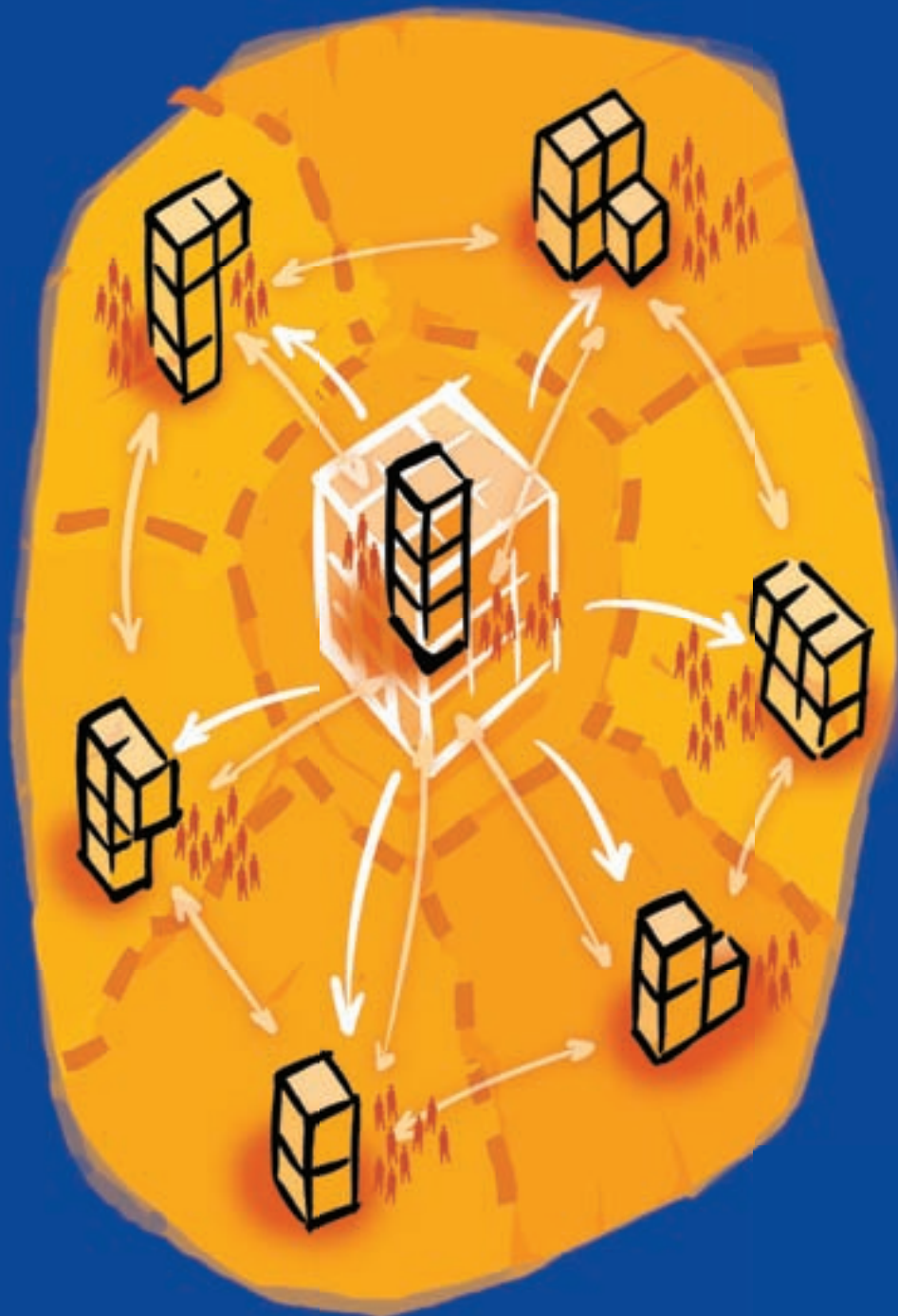


Giving local government a more central place in development

An examination of donor support for decentralisation

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Summary

Many developing countries pursue decentralisation to strengthen democracy and improve the quality and effectiveness of government. The Netherlands supports decentralisation policies primarily as a means to help reduce poverty. Decentralisation is a highly complex process that requires sound institutional analysis. Donors should play a prominent role in bridging the gap between the actors involved and creating widespread support for decentralisation and local governance policy. Funding is critical for running local governments, and calls for fiscal decentralisation and aligned donor support. Capacity building is needed for all those involved in the process at all levels. Specific attention has to be paid to empowering the poor in local communities. Here civil society organisations can play an important role. There is no need for sector-wide approaches and decentralisation policies to clash if synergy is sought at an early stage. Monitoring and evaluation should create opportunities for all those involved in the process to learn and improve their performance.

Introduction

Decentralisation can be defined as the delegation of powers, responsibilities and resources from higher to lower levels of government. It has three interdependent dimensions (see Box 1). A country may embark on decentralisation to democratise government, improve the effectiveness and efficiency of service delivery, create an enabling environment for local economic development, or a combination of any of these.

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Box 1. Dimensions of decentralisation

Political decentralisation, or devolution of powers, refers to the transfer of political power and authority to sub-national levels of government. It envisages local autonomy in programming and spending resources, an inclusive local political process, and downward accountability. Administrative decentralisation involves the transfer of decision-making authority, resources and responsibilities for the delivery of public services or functions to other – non-elected – levels of government, agencies or w/field offices of central government agencies. Fiscal decentralisation involves resource reallocation to sub-national levels of government. Two rights may be transferred: the right to acquire funds from the central level to perform decentralised functions, and the right to generate revenue and decide on expenditures. Effective articulation of these three forms of decentralisation is subject to give and take between the various powers at different levels of government and society, which are negotiated and renegotiated over time within the legal frameworks set for the decentralisation process.

Currently, many developing countries are engaged in some form of decentralisation, whether by their own choice or as a result of external pressure. This decentralisation drive is a response to the gradual erosion of highly centralised states, the recognition of the potential role of local governments, and the added value of promoting local development and improving the delivery of basic social services, especially to poor people. The global imperative for democratisation and good governance has also fuelled societal demands for local democracy and accountable local government. Decentralisation has the potential to link decision-making more closely to local priorities and bring processes of planning, implementation, monitoring and accountability closer to the population.²

Many donors support decentralisation processes to some extent, or support sector development in an environment where decentralisation takes place. Although there are still many questions about the most appropriate way to support decentralisation, lessons can be drawn from experience and sensible working principles can be formulated. The purpose of this paper is to look into decentralisation issues confronting donors, and the Netherlands' embassies in particular, and to offer some ideas for supporting decentralisation and reconciling it with sector development. Building on the ministry's policy note on decentralisation,³ the paper refers to the sector track records of a number of partner countries and draws heavily but selectively on the European Commission's reference document on decentralisation and local governance.⁴ The focus is on the decentralisation process itself rather than on the forms that local government and intergovernmental relationships may assume in different circumstances.

Decentralisation in Dutch development cooperation policy

Support for decentralisation has been part of Dutch bilateral development cooperation since the 1990s. This support is motivated by the fact that decentralisation can contribute to poverty reduction. While embassies focus on funding and dialogue at national level, the success of their efforts very much depends on the quality of government and service deliverers at different levels, and on collaboration between them. If the links between the macro, meso and micro levels of government do not function well, development assistance will have difficulty in reaching the poor.

² European Commission (2007)

³ Ministry of Foreign Affairs (2002)

⁴ European Commission (2007)

Our point of departure is to link up to the choices of the partner country government in matters of decentralisation and, while remaining critical, not imposing any models of our own. We should understand that countries may have different objectives for decentralisation, different strategies to implement it, and find themselves in different phases of the process. Some may wish to delegate central responsibilities to lower levels, while others may have democratically elected local authorities with autonomous responsibilities. Although we believe that local government is likely to be most effective if it is democratic, it is not up to us to dictate what form it should take. This should be the outcome of a national multi-stakeholder process which, given the fact that central governments tend to be reluctant to give up their powers of their own accord, will involve not only negotiation but also power struggles. Donors can assist by mediating and building the capacities of the various actors involved in decentralisation, but should not become the main driving force of the process.

Some 20 Dutch embassies are currently involved in supporting or monitoring decentralisation and local government in partner countries. They may be engaged in a policy dialogue with the partner countries' central governments on good governance and decentralisation. They may provide financial support to specific decentralisation programmes or to decentralisation processes as part of broader governance programmes. Some contribute to local development grant funds. Most of them need to tackle decentralisation issues in their sector support programmes.

The ministry also provides funds to several organisations in the Netherlands that strengthen the capacities of local governments and local government institutions. These include VNG International (the international cooperation agency of the Association of Dutch Municipalities) and the SNV Netherlands Development Organisation.

Challenges

Decentralisation has ardent supporters but also many critics. What some regard as opportunities, others see as risks. Where some expect local elections to be fair and free, and local competitive political systems to emerge, others argue that they only create another layer of inefficient state control. Some claim that decentralisation will allow citizens to exercise their voice in the management of local affairs. Others disagree, saying that there is not enough social capital at local level to promote effective engagement in local affairs. There are arguments both ways for almost every aspect of decentralisation. It is therefore necessary to adopt a practical approach by assessing, from a long-term perspective, whether the balance between opportunities and risks is positive or not. What cannot be achieved in the short run may eventually be achievable in the long run. However, in countries where the state lacks the capacity to fulfil even its basic functions and where there are high levels of inequality, there is, from the outset, a clear risk that decentralisation will increase poverty rather than reduce it.⁵

Decentralisation is complicated because it is very politically sensitive and involves many different actors. Often, a multitude of stakeholders with often competing interests are involved in decentralisation (see Box 2).

5 OECD/DAC (2004)

Box 2. Actors involved in decentralisation in the water sector in Benin, by programme component

Capacity development and transfer of responsibilities: Ministry of Local Government, Ministry of Finance, National Association of Municipalities, municipalities, provincial authorities, DG Budget, DG Water, Directorate for Hygiene and Sanitation, and NGOs.

Strengthening of the integrated water resources management process: Ministry for Mines, Energy and Water; Benin Water Partnership, National Water Council, municipalities and civil society.

Investment and development of infrastructure: Ministry for Mines, Energy and Water; Ministry of Health, municipalities, private sector and local communities.

Strengthening public finance management in support of decentralisation: Ministry of Finance, Treasury, DG Water, provinces and municipalities.

Source: EKN Cotonou 2007

There is frequently a lack of commitment and capacity at the central level to reform. A wide range of complex institutional and technical issues need to be addressed. There may be confusion about the new roles and responsibilities entrusted to local governments and they may not have the capacity to take them on. They may be hampered by limited legitimacy and trust. The strong, but not always consistent, presence of development partners is another complicating factor. Lastly, the impact of the whole process in terms of service delivery, local economic development, poverty alleviation and democracy is uncertain.

The literature suggests that, for decentralisation to be successful and local governments to be effective, the overall governance system should essentially have the following features:

- Local governments should possess a balanced set of political, administrative and fiscal powers, responsibilities, capacities and resources.
- Local governments must be able to play their role in an overall conducive structure of democratic governance and practices, e.g. with fair and free elections that give them legitimacy.
- Intergovernmental linkages should be adequate, including redefined central government tasks and resources that allow sustainable local development. National and local processes for elaborating development policies must be well articulated. There needs to be a balance between the discretion granted to local governments and national sector and poverty reduction targets.
- There should be strong upward, downward and horizontal accountability within the governance system. This should not only ensure improved service delivery and transparency, but also offer protection against elite capture and corruption.
- Newly elected bodies should be able to find their place and earn their legitimacy alongside existing, traditional forms of authority.
- There should be an active citizenship, with empowered communities, within which weaker groups have a strong position. People should have enough access to information and be able to express their voice, to avoid elite capture and to achieve a good balance between central and local.
- Local governments must be willing and able to redistribute resources in favour of the poor and ensure that the poor have access to basic services. Central agencies must be able to ensure that national poverty reduction strategies are reflected at local level.
- Local governments, civil society and the private sector should be willing, and have the necessary administrative latitude, to collaborate.

These features are closely interconnected and may overlap. They tend to reinforce one another when well-developed, or weaken one another when ill-developed or absent. Local authorities are frequently trapped in vicious circles. A deficient transfer of financial and human resources from the centre may adversely affect their capacity and ability to act. This in turn may undermine their legitimacy and make citizens reluctant to pay local taxes.

To ensure that decentralisation produces local government with the above features, the following principles should be in place:

- **Ownership and leadership:** central government must have sufficient ownership of decentralisation reforms and leadership to carry them out. The central ministry or agency in charge of the process must be able to push its agenda forward with sector ministries.
- **Agreed strategy:** there must be an overall, generally agreed strategy for reforms and central institutional arrangements to steer the process. Coherence and cross-fertilisation is essential between decentralisation driven from the top and local development initiatives.
- **Local stakeholders:** local demand for effective local governance must be strong or effectively fostered, e.g. with the help of civil society organisations. Organised civil society and local government, if already in existence, must have the capacity and political power to participate in the design and implementation of decentralisation policy. It must be accepted that local actors can challenge the centre to demonstrate their determination and ability to set their own priorities.
- **Capacity building:** there must be sufficient and appropriate facilities for central and local governments, citizens and civil society organisations to build the capacities and the institutions that they need to perform their new responsibilities and tasks, and to interact effectively and democratically.
- **Monitoring:** mechanisms must be in place to monitor the process, reflect on results and make necessary adjustments in the process.

Decentralisation processes often pass through the following stages: legislation, the creation of institutions (municipalities, development funds, training facilities), local elections, the setting up of associations of local authorities, mechanisms for fiscal decentralisation, the gradual transformation of decentralised sector services into municipal services, the creation of a larger tax area and a push for quality service delivery.

Supporting decentralisation

Donors should only play a limited role in politically and culturally sensitive processes like decentralisation. The donor community must respect the principle of ownership and not set itself up as the principal driving force behind the process. Donors must act as facilitators and catalysts by bringing actors and stakeholders together. They can help bridge the gap between those involved and create widespread support for the government's policy. In short, donors can engage in political dialogue, assist in formulating a national strategy, pool funding, support capacity development and empowerment strategies, stimulate the quality of monitoring and evaluation, assist in setting up information systems, and support the promotion of local governance through media campaigns. The following sections will examine a number of ways in which donors can support decentralisation and local governance.

Institutional analysis

First of all, given the complexity of decentralisation and the large number of groups involved, a solid institutional analysis needs to be carried out as a basis for dialogue and programming. Donors need to understand that decentralisation processes consist of interdependent elements embedded in a particular political and societal context, which can be influenced by regional and international trends.

Decentralisation may be strongly interrelated to sector reforms and policies, public service reforms, and the wider process of democratisation. The strength and nature of these connections will to a large extent determine the shape, orientation and outcome of the decentralisation process.

Donors need to know the local contexts and systems in which decentralisation takes place and the driving forces behind it (efficiency considerations, democracy, poverty reduction). Decentralisation may be nationally owned or donor-driven, and may be top-down or bottom-up, or may have elements of both. It is necessary to know who the stakeholders are and what their interests in decentralisation are, but also who stands to lose out and why. These insights may help to define incentives and triggers to overcome obstacles and induce change.

Dialogue

Donors should use the political dialogue to help create a shared vision on decentralisation within society and subdue political resistance. To encourage ownership and ensure a sustainable impact, they should allow the partner country to take the lead in developing a coherent national decentralisation framework. But they should insist on greater public access to information and encourage the participation of other stakeholders to ensure that the process is well thought through and has widespread political backing.

When a country considers political decentralisation a policy priority, but the conditions for effective implementation are not yet in place, it will be up to donors to stimulate, through dialogue, the emergence and consolidation of a coherent national policy. At the same time, they must support policy experiments by selected national and local stakeholders, within and outside the government.

Donors should not limit their contacts to the central government, but also be accessible to local government actors to ensure that they are aware of the process, understand it and can demand attention for their views. Local government actors, e.g. associations of municipalities, could be invited to participate in the political dialogue, or at least be consulted beforehand. Civil society organisations should also be included as they may play a crucial role in empowering citizens and monitoring the process. Donors may have to persuade the central government to permit civil society organisations to play this monitoring role. It may also be advisable to involve members of opposition parties, so that they will see decentralisation as an issue of national interest, transcending party politics.

Providing funds to decentralisation programmes, sector programmes or the general budget will justify donors' engagement in dialogue with the central government on decentralisation issues. Sector support offers considerable scope for donors to support decentralisation. Once a partner country is strongly committed to political decentralisation and local governance, and has developed a coherent national policy and an effective institutional framework to implement it, the

need for dialogue declines. For donors it then becomes a matter of fully aligning their strategies, technical assistance, funding instruments and procedures to this framework.

Funding

It is necessary to distinguish between the costs of decentralisation (consultations, capacity development, local infrastructure) and the funds required to run local governments. Ideally, donor support for the costs of decentralisation reforms should be aligned, i.e. incorporated in the national budget. However, decentralisation often requires special earmarked funding which is safeguarded from other demands, even in countries receiving general budget support. This is because it often proves difficult for central governments to prioritise expenditures on reform in the face of other pressures on the budget.

Despite decentralisation programmes, access to funding is the greatest problem for local authorities in developing countries. There are often enough funds to cover running costs and develop a few activities, but not to guarantee a basic level of services, let alone for long-term investments. Replacing project funding with general budget support and sector support has resulted in fewer funds being available at local level.⁶

Fiscal decentralisation is undoubtedly the most sustainable way of funding local government. Donor support for local government should therefore also be aligned at local level. This may be difficult in the early stages of decentralisation, when structures and mandates are still often in flux. But once these have been established, donors must refrain from setting up parallel arrangements and avoid distortions in allocation. Direct support to local authorities, cities or regions, bypassing central allocative mechanisms, may result in an inequitable and ineffective distribution of resources between local authorities. Some countries, such as Tanzania (see Box 4), have established local government capital grant systems, which they may use to mainstream area-based donor programmes. Obviously, general budget support – as opposed to sector budget support – directly feeds into any local government fund which may exist at central government level.

Box 3. The local government capital grant system in Tanzania

This system allows local government authorities to acquire discretionary resources, serving as a stepping stone towards an intergovernmental fiscal transfer system. The grants are performance-based and made dependent on good governance criteria. The criteria to access a grant are a positive audit report and sound financial management, which helps strengthen local public finance management and accountability.

Source: EKN Dar es Salaam 2007

To improve funding for local governments, United Cities and Local Governments proposes a number of measures, which relate to unfunded mandates, intergovernmental fiscal relations frameworks, intergovernmental flows, capacity development, peer-to-peer exchanges, the collection of local taxes and fees, standards of management, and transparency.⁷ UCLG is establishing an observatory of local government finance to shed light on what works and why, so as to develop feasible funding systems and best practices.

6 See chapter 8 by Van Reesch in this sourcebook.

7 United Cities and Local Governments (2007)

Currently donor support for decentralisation is highly fragmented (see Box 5). Donors can do much more to harmonise their practices and coordinate their sector support with decentralisation reform, so as to allow local governments to play their proper role. A greater effort is also needed to achieve a better division of labour, increase complementarity and build strategic alliances with other partners. This will facilitate an integrated approach at both country and head office level.

Box 4. Survey of donor support for local governance and decentralisation

A survey held among seven donors on their support for local governance and decentralisation showed that there were many single-donor projects and area-based programmes, creating a substantial risk of allocative distortion at country level. The survey did not rate the impact of these projects very positively. Only 10% of the support by these donors is in the form of jointly funded larger decentralisation programmes. There is little coordination between support for decentralisation reform, sector support and macro support.

Source: Olsson & Tideman 2006

Capacity development

Capacity development is a necessary requirement at all levels and for all actors involved in decentralisation and local governance. If decentralisation is to make a genuine contribution to poverty reduction, it is very important to devote specific attention to empowering the poor. Only then will they be able to make their voices heard in the local decision-making process.

Fragmented, ad hoc approaches to capacity building should be avoided. Giving responsibilities to local authorities will stimulate capacity building. Conversely, capacity building should not start as long as local governments have not acquired their new powers and responsibilities. Interventions should essentially serve endogenous capacity development processes and be limited in duration. The content and speed of capacity building should be determined by the recipient. In practice, however, there is often much reliance on external technical assistance (see Box 6). The question is whether donors always respect these considerations in supporting capacity development.

Box 5. Technical assistance in the water sector in Benin

Three donor agencies have been involved in the water sector in Benin since the 1990s, at national and regional level, through projects, capacity building and, especially, substantial technical assistance. The technical assistance, provided through expatriate and local experts, has played – and continues to play – an important role in developing and implementing sector policies in Benin. This has, however, created the danger of it taking over the tasks and responsibilities of national staff.

Source: EKN Cotonou 2007

Capacity building often tends to be more supply-driven than demand-oriented. Support is provided to large training institutes in capital cities offering courses to administrative staff from municipalities and provinces. There is, however, very limited insight into training needs at local level, and training is not tailored at all to specific local situations. This is partly because these institutes are often funded by the central government, bilateral donors, World Bank loans, etc., and not by the clients themselves. It could be interesting to pilot a system whereby local governments receive earmarked funds (or vouchers) that they can spend on training as they see fit.

With decentralisation, as in any other area of governance, there is a danger of importing Western interpretations and applying them mechanistically, particularly when it comes to developing accountability mechanisms. It is therefore important that demand for decentralisation is created from the bottom up, with sufficient room to experiment with new forms of citizen-state engagement. This will facilitate citizen participation and the gradual emergence of systems and practices to ensure downward accountability. Options include participatory planning and budgeting, users' committees, social audits, an ombudsman, complaints bodies, citizen report cards, etc.

A wide range of actors can be mobilised to help build capacity to take part in decentralisation processes. Education and training will usually be provided by institutes in the country in question. This can represent a large proportion of donor support. National capacity building structures may have to be adjusted to train civil servants for new tasks. Some capacity building mechanisms or institutions may only have to be temporary in nature, such as support centres which assist local governments in attaining basic skills.

While consultants can be hired to deal with more technical and legal issues, a variety of useful functions can be fulfilled by civil society organisations. CSOs can help foster and express citizens' demand for decentralisation and develop accountability mechanisms. They can be involved in training councillors, helping communities to interact with local governments, disseminating information on central government programmes that need to be implemented through local governments, supporting civic initiatives aimed at monitoring compliance of local government officials with the law, and establishing public-private partnerships for social service delivery. They can also play a part in tracking transfers of resources from central government to lower government levels. However, the organisational capacity of local CSOs is often too weak to empower communities to hold local officials accountable. And at national level, they may need to be empowered themselves to participate in the overall design and implementation of decentralisation policy. Support should not be given to NGOs independently of local authorities on the basis of short-term considerations. This undermines the ownership and leadership of the authorities. Civil society organisations should focus on strengthening the capacity of local groups in relation to local government, rather than engaging in parallel service delivery, as this could undermine the position and effectiveness of local government.

Municipalities and their representative associations, like the VNG in the Netherlands, can help build the capacities of local governments and their associations. They are in a position to provide tailor-made services in governance, service delivery and local economic development. They have considerable expertise in these areas and, since they speak the same language as their partners in the recipient countries, they can quickly gain their confidence. Donors can link up with them to promote exchanges between local authorities in the North and South, and to mobilise their knowledge and expertise.

Local media, too, deserve support. While national media may be independent and fairly competent, local radio stations and other media are often poorly developed. They may also rely heavily on local government support and will not be in the position to act as independent watchdogs.

Indirectly, capacity building may serve as an instrument to overcome political resistance to decentralisation. Empowered local constituencies may exert enough pressure on central governments to induce them to make headway with decentralisation. In addition, strengthened local governments will have a greater chance of overcoming scepticism at the central level about

their ability to perform. Capacity cannot, however, be built solely with training. Performance-based budgeting and other incentives are necessary to induce local governments to seek and use the capacities they need to perform well.

Sector support in the context of decentralisation

In theory, decentralisation should fit in quite well with sector-wide approaches, and decentralisation and sector support should reinforce one another. In practice, however, they can clash: sector policies tend to emphasise direct client accountability through user groups rather than strengthening local accountability through local government and its elected representatives. Sector ministries may pursue their own systems of planning, budgeting and reporting systems, which are different from those introduced for local governments, and both of which may be inscribed in the law. This is illustrated by the situation in Tanzania (see box 7).

Box 6. Coordination between sectors and decentralisation reforms in Tanzania

In Tanzania, there are problems with coordination between the various sectors (education, health, agriculture, water, etc.) and overall decentralisation reforms. Each sector pursues its own planning and service delivery arrangements, which do not always comply with the reforms. Many of these shortcomings must be addressed by integrating the sectors into the Local Government Capital Development Grant System.

Source: EKN Dar es Salaam 2007

Sector-wide approaches may even reinforce centralising tendencies. Where capacity is weak and needs are acute, there is pressure to deliver from the centre and through its representatives in regions and districts. This may clash with decentralisation policies, where the emphasis lies on the gradual creation of structures, systems and accountability relationships at lower levels of government and society. Centralisation can also be reinforced by excessive reporting requirements imposed by the centre at the expense of attention to local constituencies, or through transfers of funds to local governments earmarked for particular activities or sectors, reducing the discretionary space that local governments have to respond flexibly to the demands of their constituencies.

There are several ways in which these tendencies can be avoided, or at least tempered. Sector dialogues between donors and central governments could more actively focus on systematically addressing decentralised mandates and capacities, and encouraging participation by stakeholders with a local perspective. The advantages and disadvantages of different funding modalities for local development should be assessed jointly.⁸ Sector laws need to be harmonised with laws on local governance. To assure ownership, instead of an external body revising the laws, sector ministries could themselves review those related to their sector. A legal harmonisation task force could provide the necessary training.

Possibilities should be sought to create mutually beneficial situations for decentralisation and sector development. This could help overcome the resistance of sector ministries. Possible options include combining assistance at local and central levels, simultaneous training for technical and governance tasks, regional or local government support which also strengthens sector ministries' capacity for dialogue and monitoring, establishing effective financial management systems through which the central government can link with the local level, and using local pilots to pave the way for decentralised sector policy.

⁸ See chapter 8 by Van Reesch in this sourcebook.

Better use can also be made of monitoring instruments for tracking fund flows and measuring the quality of service delivery at local level to ensure that sector development objectives are reached. All parties involved should agree on appropriate indicators for this purpose.

Monitoring and evaluation

Monitoring and evaluation should not just serve the information needs of central government and donors, but also enhance the capacity of local stakeholders to assess the progress and effectiveness of external assistance programmes. This will help overcome bottlenecks and enable local governments to acquire the resources and competencies they need from the central government. They will then be able to escape from the vicious circle of ‘low performance > few resources from central government > low performance’. Monitoring at local level must be transparent and involve all stakeholders. Only then will it strengthen accountability. Local actors may need support in developing monitoring capacities.

Monitoring at the central level should not only focus on basic outputs from the decentralisation process, such as the number of people trained, consultancies completed, etc. It should also address wider systemic reform issues, not all of which can be captured in quantitative indicators. Possible results can be envisaged at various stages in the decentralisation process (see table 1).

Table 1. Results and indicators in decentralisation processes

Type of result	Level of action	Nature of result	Indicators and sources
Input	donor	political dialogue, funds, technical assistance/capacity building	demarches, amounts, consultancies
Output	donor/country	political/policy programmes, capacity building programmes, legal reforms	political/policy decisions, people trained, changed laws, regulations, mandates
Outcome	country	capacities developed, resources available at local levels	indicators from decentralisation programmes e.g. financial transfers
Effect	country	democratic and accountable government, effective service delivery, economic development	indicators from decentralisation and sector programmes e.g. elections held, education participation rates
Impact	country	improvements in health, education, sanitation, infrastructure, employment, safety	indicators from poverty reduction strategies

Country-wide database systems can be an important source of information for monitoring. Such systems can be produced through participatory self-evaluation of performance by communities and municipalities, collecting statistical and geographical data on rural development, and monitoring the transfer of resources and responsibilities, notably by civil society organisations. Another source of information is the databases of associations of municipalities, which should have a strong interest in finding evidence on how their members are supported in the decentralisation process.

Donors should also take advantage of their own sources of information and opportunities to assess the quality of the process and its results through their networks or field missions. Such missions should be carried out jointly. This does not necessarily mean that decentralisation experts, sector specialists and officials from government institutions and NGOs have to take part in every mission. As long as relevant information is exchanged, fed back and discussed by all the parties concerned.

Concluding remarks

It should be clear from the above that decentralisation is not just a matter of re-organising tasks within the public sector. It also encompasses the devolution of power to elected local governments as a distinct set of state actors, and the creation of local governance based on principles of participation, transparency and accountability. Decentralisation has far-reaching implications for the tasks, competencies, skills and powers of central government, civil society, the private sector, and the citizens and communities who will benefit and participate. Donors can, together with capacity building organisations, support decentralisation through dialogue, facilitation, advice and funding. This paper has tried to offer some basic insights and ideas for how this can be achieved in practice.

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