and national levels. Local governance covers a wide range of political, institutional, socio-economic, cultural and technical dimensions.

⁶³ Irish Aid (2008) Local Development Policy: Communities

Democratic local governance adds a further dimension. It is a process of inclusive decision making where local governments and other relevant actors participate in decision making to agree and implement essential tasks and basic services that affect their daily life. When democratic local governance is accompanied by the necessary technical and managerial capacities and accountable practices it has an enormous potential as a driver of development.

Democratic local governance is instrumental to local development and will be effective to the extent it is integrated in the national institutional context and pursued as part of or in parallel with decentralisation and territorial development policies.

Decentralisation

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

Over the past two decades decentralisation has become a major field albeit an ambivalent one, within international development co-operation. Whether by their own choice or as a result of external pressures, the large majority of developing countries are currently involved in some form of decentralisation. Indeed, there is a world wide trend toward increasing transfer of power, resources and responsibilities to sub-national levels of government, mainly with (elected) local authorities bound to operate close to citizens and mandated by law to provide a wide range of public goods and services. The drivers behind decentralisation require a careful analysis in order to make informed choices.

Despite the developing trend for joint programs and aid harmonisation – in the streamline of the Paris declaration - the dominating approach for delivering donor support to decentralisation still remains a project approach (either focusing on selected geographical areas or specific separate discrete area, with its own project institutional arrangements). In the context of decentralisation processes, there is a real need to improve coordination between donors and partner governments to improve aid effectiveness, as the experience so far leaves plenty of room for improvement.

Territorial Development

Territorial development (TD) has evolved from the approaches of the early 1980s as area-based planning, regional and district level planning, aménagement du territoire, integrated rural development into sustainable livelihoods in the late 1990s.

There is no prescriptive all embracing concept of territorial development but a number of essential components can be outlined. Territorial development is based on a specific geographical space which has unifying characteristic (urban, rural, natural region), often crossing administrative boundaries and ethnic homogeneity, whose citizens, in partnership with Government, identify the means to strengthen sustainable livelihoods by realising the social, economic and cultural opportunities of the territory where they reside and developing this in an environmentally sensitive manner, on the basis of peace, progress and respect for human rights.

Territorial development is linked to space, administrative responsibility for that space, the socio-economic characteristics of space, the ethnic and cultural dimensions of space, the human dimensions, the governance context of space, the environmental, ecological and climatic implications of spatial development; the human settlement pattern, the natural resource endowments and their management. Under this broad range of factors, territorial

development aims at investing in local territorial assets (human, financial, physical and natural resources) to strengthen the territory's competitive advantages and raise living standards.

Annexes

Annex I

References to local governance and development in the Lisbon Declaration EU-Africa Summit (December 2007)

Section II	Objectives Paragraph iv	"To facilitate and promote a broad-based and wide-ranging people-centred partnership, Africa and the EU will empower non-state actors and create conditions to enable them to play an active role in development, democracy building, conflict prevention and post-conflict reconstruction processes"
Section III	New Approaches (point j)	"To bear in mind that we can only achieve our objectives if this strategic partnership is owned by all stakeholders, including civil society actors and local authorities, and if they are actively contributing to its implementation."
Section IV	Strategies, Strategic Priorities	<p>Common and Global Governance and Human Rights Challenges:</p> <p>"The promotion of democratic governance and human rights constitutes a central feature of the Africa-EU dialogue and partnership. The two continents will join efforts towards the enhancement of the effectiveness of the multilateral system and the promotion of the values of democracy, rule of law and human rights. In this regard, the Africa-EU strategic partnership will facilitate an open, intensive and comprehensive dialogue on all aspects and concepts of governance, including human rights, childrens' rights, gender equality, democratic principles, the rule of law, local governance, the management of natural resources, the transparent and accountable management of public funds, institutional development and reform, human security, security sector reform, the fight against corruption, corporate social responsibility, and institution building and development".</p> <p>Key Development Issues: Accelerating progress towards the MDGs:</p> <p><i>Infrastructure</i> – "As regards water, Africa and the EU acknowledge that in order for water to contribute fully to national development and local livelihoods, investment in regional hydraulic infrastructure needs to be increased".</p> <p><i>Water and Sanitation</i> – "Africa and the EU will therefore work together to further develop the existing EU-Africa Partnership on Water Affairs and Sanitation with the overall objective to meet basic water and sanitation needs and contribute to improved water resource management at local, river basin and catchments, national and trans-boundary level".</p>

Section V	Institutional Architecture and Actors	<p>“The partnership will involve a large number of institutional and non-institutional actors in Africa and the EU at continental, regional, national and local levels, with a central role of the AU and the EU”</p> <p>The AU and EU: Different Levels of Interaction</p> <p>“In this context, partners recognise a need for a more defined division of roles and responsibilities between the pan-African, sub-regional, national and local levels and between the different actors on the EU side, as well as for coherence and complementarity with other international actors”.</p>
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Annex II

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

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

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

Programme de soutien à la décentralisation et à l'aménagement du territoire	Ivory Coast	Aug. 1998	Sep. 2008	47.00	<ul style="list-style-type: none"> - Favoriser l'enracinement de la démocratie et de la bonne gouvernance. - Disposer d'outils de planification performants. - Appuyer la structuration du territoire national par le renforcement du rôle régional des différentes localités chefs-lieux de régions ciblées. 	Project - EC procedures
Support to Poverty Reduction through Local Development	Jordan	Nov. 2004	Dec. 2008	30.00	The support programme will contribute to enhancing living conditions for the poor and the near poor in a sustainable manner. By doing this, it will also play a role in achieving greater social stability. In line with the NSEP's aims, the programme will play a part in empowering local governments, civil society and the private sector to become actively engaged in the broader national objectives of reducing poverty and unemployment. Through the increased accountability of local authorities, the support programme should also contribute to democratisation and good governance.	Sector budget support
Development of Local Governance	Kazakhstan	July 2004	July 2007	12.50	To assist the Government of Kazakhstan to develop a clear and comprehensive strategic plan for decentralisation, with awareness of alternative models developed in the EU, including the new Member States.	Project - EC procedures
Community development programme Phase 2 (CDP 2)	Kenya	July 2001	Dec. 2008	15.00	Increase participation of deprived communities in development activities in rural and peri-urban areas and to empower such communities to manage these activities so as to improve security of livelihoods, safety nets and employment. Promote greater equality between men and women in these communities.	Project - EC procedures
Rural Poverty Reduction and Local Government Support Programme	Kenya	Aug. 2004	Dec. 2009	21.00	Improved accountability and local authorities' responsiveness in delivering services to the rural poor.	Project - EC procedures
Strengthening of local governance	Kyrgyzstan	Feb. 2005	Feb. 2007	1.00	To improve the capacity of relevant stakeholders to contribute effectively to the decentralisation process.	Project - EC procedures
Micro-project Development through Local Communities	Laos	Feb. 2001	June 2007	10.00	To provide small-scale economic and social infrastructure requirements to the residents of poor upland villages in four rural districts through interactive participation of villagers, local authorities and private-sector organisations which will strengthen their ability to foster rural-based development in an efficient and effective manner.	Project - EC procedures
Developing Institutional Capacity for improved governance	Laos			1 (0.5 for decentralisation)	Programme contains a component in support of decentralisation	
Support to Reforms and Local Governance (Priority 1. Support to ENP Initiatives)	Lebanon	June 2008	March 2010	14.00	Accroître l'impact de l'action des collectivités locales sur un développement équilibré des régions par : 1. Le développement de relations inter-municipales, l'utilisation des techniques de planification, une mise en œuvre des stratégies locales de développement, l'association de la société civile à la gestion municipale.	Project - EC procedures
Programme d'Appui aux Communes et organisations Rurales pour le développement du Sud (Accords) PHABE I	Madagascar	2005	Sep. 2010	60.00	Contribuer à l'amélioration de la croissance économique et à la réduction de la pauvreté dans les provinces de Toilary et Anarantsoa, de promouvoir la gestion durable des ressources naturelles ainsi que la décentralisation, la démocratisation et la bonne gouvernance locale.	Project - EC procedures
Adler-Nord: Programme d'Appui au Développement des Régions du Nord	Mali	July 2005	Dec. 2009	6.00	Impulser une nouvelle dynamique de développement territorial dans les Régions de Tombouctou, Gao et Kidal/Adler : la mise en réseau des acteurs institutionnels, des communautés et du secteur privé et les aider à travailler ensemble afin qu'ils jouent leurs rôles respectifs, élaborent des plans stratégiques de développement régional et local qui seront mis en œuvre grâce aux plans d'actions correspondants	Project - EC procedures

Programme d'appui à la réforme administrative et à la décentralisation	Mali	Dec. 2005	Dec. 2012	72.00	La CE apporte son appui au programme de Développement Institutionnel (PDI) complété par le Document Cadre de Politique Nationale de Décentralisation (DCPND) et fait dans les objectifs définis par ces documents gouvernementaux. Dans le cadre du PDI (Programme de Développement Institutionnel), le PARAD entend apporter un appui substantiel au gouvernement malien afin de: 1. Favoriser la mobilisation des ressources financières des collectivités locales (dotations du FICT-Fonds d'investissement des collectivités territoriales, ressources propres, subventions de fonctionnement. 2. Assurer la continuation du dispositif d'encadrement technique des collectivités en matière de maîtrise d'ouvrage, de planification et de gestion communale. 3. Appuyer la déconcentration des Ministères pour accompagner le transfert des compétences dévolues aux collectivités et favoriser la mise en place de relations de partenariat entre services de l'Etat et collectivités territoriales.	Sector budget support (+ EC procedures)
Appui à la Commune de Chinguetti	Mauritanie	Jan. 2002	Dec. 2006	33.50	Assurer les bases d'un développement socio-économique durable de la Commune de Chinguetti par la restauration de son cadre productif et culturel et développement des capacités de gestion municipales.	Project - EC procedures
MED-PACT: Partnership programme between local and regional authorities in the Mediterranean	MEDA region	June 2005	Dec. 2006	5.00	Assister les pays partenaires méditerranéens de l'UE dans leurs efforts pour assurer un développement local plus équilibré et plus durable, par l'intermédiaire de partenariats entre villes. Promouvoir l'usage d'outils de planification et de gestion municipale plus performants, associant les différents acteurs de la cité autant que nécessaire.	Grants to local authorities EU/MED
Programme Appui Mise en oeuvre de la Réforme de la Décentralisation. Mise en place de stratégies et d'outils pertinents.	Niger	2004	Dec. 2007	2.00	Contribuer à la mise en place du processus de décentralisation au Niger.	Project - EC procedures
Programme d'Appui à la Décentralisation et au Développement Local dans la Région d'Agadez	Niger	2007	End of 2011	6.20	Permettre aux communes de la zone d'influence du programme de remplir leur mission de service public et de faciliter le développement local.	
Programme de Coopération Décentralisée (PCD II)	Niger	March 2003	Dec. 2007	7.15	Promouvoir les dynamiques du développement local fondé sur le principe de responsabilisation des acteurs.	Project - EC procedures
AGORAH - Programa de apoyo al desarrollo socio-económico y a la descentralización en las regiones de Ayacucho y Huancavelica (Programme d'Appui au Développement Socio-Economique et à la Décentralisation dans les Régions d'Ayacucho et de Huancavelica)	Peru	Dec. 2003	June 2007	14.00	El desarrollo socioeconómico de las regiones de Ayacucho y Huancavelica ha sido impulsado.	Project - EC procedures
Decentralised Programme for Rural Poverty Reduction (DPRPR)	Rwanda	2004	31 Dec. 2008	20.00	DPRPR aims to reduce poverty in the programme zone through support to activities within the framework of the decentralisation process implemented by the Rwandan government, which should help local populations to fully participate in the decision-making process with the local administration.	Project - EC procedures

Annex III

This section contains two types of websites:

- a) Websites with direct access to best practice databases;
- b) Websites where case studies, projects and papers on local practices can be accessed through searching in the different sections of the site.

Source: Global Observatory on Local Governance and Decentralization

World

- Association internationale des maires francophones (AIMF)
- Best Practices in Improving the Living Environment
- Capacity 21
- Case Studies Climate Change
- Centro Iberoamericano para el Desarrollo Estratégico Urbano (CIDEU)
- Child Friendly Cities
- Clearing House Best Practices Database (MOST)
- Climate group - Case studies
- Commonwealth Local Government Forum (CLGF)
- Development Gateway
- Dexia
- Dubai International Awards for Best Practices (DIABP)
- Gateway to International Best Practices & Innovations
- Good Practices for the MDGs
- Huairou Commission (Women and Governance)
- ICELE-Local eDemocracy
- Internacional Center for the Prevention of Crime (ICPC)
- International Association Cities and Ports (IACP)
- International Association of Educating Cities
- International Centre for Sustainable Cities
- International Observatory of Participatory Democracy
- LED (Local Economic Development) – The World Bank Group
- Local Sustainability - the European Good Practice Information Service
- Metropolis
- Online Sourcebook on Decentralization & Local Development
- Organisation of World Heritage Cities (OWHC)
- Toolkit Citizen Participation
- Ubuntu
- UNESCO Cities for Peace Prize
- United cities against poverty
- Upgrading Urban Communities
- Urbanicity
- URBO-Managing our World Heritage
- Women Watch - United Nations Inter Agency Network on Women and Gender Equality

Africa

- African Development Information Service
- Arab Urban Development Institute (Audi)
- Association internationale des maires francophones (AIMF)
- Clean Air Initiative (CAI)
- Comité Permanent Inter Etat de lutte contre la Sécheresse au Sahel (CILSS)
- South African Cities Network

Benin

- Centre béninois pour l'environnement (CEBEDES)

- Portail des Institutions et organisations du développement du Bénin

Egypt

- Center for Environment and Development for the Arab Region and Europe (CEDARE)

Morocco

- Enda Maghreb

Zambia

- Panos Southern Africa (PSAf)

Asia-Pacific

- Asia-Pacific Forum for Environment and Development (APFED)
- Center for Local and Regional Governance (CLRG)
- Citynet
- InfoCity
- Kitakyushu Initiative for a clean environment
- LOGOTRI
- Society for Development Studies (SDS)
- The Asia Regional Governance Program (ARGP)
- United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)

Australia

- Australian Local Government Association (ALGA)

India

- Best Practices Foundation (BPF)
- Centre for Electronic Governance (CEG)
- National Institute of Urban Affairs
- Public Affairs Center (PAC)

Indonesia

- Urban and Regional Development Institute (URDI)

Korea, Republic of

- Seoul Development Institute (SDI)

Nepal

- Municipal Association of Nepal (MuAN)

Pakistan

- Urban Resource Centre (URC)

Philippines

- LGU Assistance Portal
- Philippines (The Official Government Portal of the Republic of the Philippines)

Sri Lanka

- Sri Lanka Institute of Local Governance (SLILG)

Thailand

- Center for Peace and Governance, King Prajadhipok Institute of Thailand

Euro-Asia

Ukraine

- Association of Ukrainian Cities

Europe

- Aalborg+10 and Aalborg commitments homepage
- Best Practices Hub Vienna
- Cities of Tomorrow-International Network for Better Local Government
- CIVITAS - Cleaner and better transport in cities
- ECDPM-
eGovernment Good Practice Framework
- Energie-Cités
- EURADA- Association of Regional Development Agencies
- European Centre for Development Policy Management (ECDPM)
- European Commission - Urban environment
- European Local Governments (ELGO)
- European Local Transport Information Service (ELTIS)
- Local Sustainability European Good Practice Information Services
- REVE Jura-Léman
- SMILE : the gateway to Sustainable Mobility
- SURBAN - database on sustainable urban development in Europe
- Sustainable European Regions (SER)
- Urbact

Austria

- Municipia
- Platform for the Best Practices and Local Leadership Programme of the UN-HABITAT and the City of Vienna

Bulgaria

- Foundation for Local Government Reform (FLGR)
- National Association of Municipalities in the Republic of Bulgaria

France

- Carrefour des collectivités Locales
- Comité 21-Comité français pour l'environnement et le développement durable
- Villes Internet

Germany

- Good Practices for sustainable urban development in Münster

Italy

- Interregional Observatory for Development Cooperation (O.I.C.S.)

Spain

- Banco de Buenas Prácticas (BBP)

United Kingdom

- Commission for Rural Communities
- LGA's European & International Unit
- Local Authorities Coordinators of Regulatory Services (LACORS)
- UK Local Government Alliance for International Development

Latin America

- Ciudades para un Futuro más Sostenible
- Experiencias del Programa Buenas Prácticas de América Latina y el Caribe - UN-Habitat
- International center of urban management
- Mejores Prácticas en América Latina y el Caribe

- Transferencia de Buenas Prácticas

Argentina

- Banco de Experiencias Locales (BEL)

Brazil

- Gestao Publica e Cidadania
- Red de Bancos de Datos de Gestión Local

Chile

- Municipium / Servicio de Asistencia y Capacitación para el Desarrollo Local (SACDEL)
- Subsecretaría de Desarrollo Regional y Administrativo (SUBDERE)

Mexico

- Gobiernos y Gestión Local

Peru

- Participación y Gestión Local

Middle East and West Asia

- Arab Urban Development Institute (Audi)
- United Nations Development Programme on Governance in the Arab Region (POGAR)

Jordan

- Center for the study of the built environment

Lebanon

- Localiban
- United Nations Development Programme (Lebanon)

Turkey

- Local Agenda 21
- United Nations Development Programme (UNDP) Turkey

United Arab Emirates

- Dubai International Award for Best Practices

North America

- The Canadian Urban Institute (CUI)

Canada

- Canadian International Development Agency (CIDA)
- Center for Digital Government
- CivicInfoBC
- International Centre for Municipal Development (ICMD)
- National Guide to Sustainable Municipal Infrastructure

United States

- Center for Democracy and Citizenship
- Civic Practices Network
- Clean Cities
- Government Finance Officers Association
- Government Innovators Network
- KnowledgePlex
- Municipal Research and Services Center of Washington
- National Association of Counties

- National League of Cities (NLC)
- Public Policy Institute of California
- Small Cities.US
- Sprawl Watch
- The Municipal Research & Services Center (MRSC)
- United States Agency for International Cooperation (USAID)
- United States Department of Energy - Smart Communities Network
- Urban Institute
- US Conference of Mayors
- WebPolis Community Revitalization

Metropolitan

Canada

- Cities and Regions of the World

France

- Institut d'Aménagement et d'Urbanisme de la Région Ile-de-France (IAURIF)
- METROLAB