



**Programming Guide for Strategy Papers**

<b>Programming Fiche</b>	
<b>Decentralisation</b>	Date: January 2009

**1. DEFINITION OF DECENTRALISATION**

Decentralisation refers in this Communication to a process involving the transfer of a range of powers, competences and resources from the central government to elected local (sub-national) governments and entails three inextricably linked dimensions – Political, Administrative and Fiscal<sup>1</sup>-

Decentralization places more power and resources at a level of government which is closer to and more easily influenced by citizens. It requires a high level of political commitment and ownership by central governments: when supported by clear political will and effectively managed, decentralisation is an instrument of democratization, reconciliation, social integration, as well as a tool to reduce poverty, promote sustainable human development and good governance, protect and promote cultural diversity. In environments with poor traditions of citizen participation, decentralization can create regular and predictable opportunities for citizen-state interaction. Support to decentralisation should aim at enhancing the State's capacity to accelerate local development and at strengthening the voice and power of municipalities and grass-roots communities in the fight against poverty..

**2. TAKING DECENTRALISATION INTO ACCOUNT IN THE ANALYSIS OF THE COUNTRY SITUATION**

The decentralisation process and its perspectives are relevant in assessing the country situation, the government development agenda and the sustainability of the development strategies. Decentralisation can potentially be integrated under different headings in the analytical part of the CSP, but it is recommended to integrate it into the analysis of the political situation. It should be determined whether decentralization has been recognized as an objective by the national government or by key political groups (as a result of a policy change), or whether it is a requirement under a specific constitutional reform or new law. It could be useful to check for political agendas or powerful constituencies that could undermine/oppose/neutralise or support decentralisation policies and reforms.

More particularly, it is recommended to provide preliminary information on the:

- History of the decentralisation process in the country;

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<sup>1</sup> The political dimension involves a new distribution of powers according to the principle of subsidiarity, with the objective of strengthening democratic legitimacy. The administrative dimension involves a reorganization and clear assignment of tasks and functions between territorial levels to improve the effectiveness, efficiency and transparency of the administration over all national territory. The fiscal dimension involves a reallocation of public expenditure to local and territorial authorities and enables them to generate their own revenue according to their assigned tasks.

- Critical pillars for a successful support to decentralisation processes, notably: (1) political will; (2) the existence of a basic legal framework which clearly stipulates the division of roles, responsibilities and resources between actors of different tiers of government; (3) financial resources to undertake assigned functions; (4) human resources in local governments; (5) mechanisms for political accountability; (6) existence of central institutional arrangements to steer the decentralisation process.
- The political, fiscal and administrative dimensions of decentralisation. This is particularly relevant regarding the possible effects of decentralisation on the social and territorial cohesion of the country, on public resources management, on in-country financial and administrative capacities.

### **3. TAKING DECENTRALISATION INTO ACCOUNT IN THE COMMUNITY RESPONSE STRATEGY**

Depending on the context and the progress made towards decentralisation, support to partner countries may take different forms using different entry points, approaches and instruments.

#### **3.1 General issues to take into consideration**

The following principles are recommended for both direct supports to decentralisation processes and indirect support in the context of economic or social programmes:

- 1) Decentralisation reform support requires long term time frame that implies ensuring continuity of support across time along with other donor;
- 2) It is necessary to articulate EC support with other donor actions in support of decentralisation and ensure operational coordination and coherence of approaches on the field. Community response needs to account linkages with the the recent political initiatives in support to local authorities and local governance, such as the EC Communication on "Local Authorities: Actors for development". Finally, the EU Charter on Local Governance and decentralisation may provide valuable orientations for Community response and enhancing multi-actor coordination and division of labour;
- 3) Subsidiarity implies in depth dialogue with local authorities as regards EC support to decentralisation programmes but also as regards other sectoral programmes such as education, health...;
- 4) Avoid to do too much too quickly while ensuring a balance between long term results and short/medium term results (quick wins) to ensure buy in;
- 5) identify the "champions of reforms" and incentives

#### **3.2 Sequencing of EC instruments**

EC intervention needs to ensure synergies and appropriate sequencing between the different approaches and instruments to better adapt to local contexts, scale up local processes and reinforce impact of reforms across time. For this, coherence between the different ways EC support can be channelled needs to be accounted in the programming phase and design of intervention:

- **geographic programmes including:** (1) Direct support to decentralisation processes in partner countries as part of state reform; (2) Indirect support to decentralisation and local authorities through sector programmes (i.e. education, health); and finally, (3) Specific geographic programmes and schemes aiming at reinforcing decentralised cooperation

initiatives and/or policy dialogue capacities of local authorities, such as the ARIAL programme

- thematic programmes, such as "Non State Actors and Local Authorities" programme

As regards **approaches and financial instruments**, the EC is progressively moving towards increased use of sector programme support and budget support, such as in Mali and in a few other countries. However, lessons learned call for a constant search of complementarities of approaches and instruments over time to allow for a well sequenced process since successful evolution towards SBS often results from previous long term support whereby project approach was used in initial stages to support emerging demands for local governance and development. In many cases the conditions for a SPSP will not be met and more traditional approaches will have to be followed. Supporting a limited number of municipalities, or focusing on a given part of the country, may be a more appropriate entry point in some cases. However, when envisaging a project approach with subnational entry point it is necessary to ensure close linkages to national agenda on decentralisation and poverty reduction. This enables creating the conditions to expanding the support in the future, by supporting national policies through sector approach and other financial instruments such as pool funding or sector budget support when conditions are met. A strong leadership, ownership and coordinating role of the Government is necessary in order to translate national policies into effective decentralisation mechanisms and capacity development plans.

Whenever possible incorporate the 3 dimensions throughout the process – political, administrative and fiscal- for local authorities to effectively exercise their powers and reinforce the linkages with poverty reduction and local development through:

- ✓ assistance to law-making process to adapt the legislative framework to decentralisation
- ✓ ensuring **adequate dialogue and negotiation on sector reforms with all layers of government** - negotiating sector reform support at central level without properly considering local authorities mandate and development plans should be avoided;
- ✓ **Adequate technical capacity support from de-concentrated services for improved and coordinated service delivery between sector and decentralised plans:** local authorities often rely on central skills and resources;
- ✓ **Supporting fiscal decentralisation** and capacities to **levy own resources** to respond to local demands as defined in participatory local development plans while ensuring the poor and emerging local enterprises are not squeezed by inappropriate local fiscal systems; Effectiveness of decentralisation policies depends on sufficient financial transfers to sub-national authorities on a stable and predictable basis. Financial mechanisms should encourage, rather than undermine, local fiscal effort.

In addition, the Community response design needs to account the multi actor and multi level nature of the process by integrating the different actors (public and NSA) and fostering improved coordination mechanisms to help create a shared vision on the reform process. Independently of the chosen entry points, proper political dialogue with local authority's platforms and associations needs to be ensured during programming phase. Particularly for the ACP countries, even where decentralisation is not an area for support, following the revision of the [Cotonou Agreement](#) in 2005, local decentralised authorities should be involved as actors of the partnership (see Cotonou Agreement, article 4).

### 3.3 Capacity development strategy

Capacity development to promote stronger leadership, accountability and transparency at the regional and local level, including strengthening of management and technical

capacities to enable local authorities to better play their role as effective service providers. Support to national associations of local governments, participatory local development planning and participatory budgeting and auditing, including anti-corruption civil society oversight mechanisms, may be envisaged in this context.

- ✓ Use a systemic **approach to capacity development** (at individual, organisational, and institutional levels) of all **actors and layers of government** including local government sector staff, de-concentrated levels of government and NSA;
- ✓ Ensure capacity development is based on a proper institutional capacity assessment of needs of the concerned actors;
- ✓ **Align to national capacity development plans and public administration reforms** to ensure effective implementation and sustainability;

#### 4. .USEFUL LINKS FOR FURTHER INFORMATION ON THE CONCEPT

- Reference Document "Supporting decentralisation and local governance in third countries (EC) which includes valuable links.  
[http://www.cc.cec/dgintranet/europeaid/activities/thematic/e4/public\\_admin\\_reform\\_decentralisation/keytools\\_guidelines\\_en.htm](http://www.cc.cec/dgintranet/europeaid/activities/thematic/e4/public_admin_reform_decentralisation/keytools_guidelines_en.htm)
- EC Communication on "Local Authorities: Actors for Development" (2008)
- "European Charter on development cooperation in support of local governance (2008)
- [Handbook on promoting good governance in EC development and co-operation](#) (EC)
- Informal Donor Working Group on decentralisation and local governance: <http://dpwg-igd.org>

## POSSIBLE INDICATORS

By Theme:

- ⇒ (I) Autonomy in decision-making
- ⇒ (II) Adequate resources (financial transfer and management mechanisms)
- ⇒ (III) Subsidiarity, efficiency, accountability and service delivery

Guiding Questions	Pointers	Sources
<b>I Autonomy</b>		
1.1 Is local government elected by free and fair election? Does it exercise power free from national directives? To what extent is it dependent on the control of national minorities? Does it give local politicians incentives to be responsive to small, wealthy groups?	Are local politicians responsive to local voters? Do local politicians respect electoral rules? Do national parties operate locally and promote dialogue between central and local levels? Are local elections held at acceptable intervals? Is there a transparent and law-abiding compilation of electoral rolls?	Percentage of citizens registered to vote / percentage of registered citizens voting in local elections. Check the local election cycle
1.2 Are the functions/competence of local authorities in local development and service delivery well defined?	What are the responsibilities specifically reserved to local government and intermediate levels (as opposed to national government)?	Review mandate.
1.3 Does national government refrains from intervening in local government matters?	Can the central government withdraw powers and competence from local governments, and on what basis? Are there valid justifications for local government actions being overturned by national government? Is the number/percentage of local laws passed without hindrance from national government acceptable?	Interview local authorities, CSO, citizen groups.
1.4 Is there a clear assignment of expenditures functions to each sphere of government?	Is the degree of assignment of functional responsibilities from national government to local government satisfactory? In what sectors or sub-sectors is this problem particularly acute?	Interview Ministry of Finance services.
1.5 Is the inadequate performance of local government a result of insufficient autonomy or inability to take advantage of the authority they hold?	Adequate organisational structure and resources?	Interview local authorities, local political groups
<b>II Adequate resources</b>		
2.1 Do local authorities have the power to levy local taxes?	Do they have the capacity to collect them? Do local populations accept paying these taxes? Is a relevant percentage of local expenditures financed from local revenues?	Legislative authority to levy and collect local taxes for local use.
2.2 What is the degree of budgetary autonomy of local government?	Percentage of local government budget mandated by national government Degree of independence in use of national government financial transfers?	Review of financial records of central government and/or of local governments. Central government budget: info. on project allocation to local governments. Local government budgets: info. on expected allocations from central government

2.3 Are financial transfers from the central government stable and predictable? To what extent does the central government delegate resources / transfers of revenue sources to local government?	Do budgetary allocations depend on performance? To what extent? Are the criteria to define the size and composition of grants transparent?	Review of financial records of central government and/or of local governments. Central government budget: info. on project allocation to local governments. Local government budgets: info. on expected allocations from central government
2.4 Do local authorities have adequate human and technical resources to fulfil their tasks?	Is the labour market such that professional personnel are likely and able to accept jobs with local government? Does the central government have effective procedures for seconding officials to local authorities? Are they enforced?	Local government associations, department of personnel, statistics and regulations.
2.5 Is a local government civil service law in place and enforced?	Are there recruitment procedures free of political pressure, cronyism, nepotism or corruption practices? Can local authorities use the courts to challenge central government if it violates the law?	Existence of codes of conduct or legally binding statements for local officials. Number of people employed from ethnic/religious minorities related to the population. Court records
2.6 Does the responsibility for determining the salary and hiring/firing of civil servants lie at the local level?	Is this procedure, open, fair and transparent?	Existence of codes of conduct or legally binding statements for local officials. Number of people employed from ethnic/religious minorities related to the population.
2.7 Do local governments provide their staff with training programmes?	Are staff sent on skills-building courses? Is promotion dependent on experience and professional qualifications?	Individual performance assessments.
<b>III Subsidiarity, Efficiency, accountability and service delivery</b>		
3.1 Can decisions about basic public services (education, health, waste collection..) be taken at the most appropriate level for efficient and effective service delivery to local populations?	Are there adequate public services such as education, health, and waste collection facilities? At what level and how are they managed?	Interview local authorities, local government associations, CSO, citizen groups.
3.2 Is it more important for local officials to focus on the provision of public goods for the entire local population rather than on “service to constituents” (e.g. providing jobs for individuals or supporters)?	What is the efficiency of distribution of infrastructure goods and services? Can service delivery of the public administrations/corporations be considered to be client orientated enough?	Interview local authorities, local government associations, CSO, citizen groups.
3.3 Do disadvantaged groups (e.g. women, minorities) have equal access to local services?	Are resources targeted on different sectors of the population in an unfair way? Are efforts made to identify and redress particular disadvantages, e.g. the physically handicapped?	Consult organisations representing disadvantaged groups.
3.4 Is the local population gaining in terms of service delivery (quality of services)?		Survey of public satisfaction / dissatisfaction with service provision.
3.5 Is there a low tolerance of corrupt	Is there a code of conduct and clear	Public perceptions of

practices?	set of procedures? Are they enforced? Are there remedial programmes?	corrupt practices in service delivery, as reported in opinion polls; Reports of Human Rights NGOs, such as Transparency International (TI) on the corruption situation in the country.
3.6 Is an effective programme in place for monitoring and reviewing service delivery mechanisms?	Are records of service delivery performance relative to targets kept and published? Are there organisations beyond the local authorities involved in local oversight?	Publication of reports of official auditors. Check records aggregated information from the Ministry
3.7 Is there an efficient citizen complaint mechanism?	Is that input used to affect policy or service delivery? Does it operate through a local mediator/ ombudsman?	Identify rate of action taken on complaints to total complaints registered. Source: Register of complaints for each local structure; interviews with NGOs
3.8 Are there public information activities organized by local authorities to publicize alternatives and open debate on decisions?	Does the system provide for direct, face to face encounters between citizens and officials? Do local media play a watchdog role over local authorities? Is there a duty on the local authority to consult the population?	Percentage of local governments holding formal meetings with grassroots organisations.
3.9 Is there a system for auditing the work of local government?	Is it compliant with agreed targets? Who does it? Does Parliament have a role in this system? Is there a central government department responsible for local government?	Reports of official auditors. Parliamentary debates